JOBS FOUNDATION

Cliff Edge:
Jobs in Aberdeen, the epicentre of the UK's energy transition

By Nick Tyrone,
with ***Catherine Frost***

Forewords by Georgiana Bristol and Louise Gilmour

The Jobs Foundation is a registered charity (1202928) which champions the role of business as a force for good, particularly the crucial role companies play giving people a step up in life by providing jobs and training opportunities.

We want to have a practical impact on the ground, by helping business leaders do even more for their local communities, by providing them with the tools, knowledge, and best practice on employing and training people from less privileged backgrounds.

In parallel, we want to have a policy impact by creating a business environment which allows companies to thrive. We hope our advocacy programme will bring about a real change in the way policy makers view business and the crucial social and economic value businesses contribute to society.

We have built a coalition of businesses leaders through our 1,350-strong Business Council. In 2026, we will be launching our Jobs Foundation Pledge to properly recognise the great work businesses do in terms of helping people from welfare into work.

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Foreword by Georgiana Bristol

The Jobs Foundation began its in-depth examination of the connection between energy and job creation/retention with *Jobs and Energy: The effect of high energy costs on the UK jobs market*, published in June 2025. This report forms a spiritual sequel to that one. Here we will be looking at both the effect of government policy on the energy sector, as well as the ramifications that has had on jobs and on communities – with the community in this case being the city of Aberdeen. It stands on a cliff edge, with the ability to move back to a safe economic space crumbling under that community's feet.

In this report, we try and answer three questions related to the interplay between the energy market and our labour market:

- Firstly, what effect is current government policy having on jobs in the energy sector, across the UK, in Scotland and particularly in Aberdeen?
- Secondly, what effect is that having on a range of other important societal factors, such as social cohesion in a city like Aberdeen which is so reliant on energy sector jobs?
- Finally, what changes could be made to government policy to improve the situation?

At the turn of the century, North Sea oil and gas production in Scotland reached its peak. Since then, it has been in steady decline, both in terms of overall production and jobs. Aberdeen has been hit particularly hard by this downturn – and worse feels likely to come, unless government policy changes meaningfully in the coming years.

> *"There is growing consensus on what needs to be done to fix UK energy policy, not only within the energy sector itself but across the political spectrum, to which the trade union voices and the words of green campaigners within this report testify."*

Thankfully, the policy prescriptions needed to turn the ship around are reasonably straightforward – and are laid out in the conclusions. The spirit of our recommendations can be summarised as: let the world know that the UK is open for business in the energy sector once more. Convince energy companies to invest in Britain again. If we can do that, a host of benefits will come Britain's way, including the ability to regain our energy independence and to retain and even create jobs in the energy sector.

There is an important link worth exploring: the connection between a thriving energy sector and economic growth. It is impossible to have high economic growth with high energy prices. Given growth should be any British government's chief priority, focusing on getting energy policy right is crucial.

The Autumn Budget 2025 was a missed opportunity to put things right, sadly. While the Energy Profits Levy could and should have been scrapped, at the very least, the Government should have adjusted it. Instead, the Government has decided to scrap green levies on energy bills, a strange move in the context of continuing to pursue policies that essentially wind down the oil and gas sector before time. It is as if the Government is uninterested in either renewables or oil and gas in the context of domestic production of energy.

There is growing consensus on what needs to be done to fix UK energy policy, not only within the energy sector itself but across the political spectrum, to which the trade union voices and the words of green campaigners within this report testify. The transition to cleaner energy needs to have a solid plan and not come at the cost of jobs or higher energy prices.

The future is Britain's to decide. Do we want to live in a country in which we are reliant on high-cost, high-carbon footprint energy sources that are imported from other parts of the world as we watch energy jobs disappear; or do we want to regain energy independence for Britain and with that, maintain thousands of jobs while creating thousands more? It is a choice we will have to make soon, as this report makes clear.

Georgiana Bristol
Chief Executive

Foreword by Louise Gilmour

A just transition. The three little words that have come to mean nothing at all in a country losing thousands of good jobs today, right now, on airy promises of a brighter, greener tomorrow.

Families and communities founded on well-paid, unionised jobs in oil and gas would be unharmed, we were assured, because – cue the M&S voiceover – this isn't just any transition, it's a just transition, a fair and inclusive transition.

In this alternative universe, ministers insist, a well-planned and necessary contraction of our offshore industries and their supply chains will see workers seamlessly find new jobs harnessing the power of the wind, sun and sea. It is a lovely thought but bears little resemblance to the chaotic reality of a rushed and needless rundown of our oil and gas sector, not least in Aberdeen, where the drumbeat of redundancy announcements is quickening week by dispiriting week.

Meanwhile, our governments seem stricken, almost delusional, in the face of onrushing disaster, insisting we must ignore today's reality and believe in tomorrow's dreams as arguably the most destructive industrial calamity in our nation's history – a disaster risking untold jobs, communities, even higher bills, and our energy security – unfolds. For those of us old enough to remember, this energy revolution is already resembling another, when sudden, savage pit closures 40 years ago only transitioned thriving mining communities into despair and dereliction.

The UK will, of course, need oil and gas for years, decades, while continuing to build our renewables capacity and the need for measured progress towards Net Zero while protecting our energy security and a sector underpinning hundreds of thousands of jobs could not be clearer or more obvious. Well, clear and obvious everywhere but Holyrood and Westminster apparently.

If only breathless promises were real jobs. Ed Miliband, for example, recently broke the happy news that 400,000 jobs in renewables will now be created in the UK, 100,000 more than promised by Labour during the election campaign. The Secretary of State for Energy and Climate Change must forgive us if we do not hold our breath. Even as he spoke, the first eight – of 54 – 2,300-tonne monopile foundations for the Inch Cape wind farm were arriving in Leith after being ferried 9,000 miles from Qinzhou in China. It would have been almost funny if not so absolutely dismal.

Our failure to seize engineering and manufacturing opportunities is depressing but, by now, default. It does not have to be this way, however. Other countries are not self-harming at such pace and scale, but using renewables to bolster their own industrial base while continuing to support the oil and gas production which will, one way or another, help pave our road to Net Zero. We do not need more fantastic forecasts but just one actual industrial strategy underpinned by realism, ambition, financial support and a bedrock of confidence in our workers and their capabilities.

Our political leaders must listen to those workers, secure their jobs, safeguard communities, and plot a new transition. Protect the energy we need today while prioritising what we can build for tomorrow. Reassure producers offshore. Greenlight the Rosebank field. End knee-jerk opposition to new nuclear in Scotland. Strike a balance between oil and gas, sun and wind to spread the risks while making steady, planned and measurable progress to reduce emissions.

We must strive to build a better world while living in this one. That is the reality and, whatever might happen tomorrow, it is beyond time to get real today.

Louise Gilmour
GMB Scotland Secretary

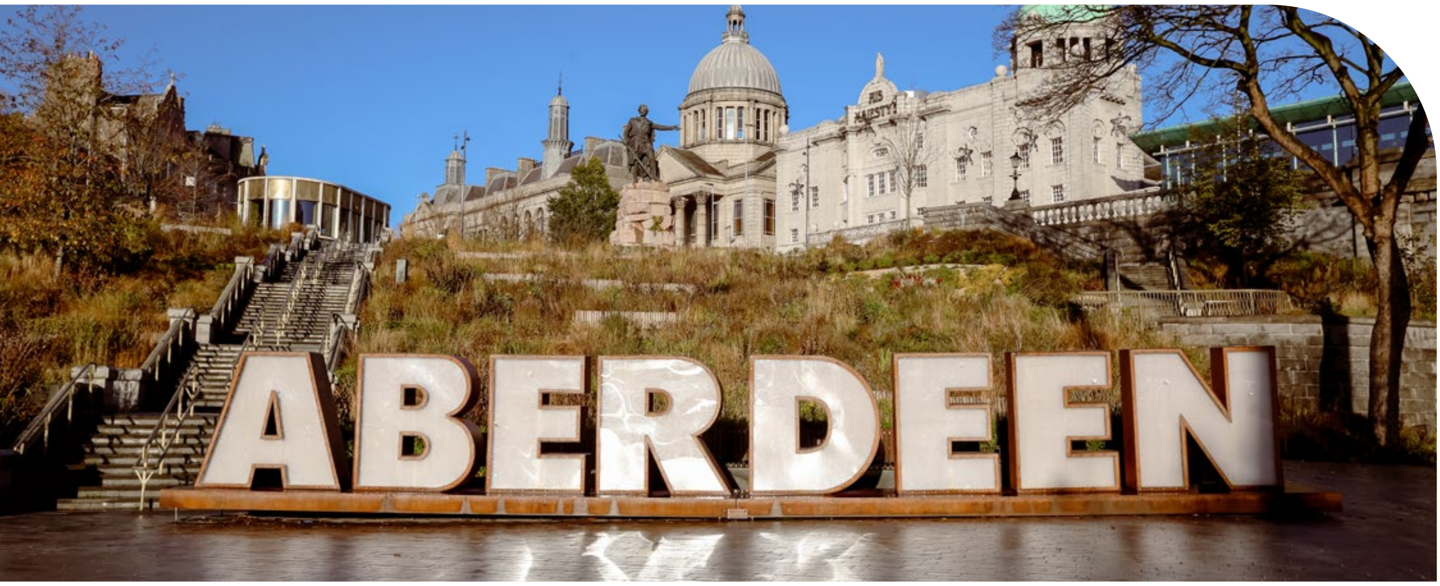
Executive Summary

"There is a lack of stability, of trust in the Government of the UK. It was a bit of a throwaway comment, but one operator said to me recently about investing in the UK, 'Yeah, we're going to invest in oil and gas, but we'll do it somewhere more stable, like Nigeria'. And he wasn't joking. I thought, is that where we've got to?"

This stark comment was given to us by Bruce Ferguson, the Finance Director for Hunting PLC, a large manufacturing company that builds equipment for the energy sector, based in Aberdeen. It puts into harsh perspective what is at stake here in terms of the United Kingdom fixing its energy policy. The energy sector in Aberdeen, as well as the UK as a whole, stands on a cliff edge, with the time to move back to safer land running thin. Yet there is another quote that shines an even harsher light on this topic, in its own way.

"Our North Sea is in decline – let's protect it during the transition and optimise our use of the resources that are left. We should scrap the windfall tax and protect the industry and its workers – we need to avoid the destruction of the industry, or we will see a repeat of what happened to our coalminers."

That's from Dale Vince, a green energy entrepreneur and someone who has donated money to Just Stop Oil, Extinction Rebellion, Greenpeace and the Labour Party over the years. This aptly demonstrates that the future of UK energy is a concern that extends across the political spectrum, with a consensus now reached that this was not handled well by the previous Government, nor is it being dealt with effectively now. We are on the verge of an energy crisis in the UK, well beyond simply the high prices with which we are currently suffering. We may soon lose any possibility of being energy independent ever again, as well as finding thousands upon thousands of jobs destroyed in the process. If we don't start to improve energy policy in the UK, as Dale Vince says, look what happened to our coalminers. We could be about to repeat some of Britain's largest mistakes, with working people paying the heaviest price for that.



Aberdeen is the energy capital of the UK, arguably of Europe, so where Aberdeen goes, so will the energy sector in this country. Some may have an image of the oil and gas sector as populated by wealthy tycoons who do not deserve our sympathy. As this report will demonstrate, the sector is a source of thousands of jobs, many of them filled by working-class people, as well as a plethora of SMEs. In addition to this, in a city like Aberdeen in which the oil and gas sector plays such a large part in the overall economy, the decline of that sector will affect every other part of the city's economy – hotels, restaurants, retail outlets. There are thousands of jobs on the line here, if the transition from oil and gas to renewables is not handled much better in the UK than it is currently.

> *"Our North Sea is in decline — let's protect it during the transition and optimise our use of the resources that are left. We should scrap the windfall tax and protect the industry and its workers — we need to avoid the destruction of the industry, or we will see a repeat of what happened to our coalminers."*
>
> **Dale Vince,** green entrepreneur, environmentalist and Labour Party donor

This extends to renewables themselves and the transition away from oil and gas to cleaner fuels. We need young people to enter the energy sector – at present, there is worry on the ground in Aberdeen that this is not taking place. You cannot transition effectively to cleaner forms of energy if you do not have young people coming into the energy sector. The energy jobs will go elsewhere – and the UK will lose control of both its ability to regain its energy independence, as well as our ability to make the environment cleaner along the way.

In our research, we discovered how nascent the UK renewables sector still is, particularly when compared to Norway, China or the US. Given current energy policy in the UK is heavily reliant on the renewables sector being ready and able to quickly scale up, this was worrying to discover. Worse, even if the renewables sector was massively scaled up from where it is now, there would still be a huge question mark around how greener energy will be able to provide the same scale of jobs that oil and gas has done over the last half century. Wind farms require staff of between five and nine people – when compared to oil rigs needing hundreds and hundreds of staff, it becomes clear that we haven't thought enough about the impact on jobs a transition to cleaner energy might bring.

The Jobs Foundation's last report on energy, *Jobs and Energy: The effect of high energy costs on the UK jobs market*, by Rian Chad Whitton, highlighted how the UK has amongst the highest industrial energy prices in the developed world. In this report, we dig into why that is and how we aren't doing anywhere near enough to turn the situation around.

In the Robert Gordon University (RGU) Energy Transition Institute's report *Striking a Balance: Building a sustainable UK offshore energy workforce*, they lay out a high-case and a low-case scenario for how the transition to lower carbon energy sources could be handled in Scotland. The low-case scenario is terrifying.

"The high-case scenario could see workforce demand levels exceed 200,000.....The low-case scenario also presents the prospect of oil and gas workforce numbers dropping from 115,000 today to as low as 57,000 by the early 2030s: a reduction of around 400 jobs – equivalent to the closure of the Grangemouth refinery – every two weeks."[1]

To be clear, the 115,000 jobs is simply what the RGU's Energy Transition Institute calculates as being jobs directly related to oil and gas. In truth, there are many more jobs that are connected to oil and gas indirectly – in Aberdeen, that extends to jobs in hotels, restaurants and retail that rely on the business oil and gas brings to the city. The high-case scenario involves many things happening which currently seem difficult, to say the least.

Having researched this issue over several months, our prognosis is that the transition to cleaner energy is not working at present and that the low-case scenario laid out by RGU must be seriously contemplated as a result. The reason is simple: the plan. Or rather, the lack thereof. It isn't that we don't think the Government's plan for the transition to renewables is flawed – we are saying that in a real, practical sense, it does not exist at all.

The 2025 Autumn Budget was a chance to right some wrongs on energy policy. Sadly, it was not taken up by the Government.

> *"The high-case scenario could see workforce demand levels exceed 200,000.....The low-case scenario also presents the prospect of oil and gas workforce numbers dropping from 115,000 today to as low as 57,000 by the early 2030s: a reduction of around 400 jobs – equivalent to the closure of the Grangemouth refinery – every two weeks."*

We are running out of time to save the energy sector – in Aberdeen, in Scotland, in the United Kingdom. Four policy actions could undo a great deal of the damage done already and get investment and jobs flowing back into the Aberdeen energy sector.

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1. **From the RGU Energy Transition Institute's *Striking the Balance*, June 2025, led by Paul de Leeuw** (https://www.rgueti.com/wp-content/uploads/2025/05/RGU-ETI-Report-2025-Full.pdf) Accessed 25 November, 2025

1. New licences for oil drilling and exploration must be granted in Scotland

Put plainly, the cancelling of any new licences for North Sea drilling or exploration in the UK has been a disaster for Scotland and, more specifically, Aberdeen. The justification of this policy from the current Government is that “there is no choice” because oil and gas in the North Sea has dwindled in supply. Yet Norway discovered a whole new, large oil field off its coastline in the summer of 2025. There is no way to know if there is more oil and gas off the waters around Aberdeen if no one is looking for it any longer.

The Government released its North Sea Future Plan in November last year. It allows for a caveat on new drilling, saying the Government “will introduce new Transitional Energy Certificates which will enable limited oil and gas production on or near to existing fields – so long as this additional production does not require new exploration and is already part of or links back to existing fields and infrastructure.”[2] This is a fudge and does not solve the problem. It is nowhere near good enough.

For the UK to successfully transition to a more sustainable, green energy future – never mind that more renewable future having its UK epicentre in Aberdeen, thus protecting the thousands of energy jobs in the city – it must support oil and gas until that switch to renewables is much farther down the line. We need to drill in the North Sea again, at least for the time being. The Government should make this happen as soon as possible.

Ships in the Port of Aberdeen

2. **News story on gov.uk website, “North Sea Future Plan for fair, managed and prosperous transition”, dated November 26, 2025** (https://www.gov.uk/government/news/north-sea-future-plan-for-fair-managed-and-prosperous-transition) Accessed 27 November, 2025

2. There needs to be a much more thought-out plan at both Holyrood and Westminster level for the transition to greener energy

There is a huge amount of talk about how oil and gas is finished in the UK and that the move to renewables must inevitably be sped up if we want to regain any form of energy independence as a country. And yet there is surprisingly little in the way of a concrete plan for the transition, particularly when one considers that the Government has taken the drastic step of ceasing all new exploration for North Sea oil.

While renewables make up an impressive percentage of UK electricity production at 40 per cent, 75 per cent of total energy production in the United Kingdom still derives from fossil fuels (mostly oil and gas). There is a great deal of magical thinking going on in terms of energy policy across the UK right now. We are ceasing a great deal of domestic oil and gas production without a clear enough plan for what will replace it and how – and when.

The Government needs a concrete plan for how to transition to renewable energy – and that plan must include domestically produced oil and gas for the foreseeable future.

3. The EPL should be ended as soon as possible, or at the very least end in 2028 as originally planned, not extended to 2030 or beyond

The Energy Profits Levy (EPL), also known as the windfall tax, arguably made some sense in 2022, after the outbreak of the war in Ukraine. The profits of energy companies soared as a direct result of Russian energy products disappearing from international markets. The idea of taxing these windfall profits to cushion the blow for consumers made some political sense. The way it has been handled by both Conservative and Labour Governments since it was introduced has added a level of great instability to the UK energy sector, but nonetheless, there was an intellectual case to be made for the initial introduction of a windfall tax on oil and gas.

But to continue it now, and particularly to extend it until 2030, is madness. Those windfall profits are gone, and in fact, we are facing an energy crisis in the UK instead. What we need to do now is stimulate the British energy sector – bring in direct foreign investment, make sure young people are going into the sector by creating jobs in it, ensuring that more of our energy supply is domestically sourced.

The UK Government should end the EPL immediately. For the sake of Aberdeen, Scotland and the whole of the UK.

St Nicholas Church's spire in the distance

Upperkirkgate

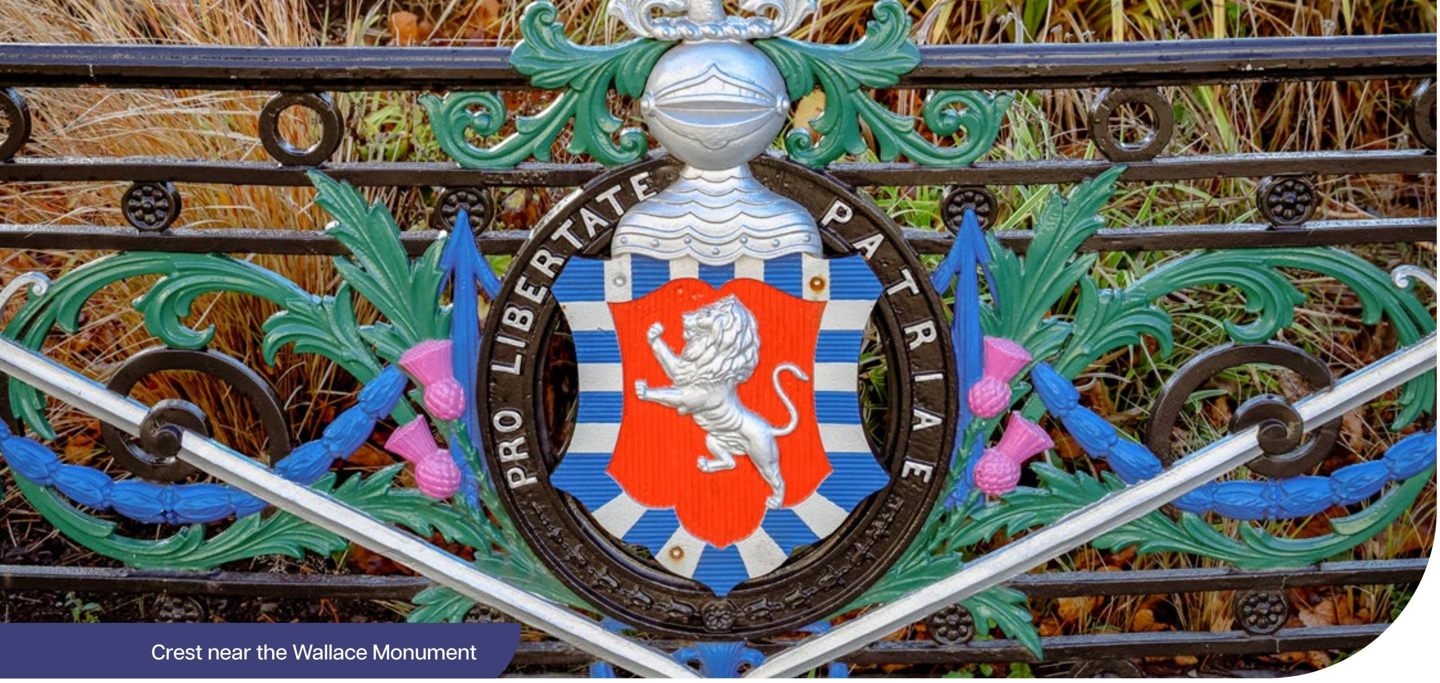
4. Focus needs to be put on the energy sector in Aberdeen specifically

Aberdeen became the oil and gas capital of Europe because it was geographically located close to large deposits. The jobs in the energy sector in Aberdeen will not be magically kept or restored as we transition to renewables – the same geographic pluses are not present in the same way.

It feels like the current Government think locating GB Energy in the city is the silver bullet, even when it is clear much more needs to be done for Aberdeen to maintain its energy sector, given the pressures of the EPL and the ceasing of new licences for North Sea oil exploration and extraction. As seen in chapter three (section 3.4, The Aberdeen and Grampian Chamber of Commerce), a lot of businesspeople, both within and outside of the energy sector, view GB Energy as a joke, something of a white elephant. This is beyond the fact that while energy policy is a non-devolved matter, with the competency fully residing in Westminster, the Scottish Government has not argued strongly against any aspect of UK energy policy from the current UK Government, from making the EPL more punitive, to the cessation of new licences for drilling and exploration in the North Sea.

In summary, energy sector jobs will not stay in Aberdeen just because it would be rather nice if they did so. Without a clear plan for how the energy sector in Aberdeen will benefit from transition directly, the fear is that the jobs leave Aberdeen – and most likely, the UK altogether.

If the Government takes up these four recommendations, it has a chance of saving the energy sector in Aberdeen. Yet time is of the essence. Aberdeen, Scotland and the UK as a whole need action taken on the above points as quickly as possible. If that doesn't happen, as Dale Vince has said, look what happened to the coalminers.



Crest near the Wallace Monument

1. Overview

1.1 Key stats about energy in Aberdeen

- Aberdeen has a population of 231,780, as of 2024.[3]

- The city contains both some of the richest and poorest areas in Scotland. For instance, Torry East is within the 10 per cent most deprived wards in Scotland, while the whole of the West End of Aberdeen is comprised of wards in the 10 per cent richest in the country.

- 80 per cent of all UK direct oil and gas employment is in North East Scotland, and over 90 per cent of the UK's oil and gas workforce have medium to high skills transferability, so the overwhelming majority of them would be able to work in adjacent energy sectors (if the jobs were available), making the North East, at least in theory, a key energy transition region of Scotland.[4]

- Getting the exact figure on how many jobs there are in oil and gas in Aberdeen is tricky, given different figures will be based on what is considered direct employment in the sector or not. The RGU (Robert Gordon University) Energy Transition Institute's report, *Striking the Balance*, estimates there are 115,000 offshore jobs in oil and gas across the UK – but this does not include people working in executive, comms or marketing positions within the industry, nor those working more broadly within the supply chain. Scotland's Nature Agency estimates there are currently 196,000 jobs in the Scottish oil and gas sector.[5] Around 80 per cent of these will be located in Aberdeen, or at least Aberdeenshire – which gives some idea of just how many jobs in Aberdeen are within the energy sector.

3. **National Records of Scotland, Council area profile: Aberdeen City** (https://www.nrscotland.gov.uk/statistics-and-data/council-area-profiles/aberdeen-city/) Accessed 30 November, 2025
4. **Invest Aberdeen website, Energy section** (https://investaberdeen.co.uk/key-sectors/energy) Accessed 28 November, 2025
5. **Scotland's Nature Agency website, Oil and Gas section** (https://www.nature.scot/professional-advice/land-and-sea-management/managing-coasts-and-seas/oil-and-gas) Accessed 27 November, 2025

- The average house price in Aberdeen was £140,000 in September 2025 (provisional), down 6.2% from September 2024. Across Scotland, the average house price rose by 5.3% over the same period.[6]

- Jobs in renewables is a contentious issue, with a large variety of estimates in terms of how many jobs currently exist in the sector. UK employment in green jobs was estimated by the ONS in 2023 to be 690,900 full-time equivalents – but this takes an extremely broad view of what constitutes a "green job", including people who work in the third sector, advocating for more jobs in green energy.[7] The best estimate of people working on actual creation of green energy in the UK comes from the RGU Energy Transition Institute's report, *Striking the Balance*, which posits that there are around 39,000 jobs in green energy across the United Kingdom – although this includes those involved in the construction of infrastructure, which bumps up this number significantly.[8] It should also be noted that the green jobs of the future might well be lesser paid jobs than the ones currently in oil and gas – although that relies on a great deal of speculation given how nascent the green sector is in the United Kingdom at present.

- Aberdeen relies heavily on the energy sector for its financial well-being. Any downturn in the sector within the city will greatly affect jobs in Aberdeen as a whole.


Aberdeen City Council building

6. **ONS figures** (https://www.ons.gov.uk/visualisations/housingpriceslocal/S12000033/#) Accessed 29 November, 2025
7. **ONS figures** (https://www.ons.gov.uk/economy/environmentalaccounts/bulletins/experimentalestimatesofgreenjobsuk/july2025) Accessed 27 November, 2025
8. **The RGU Energy Transition Institute's "Striking the Balance"** (https://www.rgueti.com/wp-content/uploads/2025/05/RGU-ETI-Report-2025-Full.pdf) Accessed 27 November, 2025

1.2 Aberdeen: from "Oil and Gas capital of Europe" to the uncertainty of today

1969 was a pivotal year in the history of Aberdeen. That was when vast amounts of oil were discovered off the North East coast of Scotland via breakthroughs in the technology involved in offshore drilling. Within a few short years, Aberdeen was transformed from a town mainly based around fishing to the "Oil and Gas capital of Europe". The city became significantly richer during the 1970s as a direct result of this transformation, with jobs in the energy sector flowing into Aberdeen.

Throughout the 1970s and 1980s, Aberdeen grew as the amount of oil and gas extracted nearby escalated. All the major petroleum giants moved into the city as two big incidents increased oil profits: the 1973 Oil Crisis, in which the flow of petroleum products from the Middle East to the west halted due to the war in Israel, resulting in the world oil price quadrupling within a year, and the 1979 Oil Crisis due to the Iranian revolution, which saw oil prices triple further. Places like Scotland, where the threat of regime change or war was non-existent, benefited massively throughout this period, as oil companies looked for geopolitical stability. This dovetailed nicely with some large finds of oil in the North Sea during the same timeframe.

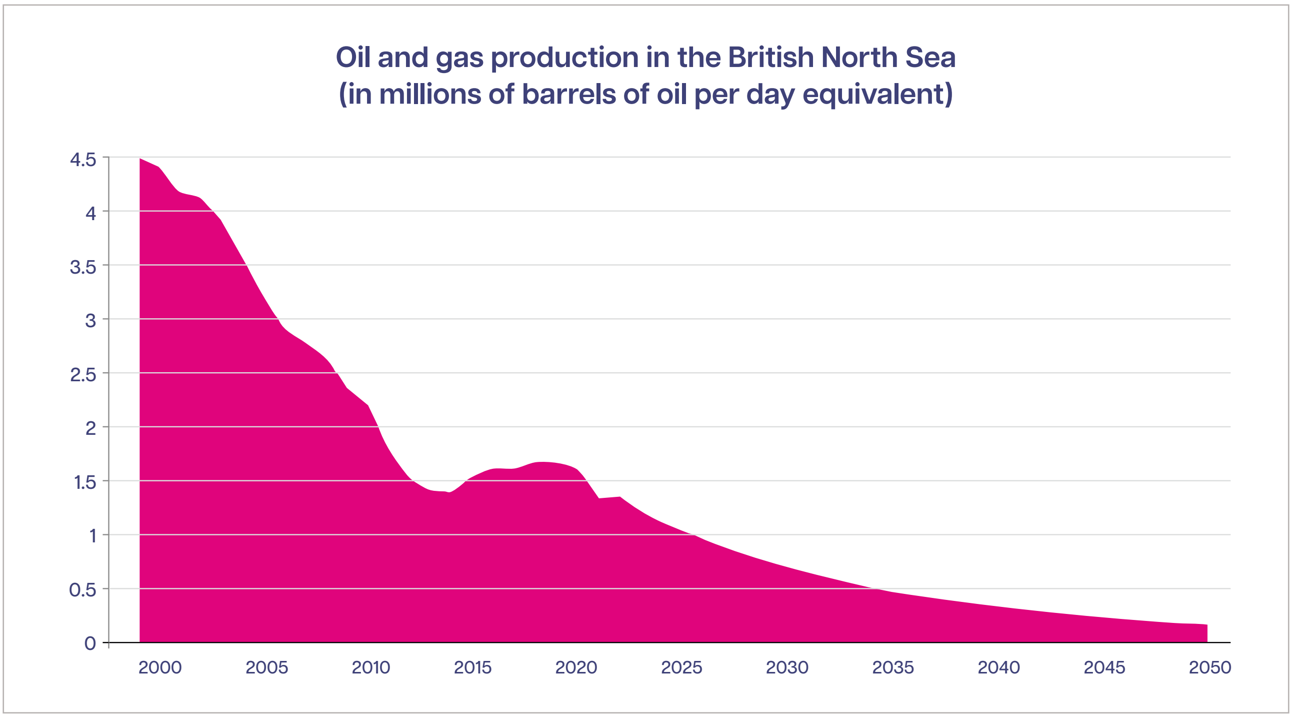
Then, in 1988, disaster struck. The Piper Alpha platform, which was located around 120 miles northeast of Aberdeen, collapsed, killing 169 men. It remains the worst offshore disaster in history in terms of lives lost.

> *The city certainly remains the energy capital of Scotland and almost certainly, the whole of the UK – for now. However, Aberdeen faces an uncertain future due to the transition to Net Zero and the challenges around what that transition will mean for Aberdeen have not been taken seriously enough, either by Holyrood or Westminster.*

However, good news was on the horizon: the late 1990s produced further boom times for the energy sector in Aberdeen. Yet the peak of production was fast approaching. The end of the century saw the climax of oil and gas production in the Scottish North Sea. The sector declined slowly at first, in the 2000s, but over the last decade or so, that decline has accelerated. The city certainly remains the energy capital of Scotland and almost certainly, the whole of the UK – for now. However, Aberdeen faces an uncertain future due to the transition to Net Zero and the challenges around what that transition will mean for Aberdeen have not been taken seriously enough, either by Holyrood or Westminster.

At peak production in 1999, 4.5 million barrels a day were pumped out of the North Sea close to Aberdeen; in 2025, not even one-third of that amount is extracted.[9] Here's a graph illustrating the decline of production in the 21st century, with a bleak forecast for the years ahead:[10]

Figure 1. The decline of the North Sea.



Source: North Sea Transition Authority

This decline in production has had an impact on jobs already – there are 18,000 fewer people working in the city's energy sector as compared to 2010.[11] Worryingly, if the graph above is correct in terms of declining production of North Sea oil and gas in Scotland, even fewer jobs will naturally follow.

It could all be done so much better – energy policy generally, but also the transition from oil and gas to renewables in particular – as a comparison with Norway demonstrates.

9. **Larry Elliott, The Guardian, November 1, 2021**
(https://www.theguardian.com/business/2021/nov/01/the-road-to-net-zero-aberdeen-looks-to-a-future-without-oil) Accessed 29 November, 2025

10. **Reuters, "The fall of UK North Sea oil and rise of offshore wind", January 3, 2025**
(https://www.reuters.com/world/uk/fall-uk-north-sea-oil-rise-offshore-wind-2025-01-03/) Accessed 25 November, 2025

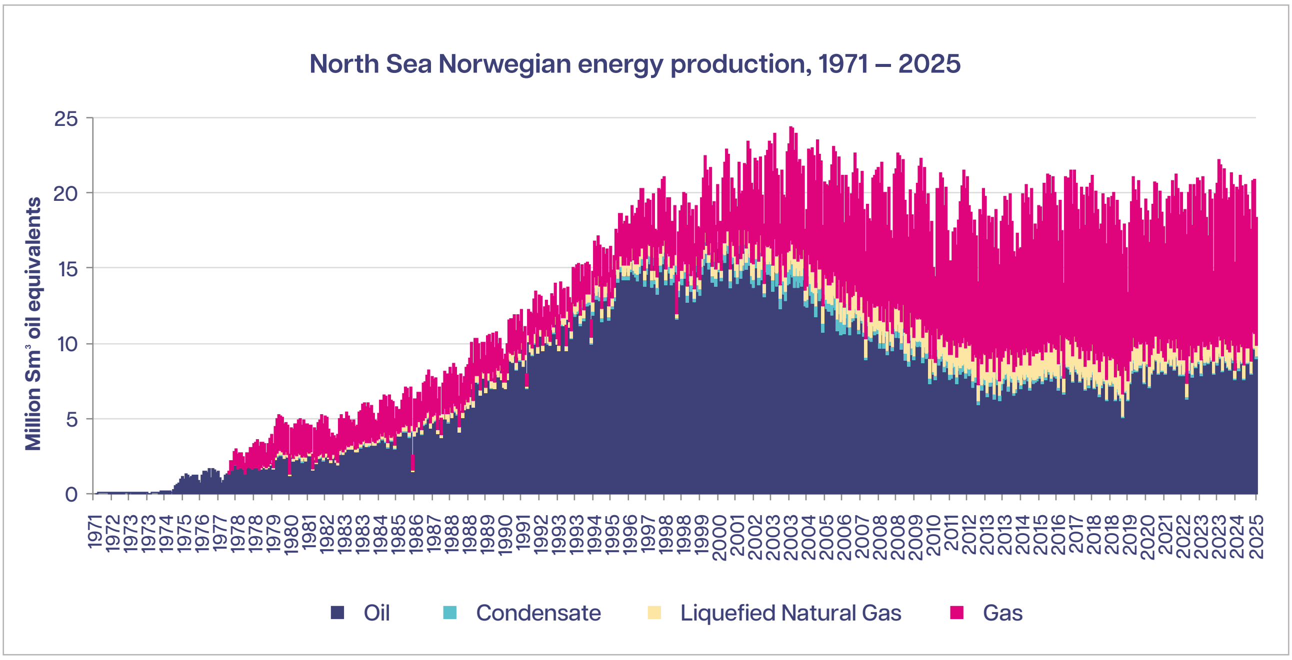
11. **Energy Voice, "Aberdeen lost 18,000 jobs amid oil turbulence as renewables ramp up" December 27, 2024**
(https://www.energyvoice.com/renewables-energy-transition/564777/aberdeen-lost-18000-jobs-amid-oil-turbulence-as-renewbles-ramp-up/) Accessed 25 November, 2025

1.3 Norway's North Sea oil production

The Norwegians make for an interesting and relevant comparison with Scotland, as they are extracting oil from the same sea as those firms around Aberdeen. Indeed, the similarities run deeper than you might think: 1969 was also a breakthrough year for oil discovery in Norway, when the Ekofisk field was found. And like in Scotland, oil extraction from the North Sea in Norway peaked around the turn of the 21st century.

Yet oil production has not declined in anywhere near the same manner in Norway since 1999 as we've seen in Scotland. As demonstrated in the graph below,[12] there was a steady decline in Norwegian oil production during the 2000s, but it has remained even since. Worse from a Scottish perspective, Aker BP, a Norwegian energy company, has just discovered a huge oil field in the North Sea, in the summer of 2025, including the three longest well branches ever drilled on the Norwegian continental shelf.[13] Norway might be about to have another surge in oil and gas discovery, all because they kept looking.

Figure 2. Norwegian energy production.



About 65,000 people work in oil and gas directly in Norway (with many more indirectly).[14] Similar confusion as to how many people work in renewables exists in Norway as it does in the UK – what is considered a "green job" is nebulous across the world, unfortunately. If you take the RGU's figure of 115,000 direct energy jobs in the UK and compare that with Norway's 65,000 jobs, there are seven times more jobs in the Norwegian energy sector as compared to the UK per capita (the population of the UK is around 12.5 times larger than Norway's).

12. **Norwegian Petroleum website** (https://www.norskpetroleum.no/en/facts/historical-production/) Accessed 26 November, 2025
13. **Aker BP website, "Significant oil discovery in the Yggdrasil area", August 21, 2025** (https://akerbp.com/en/borsmelding/significant-oil-discovery-in-the-yggdrasil-area-2/) Accessed 26 November, 2025
14. **Norwegian Petroleum website** (https://www.norskpetroleum.no/en/economy/employment/) Accessed 25 November, 2025

To add insult to injury on this front, Norway is also handling the transition to renewable energy much better than the UK is doing, at least in part because they understand that bringing the oil and gas industry along for the ride, as well using the money generated by the oil and gas sector to fund the transition to clean energy, is the only way to go.

"It's not so much a zero-sum game for the Norwegians. That's absolutely key," said Bruce Ferguson, Finance Director of Hunting PLC, a key manufacturer of equipment for the oil and gas sector (and who are covered in more depth in chapter two). "It's a common-sense approach in Norway. They know they are going to need oil and gas for a long time yet. They are going to drill, generate wealth for the country. They know they are going to need substantial taxes, but at the same time, they make it investable as a region. That encourages the industry, that encourages employment, and that encourages tax revenue for the Government, which then takes that tax income and invests it wisely."

"They've also done things like hydro so much better than the UK," Bruce continued. "But the key is the Norwegian Government's support of the oil and gas industry. They've understood that it is a cash cow that will then support that transition policy going forward. You're not having this cliff edge of stopping all oil and gas production in Norway before the transition can happen, which is key. It's a fairly left-wing government there just now, but they're still supporting the oil and gas industry, taxing it appropriately. It's a high-tax country, Norway. But the people don't seem to mind because they've got good infrastructure, good social welfare, and they can deploy the capital sensibly into things like the transition to cleaner energy. It's more of a strategic viewpoint, long-term, than what we have in the UK, unfortunately."

Of course, there is no time machine currently available, so we cannot go back to the 1970s and create a sovereign wealth fund, as the Norwegians did with their oil and gas profits (the value of which currently sits at almost two trillion dollars[15]). But we could learn the basics from them, as they apply today: tax the energy sector at an internationally competitive rate, make sure you encourage young people to go into the energy sector, and don't punish oil and gas, but rather use it to help fund the transition to greener energy.

> *"It's not so much a zero sum game for the Norwegians. That's absolutely key. It's a common-sense approach in Norway. They know they are going to need oil and gas for a long time yet. They are going to drill, generate wealth for the country."*
>
> **Bruce Ferguson,** Finance Director of Hunting PLC

As Bruce Ferguson from Hunting PLC put it: "You go to Oslo, you know, the capital that's flowing around Oslo, the drilling that's going on in Oslo, the comparison to what's happening on this side of the North Sea is really stark. It's really, really disappointing and frustrating when we're having to announce job losses for people that we know have been working in our company for over 30 years and haven't done anything wrong. And it's good quality jobs, like engineering and manufacturing, that are going."

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15. **Fortune, "How sparsely populated Norway amassed $1.8 trillion", July 30, 2025**
(https://fortune.com/europe/2025/07/30/how-sparsely-populated-norway-amassed-1-8-trillion-sovereign-wealth-fund/)
Accessed 29 November, 2025

2. The oil and gas sector in Aberdeen, explored

2.1 Introduction

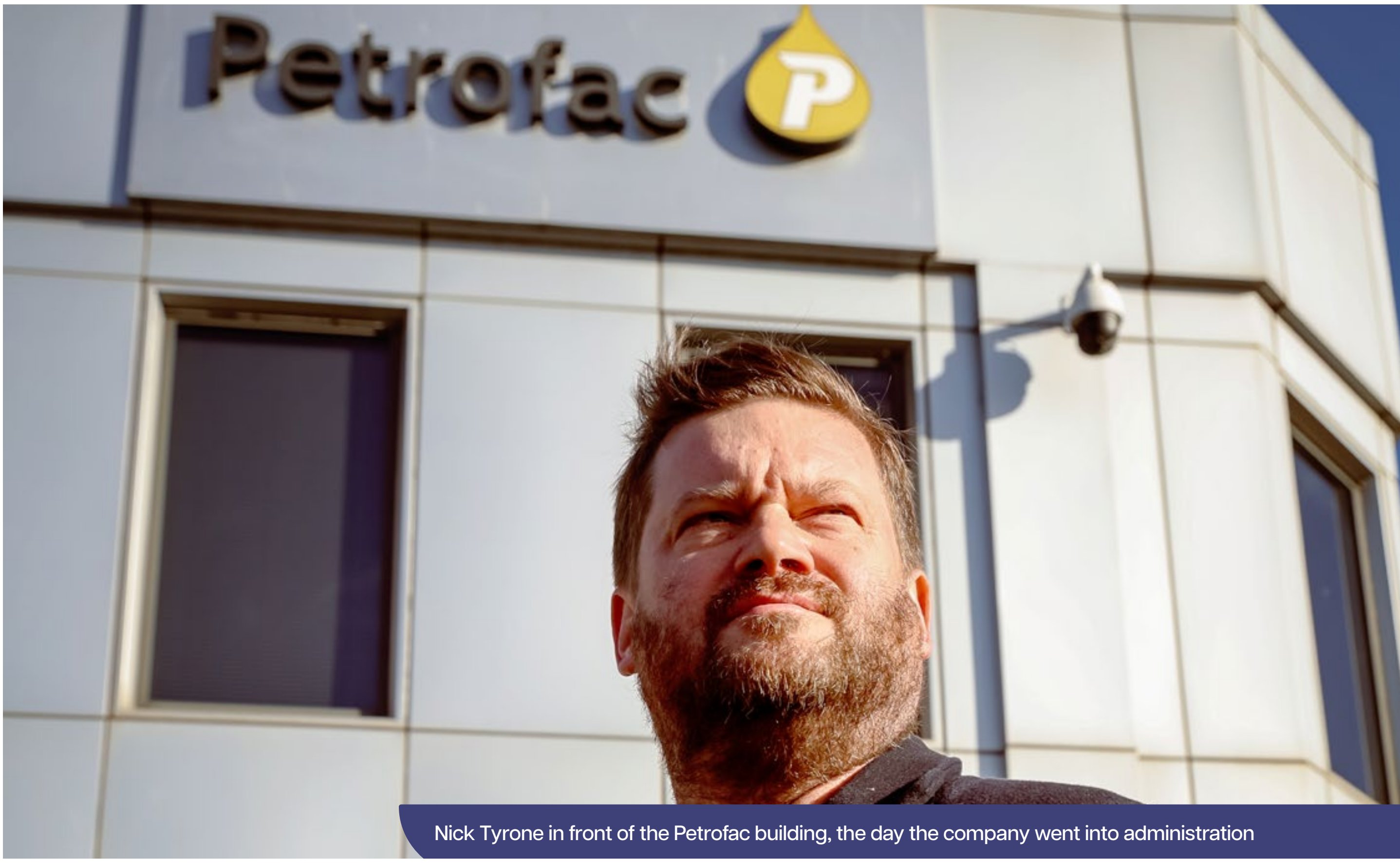
Our first day in Aberdeen turned out to be fortuitously timed, if that's the right way of looking at it: that morning, the energy services firm Petrofac filed for administration. It was a suitable prelude to the conversations we had in Aberdeen for the rest of that week – people within the energy sector in the city feel nervous about what is to come, and that Petrofac may just be the latest warning sign. While Petrofac going into administration wasn't entirely unforeseen by some of those at the top of the North Sea energy food chain, watching it unfold in real time was nonetheless unsettling. It is one thing to hypothesise about problems for the North Sea oil and gas sector in the face of current UK energy policy – it is another thing to watch the dominos fall.

While a lot of the conversations that follow in this chapter are downbeat, one optimistic note to strike is that at least there is a massive amount of consensus within the sector in Aberdeen. Whether we were talking to someone within a large oil and gas producer, or someone involved in renewables, or trade union officials, what needs to be done, in both the short, medium and long-term was clear. We came expecting some differences of opinion, particularly between oil and gas producers and those in the renewables sector, but that isn't what we found. As a result, the findings of this report shouldn't be controversial, since they are representative of a consensus.

On our trip to Aberdeen, we saw:

- Aberdeen Cyrenians
- The Aberdeen and Grampian Chamber of Commerce
- The Aberdeen City and Shire Hotel Association
- EnQuest
- The Energy Transition Zone
- GMB, the leading trade union
- Harbour
- Hunting PLC
- Our Union Street
- Paul De Leeuw from the Robert Gordon University's Energy Transition Institute
- The Port of Aberdeen
- Renaissance Care
- Offshore Energies UK (OEUK)
- Spirit Energy
- Well-Safe Solutions

Having such a wide range of voices helped shape our understanding of what is happening in both the energy sector across the UK and what is happening in Aberdeen as a whole.



Nick Tyrone in front of the Petrofac building, the day the company went into administration

The Energy Transition Zone in Aberdeen

2.2 Offshore Energies UK

Offshore Energies UK (OEUK) is the trade association for the offshore energy industry, representing both the interests of oil and gas and renewables firms. As such, they have a brilliant perspective on the challenges the Aberdeen energy sector faces given they represent over 400 organisations, including some of the biggest names in energy.

One of their most pressing concerns at present is that they have seen a lot of their members making layoffs over the past year or so, since the restriction of new licences to explore the North Sea came into effect. Yet the Treasury does not seem to believe that there is anything to worry about given they aren't seeing an uptick in benefit claims in the area.

"I think some of the reason for the lack of benefit claims increase can be explained by individuals picking up work in other areas that, unfortunately, are usually overseas because of the skill set that our oil and gas workers have," said Irene Bruce, Head of ESA, Employment and Skills at the OEUK. "We've also got an increased number of individuals in the higher age category as well who are maybe just choosing this as an opportunity to retire and give up work at this point, so there's lots of different factors."

It is a shame that the Treasury seems to feel that job losses in the Scottish energy sector cannot be significant, simply because of a lack of uptick in benefit claims. This is a foolhardy way of evaluating the situation. As Irene says, a lot of the jobs that have been lost are the more highly skilled ones, meaning that people who leave these jobs will simply go abroad to work, rather than stay in Aberdeen on the dole. Yet at some point, the job losses across the city should become apparent via an increase in benefit claimants – but by then, the damage will be so much greater and more difficult to turn around.

> *"We simply do not have enough industry left in the UK," David said, making a wider point. "We cannot have a purely service based economy. I'm just not sure in a volatile world a purely service-based economy is the way to go."*
>
> **David Whitehouse,** CEO, OEUK

We had the chance to sit down in the OEUK offices in central Aberdeen and talk to the CEO of the organisation, David Whitehouse. The conversation was obviously shaped by the announcement of Petrofac going into administration earlier that day.

"You know, they were a real poster child for the UK, Scotland and the area and in reality, that's a slightly humiliating fall from grace that they've found," David said. We asked him if the 2,000 jobs in Aberdeen that were on the line could be saved. His response was that short term, yes, other players will pick up the contracts. But it bodes poorly for those same jobs in the long term.

"We simply do not have enough industry left in the UK," David said, making a wider point. "We cannot have a purely service-based economy. I'm just not sure in a volatile world a

David Whitehouse, CEO of OEUK

purely service based economy is the way to go. So, we have got to fight for every single one of our industrial jobs, quite frankly. And these are profitable industrial jobs that we need to fight for. And there is still an opportunity out there in the North Sea. And if you can protect that, then you give the opportunity to things like floating wind and other forms of newer energy. You actually do create an opportunity for the UK."

In David's job, you have to remain optimistic. You must feel that the fight goes on, and that the energy sector in a place like Aberdeen can ultimately be saved. But we sensed it was difficult for him to be upbeat on the day Petrofac went into administration.

"I think Angela Rayner was correct when she said one of the three things that's causing the social fabric breakdown is rapid deindustrialisation in the UK," David said. "We're seeing it. And when I look around the country, I think I find lots of good people who are trying honestly to be optimistic about opportunities ahead. But there is frustration that that voice is not being heard. We've got a sector here, which, to be honest, I think has shown a great degree of leadership in signing up to being Net Zero, before any other sector in the UK. The sector supports thousands of jobs, it supports all the supply chain companies that we need for the energy future. And we're seeing it decline for no good reason. You know, we're seeing it decline. And for me, the worst of it is, it simply doesn't have to be like that."

Our main takeaway from the hour or so we spent with David Whitehouse is that one of the things that might happen to the energy sector in Aberdeen over the coming years is the loss of people like David. Articulate, knowledgeable and caring deeply about the city itself. It won't just be people with technical skills who will flee abroad if energy policy doesn't change in the coming years – those who fight the good fight on behalf of the sector will be gone as well.

Rainbow over the Port of Aberdeen

2.3 The trade union perspective

We had the great fortune of speaking to one other employee at OEUK – Peter Welsh, who is handling workforce engagement. Peter, prior to the three weeks into his OEUK job when we spoke to him, has worked in trade unions his whole professional life, spending the last decade at GMB. As such, he was able to give us a perspective of where the trade unions are on energy policy, unencumbered by still being in the employ of a union.

"There is a broad consensus between the unions and the energy industry on energy policy," Peter told us. "It's a position that is based on the idea that if the UK continues to need oil and gas, it should maximise its homegrown assets. Therefore, there should not be a ban on future licensing. The position on tax is a little more complicated. The unions feel that the broadest shoulders should always carry the biggest sword – but also, you can't tax the industry off a cliff either. So, there is agreement that something needs to change with the windfall tax in order to encourage investment and keep the jobs around."

I asked Peter if there was a full consensus on energy policy across the trade union movement.

"It is more complicated than that," Peter said. "Unions like GMB have a huge manufacturing membership, but it's also a 50% public sector union as well. There's a lot of people that are teaching assistants, social carers, people in lower-paid frontline professions gripped by the cost-of-living crisis and the political optics of offering tax reforms to the energy sector while the cost of living persists is delicate. There is that tension, but fundamentally, unions like GMB have made the consistent argument for good union jobs and work. That's always been paramount, because there is a difference between activism and idealism. Unions with energy and manufacturing memberships can now be increasingly found in the former camp, while professional-white collar memberships tend to fall in the latter, as illustrated at the 2024 TUC Conference policy debates around the energy transition."

This had been the main thing we had wondered about before we'd spoken to Peter – is there a tension between the blue-collar sections of the union membership whose jobs will be on the line with the wind down of oil and gas in the North Sea, and those on the left in particular who are removed from this threat to their livelihoods?

"You have like two sections now in the trade union movement: you have the predominantly kind of blue-collar, working-class, the energy manufacturing job sector. And then you have professional white-collar people," Peter said. "Now that's generalities. There are some shades of grey within it, but on the blue-collar side, what you've got it is a defence of our homegrown energy future, defending and sustaining the jobs that we have in building up a good, proper industrial strategy for the jobs of the future. Then on the other hand, what you've got are people who want Net Zero at any cost, as quickly as possible. And if that means they accelerate the loss of jobs over the other side, then that's the price worth of paying. What we don't want is to end up in a situation where the political tail wags the industrial dog."

Yet in spite of this split, the trade unions have been able to publicly put forward a remarkably united front on energy policy. Jobs are the most important thing to them, clearly.


Nick Tyrone

I asked Peter about what he saw as the current situation with the renewables sector in the UK, particularly in relation to jobs.

"When it comes to the building of renewables infrastructure, this is a story that the GMB in particular has been really clear and consistent about," Peter said. "I think that the kids today call it lived experience. So, in 2010, that decade starts with the former First Minister, Alex Salmond, promising 28,000 full-time manufacturing jobs, supporting the offshore wind sector. Move forward a decade to 2020, before the pandemic, and any way you slice it, they hadn't achieved more than 10 per cent of that target. And there's simple reasons why that happened: first and foremost, there was no industrial strategy to support the development of those jobs. There was no investment in the infrastructure and the supply chain needed to transition to renewables. Industrial strategy, industrial infrastructure, Government support, all necessary – and in the UK, we haven't had any of this."

This is why the renewables sector is so nascent and underdeveloped in the UK – we simply have nowhere near the infrastructure required to run it at the sort of level that would be needed to replace oil and gas, both in terms of energy supply and jobs.

We spoke later to Louise Gilmour, GMB's current Scotland Secretary. She was unflinching in her assessment of the situation.

"We will always need oil and gas," she said. "I mean, I don't like Donald Trump, but he's right about "drill, baby, drill". We've got this whole reserve of oil and gas just off our coast that we should be using."

> *"We will always need oil and gas. I mean, I don't like Donald Trump, but he's right about "drill, baby, drill". We've got this whole reserve of oil and gas just off our coast that we should be using."*
>
> **Louise Gilmour,** Scotland Secretary, GMB

We were struck by how direct and uncompromising the GMB's tone was on this topic. They are trying to protect their members' jobs before any other consideration, as they should.

"My worry is that there's going to be a domino effect from that industry," Louise said. "I've seen this before because I came from the clothes and textiles sector. I've seen this back in the early 90s, where we had millions of workers working in the textile industry one minute, and then everybody started going for the cheap labour abroad and we had a domino effect of shutting down all the factories in Britain in a very short time span. That's my fear. What do we do to try and maintain the skills, develop skills and have a long-term future for oil and gas in the UK?"

It is a huge positive that the energy and manufacturing trade unions are on board with what needs to be done, adding their valuable voice to the argument. Yet it is also slightly depressing that, despite the trade unions and the energy sector aligning on what needs to be done, Ministers and policymakers still need convincing.

2.4 The Port of Aberdeen

In our travels with the Jobs Foundation, one of the things we have discovered time and again across Great Britain is that ports can tell you a lot about a local economy. It was for this reason we felt it imperative to speak to the Port of Aberdeen, to find out their take on what is happening in the city.

We spoke with Kieran Morton, Business Development Manager at the port, who gave us a great overview.

"The breakdown of our revenue is a great place to start," Kieran told us. "51 per cent of our revenues are attributed to oil and gas. Renewables currently account for 1 per cent of our revenue – but it is a growth sector. Most of the wind farms we deal with at the moment are close to shore, therefore that involves CTVs (Crew Transfer Vessels), which are very small, and they go in and come back in the same day. So that doesn't translate to a lot of revenue."

I asked Kieran for more on why the port considers renewables to be a growth sector, if the current revenues involved with it are so low for the port.

"When the wind farms move further afield into deeper waters, they're going to transition to SOVs (Service Operation Vessels) that are much larger, so they stay in the field for two weeks, which is much more like oil and gas in that respect, so that should be a transition for the port to a larger revenue stream. In the next five to ten years, we expect to see an increase across renewables."

Kieran Morton with Nick Tyrone at the Port of Aberdeen

We questioned Kieran further on this projection. What is he seeing now? What is the activity at the port telling him about the energy sector in Aberdeen at present?

> *"Unfortunately, this year, we have seen a large cliff edge when it comes to the oil and gas industry. Particularly driven by the ban on new drilling licences and the EPL, which has completely stripped away all investment with the oil and gas."*
>
> **Kieran Morton,** Business Development Manager at the Port of Aberdeen

"Most of the businesses in and around Aberdeen are supply chain businesses, and they will, like ourselves, have revenue streams which are diverse across a live portfolio," Kieran told us. "We expect to see oil and gas decline over the next 10 years as renewables will come up, with the same people doing the same sort of jobs just across different industries. And our hope is that renewables can grow at a rate which is commensurate to the downturn in oil and gas."

While appreciating the optimism, we asked him what he was seeing on the ground so far in terms of practical steps towards renewables replacing oil and gas in a real, sustainable way.

Catherine Frost, Kieran Morton, Nick Tyrone and Amber Inglis

“Unfortunately, this year, we have seen a large cliff edge when it comes to the oil and gas industry,” he said. “Particularly driven by the ban on new drilling licences and the EPL, which has completely stripped away all investment with the oil and gas. So, this year alone, over the last six months, we’ve seen a 20 per cent drop in PSVs (Platform Supply Vessels). These are the vessels that take the equipment to the offshore platforms, so you can tell by that alone there’s a lot less work going on. It’s fewer jobs as people are less required.’

An important thing to understand about renewables, at least for the foreseeable future, is that even if everything goes as well as it possibly can do for the renewables sector in Britain, it has a much lower ability to sustain a large number of jobs when compared with oil and gas. Petroleum extraction is a labour-intensive exercise, requiring hundreds of people on an offshore rig. By comparison, wind farms require very few staff once they are up and running – only five to nine people to keep them going day to day. The current Government likes to talk about 400,000 jobs being created in the renewables sector over the next half a decade, but when you dig into the detail you 1). find there isn’t a lot of it and 2). what there is tells you that most of those jobs will be in construction of the infrastructure needed. In other words, short-term jobs.

Wind power will obviously be an important source of energy for Britain over the next quarter century. But the Government should at least be honest about how few jobs might be left in the energy sector once the short-term bump of infrastructure building is complete. It’s not only jobs directly related to oil and gas that will be affected, but employment in places like the Port of Aberdeen as well.

A wind farm off the coast of Aberdeenshire

2.5 GB Energy

We spoke with Paul Addison, the Director of Policy and External Affairs at GB Energy, Britain's publicly owned energy company. They are an operationally independent company, wholly owned by the Secretary of State for Energy Security and Net Zero. GB Energy was established on May 15, 2025, by the current Government.

Paul told us about the organisation's plans and strategy over the coming years.

"GB Energy has been capitalised with £5.8bn over this Parliament, and our strategy is built around three core pillars – all underpinned by our role as a developer of renewable energy assets.

"First, we're focused on how we catalyse investment in new and emerging technologies, deploying them across the UK. A key part of this is leveraging the public estate – government-owned land and assets – to accelerate renewable deployment. We established a strategic partnership with the MOD in September, and we see potential for similar partnerships elsewhere across the public sector.

"This developer portfolio – the largest share of our capital – is centred on nascent but commercially scalable technologies, particularly floating offshore wind. The UK has led the world in fixed-bottom deployment, but we are now reaching the limits of seabed depth. Floating foundations are the next frontier. We're also looking closely at long-duration energy storage to complement grid needs and balance our portfolio. We will inevitably take risk – that's inherent in our mission – but we balance that with more conventional onshore assets to ensure long-term sustainability.

"We've already made our first investment: £50m into the Pentland Project in the North East of Scotland, which will power around 70,000 homes once operational."

"Second, we are focused on ensuring that these investments capture UK industrial and sovereign value. That means strengthening domestic supply chains so the UK benefits from the growth of these industries. Our programme – branded 'Energy Engineered in the UK' – represents around £1bn of GB Energy investment, to be complemented by additional funding from the Crown Estate and the Offshore Wind Growth Partnership. The aim is to deploy concessional capital and equity to scale UK manufacturing and supply-chain capability in the technologies we're backing.

"We have announced £300m in December 2025, targeted at offshore wind networks. The remaining £700m will follow later in the year across a broader set of technologies, with a strong focus on job creation. We expect these first two pillars alone to support around 10,000 jobs, particularly in regions historically reliant on oil and gas, such as Aberdeen."

"Third, we are developing the local energy part of the strategy. Over the last 18 months, GB Energy has provided grants to hospitals and schools in England for solar deployment. The next phase is commercialising these models – including entering the market for power purchase agreements (PPAs) with community energy groups, helping them overcome finance barriers. If we can unlock these hyper-local energy projects at scale, we will have cracked one of the hardest challenges in the sector."

In the heart of the city of Aberdeen

2.6 The mid-sized players in the Aberdeen oil and gas sector: Spirit Energy, EnQuest and Harbour Energy

While the huge players in oil and gas, such as BP and Shell, are vital to jobs in Aberdeen, the mid-sized players, who by any normal standard (i.e., outside of oil and gas) are in fact huge, global companies, are equally as important to energy sector employment. With that in mind, we spoke to three of the most important mid-sized oil and gas companies that work in the Scottish North Sea: Spirit Energy, Harbour Energy and EnQuest. These three companies employ almost 5,000 people between them directly, as well as many more contractors on top of this number.

The challenges facing the sector were on everyone in the city's mind that week, as Petrofac's holding company had just entered into administration.

Media reports stated Petrofac's problems were not all down to their UK business, of course, but it's thought that if their UK business had been stronger, then the issues they experienced overseas might have been less hurtful to their overall financial health. Indeed, a stronger UK market would likely have helped them.

We met with Neil McCulloch, the CEO of Spirit Energy, at the company's Aberdeen HQ and discussed the then upcoming Budget. As they were for everyone in the Aberdeen energy sector, worries about what Rachel Reeves would have to offer were front of mind.

"Rachel Reeves needs to say tax revenue from the oil and gas industry is going to increase," Neil told us. "She's got to act soon so that she's seeing a cumulative tax from the energy industry go up here. Now, the view from across the UK is if you were to get rid of the windfall tax today, she would see billions of pounds more tax revenue. And then many tens of billions of pounds would be spent and that would create employment across the board, not just in energy – you know, the trickle-down benefits."

One worry Neil has, like many in the Aberdeen energy sector, is that renewables will almost certainly not provide the same level of employment that oil and gas does, even if the transition goes incredibly smoothly.


Neil McCulloch, CEO of Spirit Energy

“Things like wind, at least once they’re up and running, are very low in terms of staffing needs,” Neil told me, echoing what I had heard from other people working in the energy sector in the city. “You don’t need that many employees to keep them going, basically. So, I guess the worry is where will the jobs be?”

This is even more pressing when one considers the tax implications of the current EPL structure – never mind all the other factors impacting the Scottish energy sector. It was Neil who first alerted me to the fact that many energy companies can effectively end up paying more than 100 per cent tax on new projects via the revised EPL under the current Government.

> *“The view from across the UK is if you were to get rid of the windfall tax today, she (Rachel Reeves) would see billions of pounds more tax revenue. And then many tens of billions of pounds would be spent and that would create employment across the board, not just in energy — you know, the trickle-down benefits.”*
>
> **Neil McCulloch,** the CEO of Spirit Energy

“I’ll just remind you of the design of the tax regime we have here,” Neil said. “It’s generally recognised across the world that energy companies need to spend a lot of money on exploration and the long-term success rate is one in eight worldwide. You have risk in what you do, and the tax regimes generally helps you with that risk. The Government takes part of that risk with you.”

"But under the current EPL, that element has been effectively taken away," Neil continued. "We have this ring-fenced Corporation Tax, which is 30 per cent rather than the 25 per cent general, just for starters. On top of that we have supplementary tax, which says, you know, we (the Government) think we want to take more of your rent because we think prices are a bit higher than a long-term average. That can be as high as 32 per cent on top of the Corporation Tax. The Conservative Government brought in the EPL, which is really a royalty. It's not actually a tax. And it's now 38 per cent. The reason they made it 38 per cent is that gives you the same number as Norway has as their headline tax rate. Norway has been 78 forever. But it's a fiction to think it's 78 per cent in the UK now."

Neil McCulloch, CEO of Spirit Energy

"Under the original EPL, there were some things you could write off against the tax," said Neil, continuing his explanation of the labyrinthine taxation system energy companies in the UK have to deal with. "That's changed now. And when you look at how all of these pieces come together in terms of the headline Corporation Tax rate, the EPL and the fact that the reliefs are no longer available, you can now calculate an effective tax rate which is above 100 per cent."

It goes without saying that tax rates above 100 per cent are insane and not conducive to attracting serious investment into the United Kingdom.

We spoke to Harbour Energy on the same visit, in the wake of the news on Petrofac. There we had a chat with Phil Allan, Harbour's Head of Communications in the UK. He explained that the industry is navigating a very uncertain future in the UK, and if companies are unable to invest and plan new projects, tens of thousands of jobs are at risk. That will accelerate decline and weaken a supply chain that has taken decades to build.

"The North Sea has developed world-class skills over more than 50 years, and if activity is curtailed prematurely, we risk losing that expertise to other regions where it remains in demand. We've already seen talent, honed in North East Scotland, move to places like the Middle East, the Americas and the Far East. Once that capability goes, it's not something you can recreate overnight. Maintaining a balanced approach to energy is critical to protect jobs, sustain investment and ensure the UK remains competitive during the energy transition."

Yet again, the topic of the way the Treasury is viewing the issues in Aberdeen the wrong way spontaneously came up in conversation.

"We were talking to people in the Treasury last week, and they said that they're not seeing an impact on jobs in Aberdeen," said Hebe Trotter, Vice President for Global Government Relations at Harbour Energy. "They said that they look specifically at the applicants to benefits and they are saying that they have not seen it go up – and therefore they don't believe that there is an impact on the city or an impact on jobs."

Again, this is an inaccurate and largely misleading way of looking at job losses in a community. What we might expect to find at an early stage in the shrinkage of the energy sector in a place like Aberdeen is people looking at leaving the city, probably to take their skills abroad. In other words, the jobs being lost are those with high to medium skilled workers, which means that those losing work in Aberdeen will simply go elsewhere as opposed to claiming benefits in the city. It was remarkable how many times the "Treasury doesn't understand that we're losing jobs in Aberdeen because of the benefits data" point came up during our trip to Aberdeen.


Head of Communications at Harbour Energy, Phil Allan

Nick Tyrone with Steve Bowyer and Craig Baxter at EnQuest

EnQuest was our final stop in a day spent speaking to mid-sized energy companies. It was done in an office with a glorious view, not only overlooking the Port of Aberdeen, but the Petrofac building, which symbolically had its lights off. It was there that we spoke to Steve Bowyer, UK Managing Director, and Craig Baxter, Head of Investor Relations and Corporate Affairs.

"It's not necessarily the production of oil and gas itself that's bad for the environment – it's how you use it," Steve said. "It's how you produce it. It's which countries it comes from that causes the carbon footprint. And this is why I always get frustrated, because what's missing is that people don't appreciate enough how transporting oil and gas across the world has a huge environmental footprint. We have our own energy resources in the UK – we should be using them, not importing from elsewhere at the cost of the environment, the loss of energy independence and, of course, jobs."

We spoke in depth about the jobs problem facing the oil and gas sector.

"You'll find most of the jobs that actually exist in the North East of England as well as the South West of Scotland are in oil and gas, directly or indirectly," Steve said. "Which a lot of people don't know. But it goes so much further than that. There's a huge energy industry in the North East of England, which has always supported the North Sea, and there's industrial posts related to oil and gas up and down the country. If you look at the Shetlands, the whole wealth of the Shetlands has been driven by oil and gas. The businesses that exist in Shetland do so because 50% of their income comes from the oil and gas terminal, and then that allows them to sustain businesses for other things that support the rest of the islands. Transportation, everything. So, I hate to say it, right, but the whole wealth of the UK in my view is kind of driven by oil and gas to a larger degree than I believe most governments have wanted to believe."

This led Steve onto discussing jobs in other sectors and how the wind down of oil and gas in Scotland is having and will continue to have a huge impact.

“The bit that worries me the most about the UK as a whole is the industrial side of the UK is being slowly destroyed. It’s not just oil and gas. It’s every industry. So, we met with Tony Devlin of Unite last week. And he basically said to us that the glass industry, which I don’t know that much about, has seen redundancy risks as its fuel costs have gone up by a factor of two to six times over the last few years. And now the glass companies who have always been able to self-sustain themselves are now going into debt. So that’s my worry – It’s not just oil and gas. It’s so many other sectors.”

> *“There’s a huge amount of oil still out there. We’re probably eighth or ninth biggest, maybe even tenth largest producer in the North Sea. And to give an example from our own business, we have two fields, Bressay and Bentley, that are discovered but not developed. Each of those have a billion barrels in place. One billion each. And you know, with the recovery factor of, say, 25%, that’s half a billion barrels in total of oil. There is no shortage of oil and there’s no shortage of discovered oil in the North Sea.”*
>
> **Craig Baxter,** Head of Investor Relations and Corporate Affairs at EnQuest

We asked Craig about renewables projects in Scotland. What we had heard about them so far had been very thin sounding and we felt we must be missing something.

“You’ve got the Viking Wind project on Shetland,” said Craig. “The biggest onshore wind project the UK has ever seen – and it supports 35 permanent jobs. Yes, the construction phase was a lot more than that, but that’s what we’re left with.”

Given that so much government planning gets built around the idea that renewable energy will provide like-for-like jobs as the oil and gas industry winds down over the next decade, this was unsettling news to say the least.

“The reality is there is no one-for-one transition that happens, but the much bigger reality is for every job that is lost from upstream oil and gas or even downstream oil and gas, that job is also lost to the transition,” Craig said ominously.

It’s worth pointing out as well that the further decline of the energy sector in Aberdeen would not just affect the city itself but would have countrywide repercussions.

“This is not only an Aberdeen issue,” Craig said. “There are 200,000 people supported by the North Sea energy sector, directly and indirectly. And, you know, there are big clusters of these jobs in Teesside, the West Coast of Scotland, even down as far as Kent; there are families and communities all across the UK whose prosperity is tied to North Sea oil and gas.”

About whether North Sea oil needs to be in decline because the oil simply isn’t there, Craig was adamant.

“There’s a huge amount of oil still out there. We’re probably eighth or ninth biggest, maybe even 10th largest producer in the North Sea. And to give an example from our own business, we have two fields, Bressay and Bentley, that are discovered but not developed. Each of those have a billion barrels in place. One billion each. And you know, with the recovery factor of, say, 25%, that’s half a billion barrels in total of oil. There is no shortage of oil and there’s no shortage of discovered oil in the North Sea.”

Finally, we discussed the issue of oil and gas companies facing greater than 100% tax rates in the UK as a direct result of the EPL. EnQuest faced an effective tax rate of 120% in the UK in 2022, and 113% in 2023. The section on taxation from EnQuest's 2022 audited accounts demonstrates this clearly, as seen below.

Figure 3. Taxation calculation from EnQuest's 2022 audited accounts.[16]

	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Profit/(loss) before tax	**203,214**	352,441
UK statutory tax rate applying to North Sea oil and gas activities of 40% (2021: 40%)	**81,284**	140,976
Supplementary corporation tax non-deductible expenditure	**11,486**	4,331
Petroleum revenue tax (net of income tax benefit)	**-**	2,548
Non-deductible expenditure/(income)[(i)]	**47,951**	(1,442)
North Sea tax reliefs	**-**	(113,593)
Tax in respect of non-ring-fence trade	**8,892**	23,378
Deferred tax asset (recognition)/impairment in respect of non-ring-fence trade	**8,563**	21,241
Deferred tax asset (recognition)/impairment in respect of ring-fence trade	**(127,022)**	(104,546)
UK Energy Profits Levy[(ii)]	**225,817**	-
Adjustments in respect of prior years	**(9,098)**	2,489
Overseas tax rate differences	**(1,264)**	(594)
Share-based payments	**(1,345)**	1,526
Other differences	**(816)**	(861)
At the effective income tax rate of 120% (2021: 7%)	**244,448**	(24,547)

(i) Predominantly in relation to non-qualifying expenditure relating to the initial recognition exemption utilised upon acquisition of Golden Eagle
(ii) Includes current EPL charge of $72.1 million and deferred EPL charge of $153.7 million

While the computation is complicated, the one number to look out for is the "UK Energy Profits Levy" line, showing a whopping charge of £225,817,000, which is more than the company's profit in the year of £203 million. This is how punitive the EPL can be in terms of taxing UK energy companies – with the old carve outs and exemptions in the EPL as it existed pre-2024 gone, the levy can spiral out of control. This is unsustainable.

16. **From EnQuest audited accounts, 2022** (https://find-and-update.company-information.service.gov.uk/company/07140891/filing-history) Accessed 27 November, 2025

2.7 Energy Transition Zone (ETZ)

A 250-hectare site sitting just by Aberdeen's South Harbour, the ETZ is one of Scotland's most ambitious renewables projects. We met the ETZ's National Energy Skills Accelerator Project Manager, Lauren Braidwood, outside the main building, in front of a series of walls painted by local artists.

"People will be able to come here in the future and have their chips, have a nice bright background," Lauren said. "It's got a lot of interest from local companies who think, it actually looks nice because it's been organised and it's self-monitoring. If anyone puts anything offensive up, there's a message that comes up on the legal wall website saying, this is against our philosophies. So, somebody, please go and paint over it. And then you get an opportunity to revamp it, basically. It's constantly changing."

We had a chance to go on a tour of the site with Lauren. There is a building dedicated to innovation, one to skills, one to wind power specifically, and in the near future, there will be a building dedicated to hydrogen. The large site acts as a place to train the renewable energy workers of the future, to act in liaison with partners to try and help the transition to greener energy along through both funding and direct support, and for the site to act as the holding place for what is hoped will be a renewables power base, strategically located by the city's southern port.

"We have granted quite a lot of money to different supply chain companies who work with us," Lauren said. "That might include putting new water capture systems in or heat pump systems, that kind of thing. To bring them up to scratch. We also do a lot of work with the supply chain from their development point of view, not just from an infrastructural point of view. To prepare them for transition, because a lot of times they'll struggle to get the funding that's needed. So, maybe an oil and gas company that wants to move into offshore wind – that means new equipment, or it may need

Catherine Frost and Nick Tyrone with Lauren Bradwood at ETZ

Lauren Bradwood, ETZ

larger processing sites, more manufacturing, whatever it is, we will help to fund them on that. It's normally match funded with their own input or additional investment to make sure they are invested in making that a success."

We were glad to have been to and seen the Energy Transition Zone. It is an interesting place, and we think people who work there like Lauren are doing a great job. It is the very least that is necessary. But that's where the problem comes – it is the very least. In order to even hope to replace the jobs we are losing from oil and gas, we would need a hundred ETZs, spread across the Scottish coasts – and even that probably wouldn't be enough.

It's also difficult to see a future for something like the ETZ without the support of large oil and gas companies. When walking throughout the site, it was hard to miss the Shell insignia dotted around all the posters and other promotional materials. Scottish renewables need oil and gas companies to fund the transition, or it hasn't a chance of happening.

> *"We also do a lot of work with the supply chain from their development point of view, not just from an infrastructural point of view. To prepare them for transition, because a lot of times they'll struggle to get the funding that's needed. So, maybe an oil and gas company that wants to move into offshore wind — that means new equipment, or it may need larger processing sites, more manufacturing, whatever it is, we will help to fund them on that."*
>
> **Lauren Braidwood,** Accelerator Project Manager, ETZ

Catherine Frost

2.8 The manufacturing and decommissioning companies: Hunting PLC and Well-Safe Solutions

Hunting PLC is multinational, spread across 11 countries but headquartered in Aberdeen. The company creates and distributes the components and tools required by the oil and gas industry. They make the building blocks for the trade, essentially.

“Hunting PLC has been around for 150 years,” said Bruce Ferguson, the firm’s Finance Director. “We are listed on the London Stock Exchange, so our heritage is the UK, but most of our operations are actually in the US these days. We’re a manufacturing and an engineering company. We traditionally make things for oil and gas, but we have transitioned a little bit in making things related to space travel. So, we mix stuff for SpaceX and Blue Origin, for the space rockets.”

We asked Bruce about what he saw as the problems in the sector, wondering if, being in a slightly different place to the oil and gas companies themselves, he might have a different take on the situation.

“It’s that combination of no licences being given out, a punitive tax regime, as well as the fact that there are other places people can invest,” said Bruce Ferguson. “There is a lack of stability, of trust in the Government in the UK. It was a bit of a throwaway comment, but one operator said, ‘Yeah, we’re going to invest in oil and gas, but we’ll do it somewhere more stable, like Nigeria’. And he wasn’t joking. I thought, is that where we’ve got to?”

Well-Safe solutions is on the other end of the oil and gas industry. As a decommissioning firm, they safely take apart existing oil and gas infrastructure that is out of date or no longer required. I wondered if they had a different take from the production companies, or to Hunting – but no, it was a very similar narrative to the one we heard across Aberdeen.

> *"It was a bit of a throwaway comment, but one operator said, 'Yeah, we're going to invest in oil and gas, but we'll do it somewhere more stable, like Nigeria'. And he wasn't joking. I thought, is that where we've got to?"*
>
> **Bruce Ferguson,** Finance Director, Hunting PLC

"For the first time in my career, the industry and the unions are absolutely aligned on this," said Phil Milton, CEO of Well-Safe Solutions. "We are talking with one voice into Government, and obviously considering it's a Labour Government and their relationship with unions, that's highly significant. It's kind of telling that the unions are actually saying to this Government, you're getting this wrong. And they've been quite vocal."

Again, it is interesting that the unions have been both vocal and aligned to the narrative that spreads across the entire city about what is going wrong. It is perhaps the strongest indication of how obvious the necessary solutions are to fixing the energy sector in Aberdeen – if only the Government will listen.

Doug Duguid, CEO of Aurora Energy Services

2.9 Aurora Energy Services

We interviewed Doug Duguid, the CEO of an energy company called Aurora Energy Services, which is an international organisation but has an office in Aberdeen. Its company slogan is “Moving the energy transition forward”.

“60 per cent of our revenue comes from the wind industry,” Doug told us. “25-ish from oil and gas and the balance is nuclear, hydro and transmission. So, we’re in a lot of different in markets.”

It was interesting to speak to a company that does most of its business in renewable energy. Given that fact, we had wondered beforehand if Aurora would have a different view to all the other people we had chatted to already, with their renewables markets in mind.

“It’s something I feel strongly about,” Doug said. “This is an opportunity, generational opportunity, to switch to renewables, if we can get all this to come together.”

Doug then added a caveat.

“But it’s a long run into that.”

Speaking further, it was clear that Doug had a similar view to all the oil and gas producers we had spoken with on the key points of energy policy in the UK. We asked him how he felt the transition to clearer energy was going in Britain.

“Not great. That’s how I would put it,” Doug said. “The idea that there is a robust transition plan is a myth.”

Doug elaborated on why Aurora has unique insight into this problem.

“We are one of the very few companies who have taken oil and gas folks and put them into renewables, as well as use oil and gas technologies in those markets,” Doug continued. “But that’s the extent of the transition as far as we can see.”

“When you’re talking about the level of redundancies you’re seeing in oil and gas, where it’s thousands a month, we not seeing those numbers of people transitioning across to renewables because those roles don’t for the most part exist yet.”

We asked Doug about how Aurora maintains staffing numbers.

“We have a core staff of about 350 in the UK across our facilities in Aberdeen, Huntly, Inverness, Wick and Teesside. We have our own training centre in Inverness which helps us transition people from O&G to renewables. But the renewables work, particularly in wind, is very seasonal.”

“We are in a unique position to be able to deploy some of our wind personnel overseas. Australia’s seasons are complementary with the UK’s in terms of higher activity there during our winter period,” he said. “That allows us to retain staff and give them the right terms and conditions and, you know, look after them.”

“We’re coming off oil and gas too quickly,” Doug added.

We asked what could be done to fix the policies in Britain. In addition to agreeing with pretty much everyone else in this report that the EPL needs to be eliminated, and new drilling needs to happen in the Scottish North Sea, Doug had some other comments.

“What’s so important about the transition away from fossil fuels is the pace at which that happens. The idea that we’re going to get down to only two or three per cent of the country’s energy needs coming from gas is deeply flawed. It needs to be 20 per cent at least, with nuclear alongside it.”

Doug talked further about how it’s likely that a lot of the manufacturing of larger structures and turbines for wind farms may well happen overseas, meaning that even the projected jobs in manufacturing attached to current transition plans may be optimistic. However, Doug closed our interview on an upbeat note.

“I’m actually very positive about the transition to lower carbon energy, because I think we need to do that as a nation,” Doug said, before he returned to the most important point. “It’s all about the pace at which that happens.”

2.10 Paul de Leeuw

One person everyone in Aberdeen insisted we must speak to on the topic of the city's energy sector was Professor Paul de Leeuw, Director of the Energy Transition Institute at Robert Gordon University. He is considered a valued independent and apolitical voice in the discussion about Aberdeen, Scotland, and the UK's energy future, not to mention a remarkably knowledgeable one. As a crawl through the footnotes in the opening chapter of this report will attest to, a great deal of the basic data needed for this report was gained through Paul's work.

We met in a nice pub in the city's upmarket West End to have a chat about what we had discovered in our travels within Aberdeen. We told him about what we had found: mostly downbeat messages wrapped in an attempt at optimism, simply out of need. He smiled politely.

He said that we, "picked an interesting week to come to Aberdeen, with the UK Autumn Budget around the corner, COP30 about to start, and with the announcement of Petrofac – one of the leading service providers in the sector – going into administration."

> *"Clear commitments at the Autumn Budget will be critical to manage the offshore energy transition in the UK. If the industry doesn't get this clarity, it will be increasingly difficult to sustain the UK's world-class offshore energy supply chain and workforce."*
>
> **Paul de Leeuw,** Director of the Energy Transition Institute at Robert Gordon University

Paul de Leeuw

We asked him about what we perceived at that point to be a lack of joined-up thinking in government energy policy. It felt like so much of the transition to clean energy was simply a pipe dream, driven by a great deal of magical thinking.

Paul explained that “For the first time in many years, there is complete alignment between operators, developers, supply chain companies, trade bodies, academia, trade unions, and others on the way forward and the need for a long-term, integrated, and coordinated UK energy strategy.”

We asked him near the end of our time together if he thought that if nothing was seriously done on energy policy in the Autumn Budget 2025 (which was still to come at the time), it would mean it was then too late to save the oil and gas sector.

“Clear commitments at the Autumn Budget will be critical to manage the offshore energy transition in the UK. If the industry doesn’t get this clarity, it will be increasingly difficult to sustain the UK’s world-class offshore energy supply chain and workforce”.

It was in this context that the Government doing nothing on the key factors hurting the energy industry in Scotland in the Autumn Budget hit everyone in Aberdeen hard. One wonders whether the cliff edge has now been reached.

3. The wider business community in Aberdeen – secondary effects of energy sector decline

3.1 Introduction

The purpose of this chapter is to illustrate that the energy sector in Aberdeen does not exist in isolation – that if it experiences a downturn, the entire city is deeply affected. Hotels, restaurants and retail outlets (to name but a few) have been hit by Aberdeen's energy sector shrinking. They will hurt much more if the sector in the city declines further. Job losses could be coming to Aberdeen in greater numbers than we've seen already.

We interviewed a range of people on the frontline of this issue – those trying to help businesses thrive in difficult times, as well as those dealing with the fallout from the economic downturn. It became clear very quickly just how dependent on the energy sector the whole city of Aberdeen is – and how to extrapolate that to other parts of the UK that are dependent on energy jobs, including Teesside and East Anglia.

By examining businesses outside of the energy sector, we hope to spell out that the continued demise of domestic oil and gas production doesn't just affect the UK's ability to ever gain energy independence again, but it will directly affect the whole of the British economy.

3.2 Our Union Street – fighting for a rebirth

Bob Keiller CBE is a well-known figure in Aberdeen. He was CEO of Wood Group, a multinational oil and gas services company headquartered in the city. After leaving that job, Bob has taken on a variety of roles, many of them built around community relations in Aberdeen. Worried about the relative decline of the city centre, Bob decided to do something about it a few years back.

"There was a crisis meeting set up between the Chamber of Commerce and the business improvement district, which is known as Aberdeen Inspired, in November 2022," Bob told us. "I went down and caught the tail end of this meeting – and I walked into a room with about 170 people sitting around these tables, all shouting at each other. Without getting angry, but there were heated voices and heated discussions. This is rare; Aberdonians are not known for showing outward signs of emotion or passion or anything like this. And I was listening in to people saying what we should have done and who should fix this and whose fault is this, and how would you pay for this. It was all over the place – but a huge level of energy and passion. But there was no clarity. So, I spoke to the leaders of the two organisations that I had set up and I said, 'This needs to be brought down to simple steps. It needs to be led in a clear way that starts by listening to the public rather than telling them that some smart person has got the answer and they should all get behind it.' And a week later, Our Union Street was born."

Nick Tyrone, Bob Keiller CBE and Catherine Frost on Union Street

Nick Tyrone and Bob Keiller CBE

Our Union Street is a non-profit organisation that seeks to help revitalise Aberdeen's "Granite Mile", the retailing heart of the city that sits along Union Street. In March 2023, step one for the organisation was for an open, public campaign in which Aberdonians could submit ideas for how to turn the street's fortunes around. The response was overwhelming: 10,000 individual submissions over the next three months. The small team at Our Union Street whittled these contributions from the Aberdonian public down to 17 themes.

What has happened since then is a massive effort to regenerate Union Street as well as the area surrounding it. In the HQ on Union Street itself, where we interviewed Bob, the staff have a huge map of central Aberdeen on the wall, detailing where addresses are occupied, vacant or in need of repair, so that they can constantly keep on top of what is happening on a micro level to businesses in the city centre.

Bob took us on a little tour of the street near the HQ.

"This was an empty bank building that had been sitting empty for about five years," he said, pointing to one particular establishment on Union Street. "The owner came to us and a restaurateur came to us, and the restaurateur said the owner has given me these terms and we said, 'We can get you a better deal.' And we did – we got them a better deal and he opened a restaurant and it's doing really well."

Bob then pointed out a building a little further on.

"This building appeared in 1172," Bob told me. "It was completely derelict when we got to it a year or so back. So, we went in. We washed the place. Then we got a group of old schoolteachers together who were into the history of music in Aberdeen. They gave us all this material."

The front of this old building is filled with items from the Aberdeen music scene in the late 20th century – old flyers for gigs, records, clothes from the period on mannequins.

"They have got all the former artists that used to play in bands round about Aberdeen to contribute with lots of material. They've got the dummies from an old shop and dressed them up," Bob continued. "This has been great for the local people to be able to come along and reminisce as they go by here doing their shopping."

> *"If you compare and contrast what is going on now with the upside of having a vibrant oil and gas sector in the city, you can quickly see that oil and gas had a positive impact on almost every supply sector, whether it's retail, whether it's selling cars, whether it's selling houses, whether it's filling places in schools, whether it's charitable donations, all of those things have come from having a vibrant oil and gas sector where you've got lots of high-quality, highly-paid jobs."*
>
> **Bob Keiller CBE,** Our Union Street

Yet the decline of oil and gas looms over every business in central Aberdeen. Bob, having worked in the energy sector and then spent the last few years on the other side of things, trying to help non-energy businesses get on in the new environment, has a unique perspective on things.

"If you compare and contrast what is going on now with the upside of having a vibrant oil and gas sector in the city, you can quickly see that oil and gas had a positive impact on almost every supply sector, whether it's retail, whether it's selling cars, whether it's selling houses, whether it's filling places in schools, whether it's charitable donations, all of those things have come from having a vibrant oil and gas sector where you've got lots of high-quality, highly-paid jobs," Bob said. "The corollary is also true; that when we see fewer people with fewer jobs and people leaving the area, then it takes away the demand. It takes away the discretionary spend that's available in the local economy, and that has an impact on every sector, whether you're a taxi driver or a cafe owner or a restaurateur."

Bob is quietly hopeful about the transition to renewables, praying that it goes a lot better than what we can see happening in the sector now. But like everyone in the city, he is also realistic.

"I think just hoping that it will happen and it will magically transform from a caterpillar into a butterfly because it happens to be here, I think is wishful thinking."

3.3 The Aberdeen City and Shire Hotel Association

We met Frank Whitaker, chair of the city's hotel association, at the Park Inn by Radisson, a large hotel not far from Union Street. Frank reminded us of so many businesspeople we had met in Aberdeen – outwardly trying to be as positive as possible, hoping things turn around, but clearly worried, particularly about the near future. And like all businesspeople in Aberdeen, he knows a lot about the energy sector – because he has to.

"I imagine you're not getting much jobs-related optimism this week," Frank said to us sardonically. We had to admit that we hadn't.

"I'll do my best to help, okay?" Frank said with a smile before laying out his situation. "I've been the general manager of this hotel for ten and a half years. The economy in this part of the world is dramatically different to how it was 15 years ago. And the hotel economy even more so. Anecdotally, hotels are always a good barometer, an early barometer of a recession coming. And we're generally the last sector to recover when a recession ends. That's because corporate travel tends to be one of the first things to get cut and the last things that gets reinstated."

> *"What you'll find here is that a lot of hotel general managers will cut people's hours to deal with the NI increase. So, taking people from say, 40 hours to 37 and a half. I mean, for me in this hotel alone, the rise has cost me 48,000 pounds in a year."*
>
> **Frank Whitaker,** chair of the Aberdeen City and Shire Hotel Association

We asked Frank, given what he'd said about hotels being a barometer for greater economic health, whether he felt the city was heading into a recession as we spoke.

"It's not a recession as such. It's just particular economic difficulties for this part of the world, which I'm sure you understand. For decades, oil and gas was a key financial resource. And since 2015, that has just gradually eroded and eroded from a jobs perspective. You probably will find that this year has been a little bit starker, just because of the employer NIC increase. We did a survey early in the year, asking all the hoteliers about their forecasts for the year ahead. Most local businesses from a hotel perspective are now saying success over the next few years is just going to be breaking even, that's it."

We were interested to hear the rise in Employer's NI contributions being mentioned and asked Frank a little more about it.

"What you'll find here is that a lot of hotel general managers will cut people's hours to deal with the NI increase. So, taking people from say, 40 hours to 37 and a half. I mean, for me in this hotel alone, the rise has cost me 48,000 pounds in a year."

Frank Whitaker with Nick Tyrone and Catherine Frost

It was a good way of seeing that the idea that raising Employer's NI would not end up being a tax on working people is nonsense.

"You see, Aberdeen is two distinct markets – the airport, and there's the city," Frank continued. "So, in 2010, on the airport side, there were 350 bedrooms. There's now close on 2,000 bedrooms. So, the supply and demand equation has shifted significantly between there being now much more capacity and much less demand. So much corporate clientele is now comfortably accommodated within the airport capacity."

When Aberdeen was still seen as a boom town, a lot of money was invested into expanding hotel capacity at the airport. The problem now is that the downturn in oil and gas in the city has meant the hotels in the city centre have been hit even harder than they might have otherwise.

We asked Frank about what he hoped to see from the Budget.

"An end to the windfall tax, plain and simple," he said. "That's probably the biggest single thing that we're asking her to do."

Interesting use of "we" in that sentence – in Aberdeen, the energy sector is so economically important, everyone is involved with it in their own way.

Ryan Crighton, Director of Policy and Marketing at the Chamber

3.4 The Aberdeen and Grampian Chamber of Commerce

“We’re able to actually do a reasonable amount of benchmarking, where we are comparing Aberdeen to the national averages in terms of likelihood of revenue growth, profit growth, directory of workforce investment in other various things, whether it be planning, training, equipment, whatever,” said Russell Borthwick, Chief Executive of the AGCC. “Stuff around exports, as well as domestic markets. For pretty much as long as anybody can remember, the Aberdeen data was in the top ten per cent on every measure. It’s now without doubt bottom of the league.”

Having just come from our meeting with Frank Whitaker, we asked Ryan Crighton, Director of Policy and Marketing at the Chamber, about the short to medium-term outlook for hotels in Aberdeen.

“The hotel industry in Aberdeen is geared towards corporate travel. Which is very different from tourism,” Ryan said. “Corporate travellers tend to eat in the hotel in greater numbers than tourists, for example. So that eats into your revenue. I think the idea that the Aberdeen hotel industry could easily transition to a more tourist-friendly model is flawed to say the least.”

Having travelled to Aberdeen on business, this seems intuitively correct to the Jobs Foundation team. Aberdeen will struggle as a tourist destination for several reasons, but one of which is that the hospitality sector in the city is so geared towards corporate visitors, providing for their wants and needs and the revenue streams that brings. Shifting to something else would be painful. The hotel industry in Aberdeen needs the energy sector, at least for now.

The Aberdeen and Grampian Chamber of Commerce roundtable

The Chamber of Commerce was kind enough to arrange a roundtable of local businesses for us to speak to during our visit. It was made up of largely non-energy businesses – transport providers, retailers, lawyers, accountants, coffee shops, hotels, restaurants.

The outlook amongst the group was mostly bleak – but with a few little hints of optimism here and there.

One participant who was in the tech sector said that there were other options out there that aren't being considered seriously enough (the roundtable was held under Chatham House rules).

"I think we've something like the second biggest cluster of digital tech companies in the UK, or in Scotland, certainly," she said. "Aberdeen has some brilliant companies because their clients and their customers and the energy industry are right here. If you don't have a vibrant energy industry, does that jeopardise our digital tech community that could be the next thing? Maybe not. You know, we employ thousands of people, they've got high tech at the pinnacle of AI driven enterprises, we have high value jobs as well, for people here in the region, and companies can capitalise on all the expertise that we've got on health and safety and regulatory matters expertise as well. You've got a range of tech companies that are really exciting, that are generating here in the North East, and we'd like to keep them here in the North East so that they grow and scale and employ more people in the region."

"There's a great history of life science excellence here in the North East," she continued. "Now, the numbers aren't going to compare to energy and to oil and gas, but in terms of being high value jobs, it is a bit exciting, having these highly educated, really exciting jobs in terms of drug development, therapeutics, brain health. There's a cluster. It's very small, but it's small and it's growing."

But a lot more of the comments at the roundtable were negative.

“You can’t keep people now. We’re not sure we’re going to renew, we might want to renegotiate the terms, because actually we’re not sure what we are doing with our investment.”

“I think part of the problem that Union Street and the high street here has had was that we had this oil and gas downturn which had a really detrimental impact on the city just as it was starting to recover from the pandemic. So, we’ve had a double whammy whereas most high streets are suffering as a consequence of one of those blows.”

Many of the participants said they had been to a meeting involving a Government minister earlier that week, and when GB Energy was mentioned, everyone in the room laughed out loud. There is a widespread feeling in Aberdeen that GB Energy is nothing more than a white elephant.

One of the participants in the roundtable was Donna Hutchinson, the CEO of an organisation called Aberdeen Cyrenians. We visited her organisation to find out more about what people in the direst of circumstances are facing within the city.

Donna Hutchinson, CEO of Aberdeen Cyrenians

3.5 Aberdeen Cyrenians

Formed in 1968 by students at the University of Aberdeen, co-incidentally right before the city transformed into the centre for oil and gas it is today, Aberdeen Cyrenians have been helping the city's homeless and vulnerable for over 50 years. They continue to provide homelessness and housing support along with a variety of other services, including emergency food provision, emotional and practical support for those who have suffered violence and abuse.

We met with Donna at the Cyernians' building. Not only is she now on the frontline of people in the most need within the city, she herself worked in the energy sector for many years, giving her great insight across the board.

We began by asking her, "Is there an uptick in people looking for help? Are the numbers steady?"

"There's an uptick in people looking for help but not yet for those that have lost their jobs," Donna said. "We will see a lag, probably six months. In 2026, it will start. That's what will broadly happen and we'd like to avoid it happening, but we know how people see seeking help as a stigma, so won't until the last second and when they face crisis."

This was the heartbreaking news from Donna – how many people don't seek help early enough, waiting until they are in serious trouble, be that financial, personal or through substance dependency. Also, that she doesn't think the fallout from oil and gas sector redundancies has hit yet – it is still to come.

"I was looking at the numbers yesterday, and we will have seen what we call 600 'presentations' this month which is the average number since April," Donna continued. "Some people will present more than once in a month, and some will use different services. That is broadly people that were already in crisis, who are marginalised and are vulnerable."

Donna told us the worry is that once the redundancies really start kicking in over the next year or so, then there could be a whole new wave of people in crisis.

"I think you'll see a lot of people in what are well-paid jobs, say, 80,000 to 100 grand salaries, put out of work. They would have always picked up another sales job or another marketing and communications job in the past. But now, there aren't those jobs to pick up. So, I think we're going to have a swathe of people that have maybe never gone through this sort of situation before. People who will have an assumption 'I'm going to get something. I'm going to get something and I'm going to network and this is going to happen.' And that's what I think is coming next, you will start to see the, 'Oh shit, this is not coming, what am I going to do now?' I think we will get some of those people through the door next year."

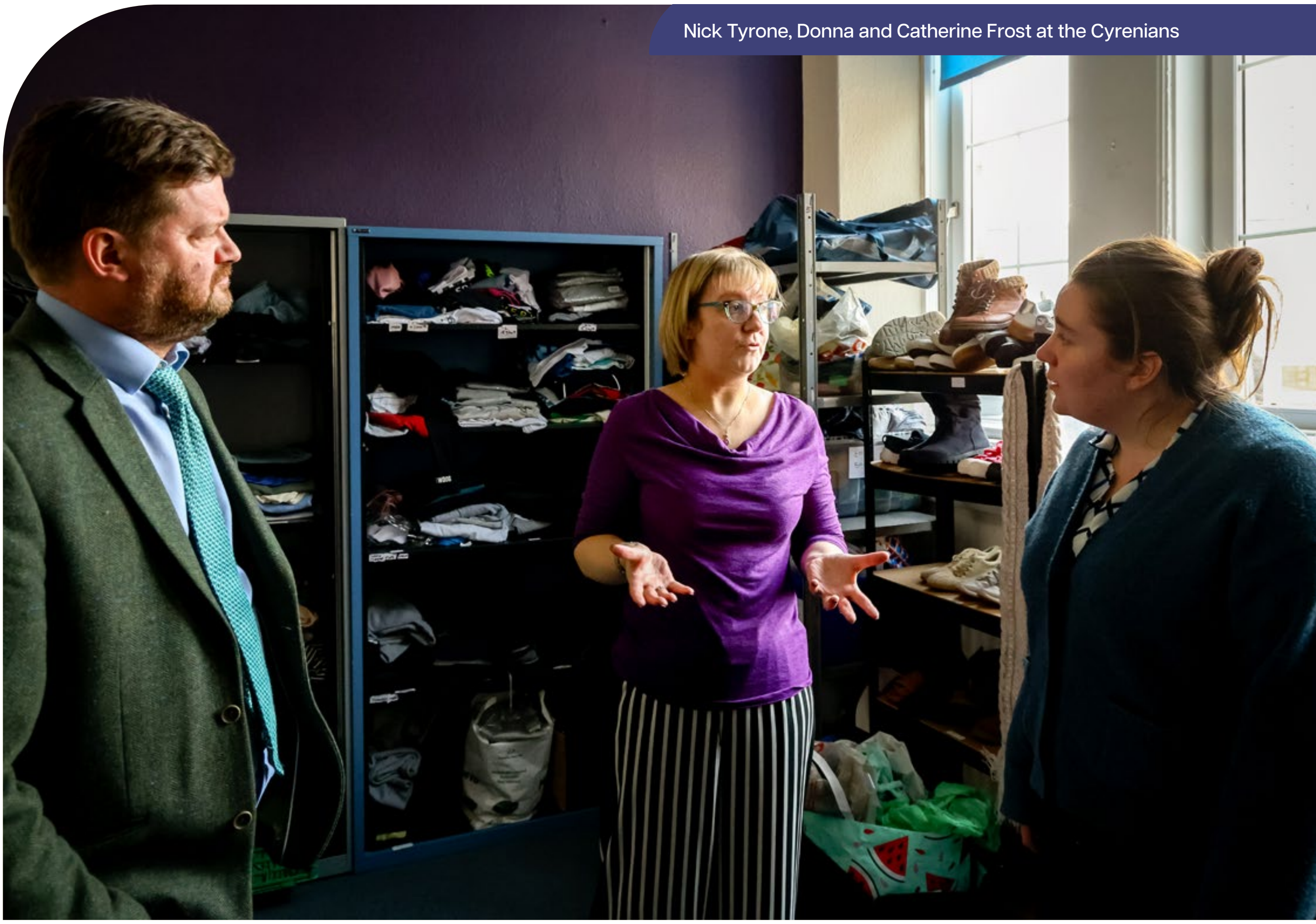
Donna took us on a tour of the building. We saw the store of coats built up for winter demand, the impressive food bank downstairs, the areas in which people can have access to a computer and a phone as well as staff on hand to assist in managing day-to-day requirements.

> *"There's an uptick in people looking for help but not yet for those that have lost their jobs. We will see a lag, probably six months. In 2026, it will start. That's what will broadly happen and we'd like to avoid it happening, but we know how people see seeking help as a stigma, so won't until the last second and when they face crisis."*
>
> **Donna Hutchinson,** CEO of the Aberdeen Cyrenians

We asked Donna to think of one silver lining from the downturn in oil and gas. She came up with one straight away.

"On the flip side, I have an awful lot of very experienced ex-oil people wanting to volunteer at the moment, which is great. You have people who need purpose and structure and we can provide that. 'I have nothing to do with my day. What am I going to do?' And I'm like, that's fine. You can drive a van, stocks shelves, or put your career skills to use, you can come here and help us."

Nick Tyrone, Donna and Catherine Frost at the Cyrenians



3.6 Renaissance Care

A string of care homes that operate throughout Scotland, Renaissance Care is run by Robert Kilgour, who has been the Executive Chair of the organisation for 20 years. We discovered from Robert that care homes are, oddly enough, one of the few industries that might experience opportunity by a downturn in the fortunes of the energy sector in Aberdeen.

"When the oil and gas is in a down cycle, it makes it easier to recruit people," Robert told us. "Fewer jobs about makes it easier for employers in the main. As a Scot, I want our energy sector to be world-class, but with my care home hat on, I suppose I can see some opportunity in a downturn."

Our visit to the Renaissance care home in Aberdeen, on Cranford Road in the southwest corner of the city, felt like a good follow on from Donna and the Cyrenians – while some will end up down and out, needing help at a shelter, others will find work in another industry.

Many of the residents we spoke to at Cranford Care Home had a connection of some capacity to the energy sector, such has been the centrality of oil and gas to the lives of Aberdonians over the last half a century.

The energy sector taking a dip – which may be temporary or permanent, depending on how government policy responds from here – has clearly had an effect on almost every business in the city. After speaking to Bob, Frank, Donna and Robert, it was difficult to come to any other conclusion but that the city needs the energy sector to call Aberdeen home for the foreseeable future – or else Aberdeen is facing a huge problem.

4. Conclusion

Getting the transition from fossil fuels to greener energy right is one of the great challenges facing the United Kingdom this decade. If we get it wrong, everything is at stake: any chance at regaining our energy independence, our standing in the world, and possibly most importantly, our jobs and therefore our standard of living.

This report isn't suggesting that a transition to renewable energy isn't a laudable aim – it is simply examining where the UK is in that process, particularly when set against what we are doing to continue producing older forms of energy in the meantime. What we discovered is that first, the UK is currently not doing nearly enough in terms of transitioning to renewables if we want it to replace oil and gas within the next five years and second, even if the UK were doing a lot more in this area, five years is not a realistic timeframe anyhow. Most countries that are on the cutting edge of the energy transition, including USA, Norway and China, are doing way, way more than the UK is in terms of renewables – and they are still way off the mark from having to not require oil and gas in five years' time.

Having researched this issue over several months, our prognosis is that the transition to cleaner energy is going badly at present in Britain. Beyond the lack of a plan, even if the renewables sector in the UK was in much better shape, green jobs replacing oil and gas jobs like for like, or even in commensurate numbers, looks unlikely. The reason for this is twofold. One, we do not have the infrastructure in place to switch to renewables any time soon, which has resulted in a renewables sector in the UK that can only be described as nascent at best. "There was no investment in the infrastructure and the supply chain needed to transition to renewables," said Peter Welsh of the OEUK, formerly of the GMB trade union. "Industrial strategy, industrial infrastructure, Government support – in the UK, we haven't had any of this."

The second reason is that renewables, as things stand, provide far fewer long-term jobs than we have traditionally had from oil and gas. A wind farm takes a team of hundreds to build – but only five to nine workers to keep going. There needs to be some idea from the Government of how, if we are going to transition to renewables at an accelerated rate over the next five years, we will create the jobs needed to replace the employment losses in the oil and gas sector.

Those are the two reasons the transition isn't working at present – below are the two chief reasons why the energy sector as a whole is being hampered in the UK.

4.1 The Energy Profits Levy (EPL)

One of the policies that has been a negative for the entire energy sector in Aberdeen is the EPL, the Energy Profits Levy, a tax on profits from North Sea oil that was brought in by the Conservative Government in May 2022 in response to rising energy prices. When it first came into use, the levy was 25 per cent on all profits arising from the sale of energy products in the United Kingdom up until the end of 2022, rising to 35 per cent from the start of 2023, this rate lasting until the 31st of March, 2028, when the levy would be discontinued.

The current Labour Government has made this even more punitive on the oil and gas industry, raising the levy to 38 per cent and making it run until March 31, 2030 (with some hints to industry members that it might be extended again in future). At the same time as implementing both the rise in rate and the time extension, the current Labour Government also took away tax-reducing allowances that UK energy companies could previously take advantage of, some of them containing incentives to decarbonise, making the change even worse for the sector all round – and hurting the burgeoning renewables sector at the same time.

Part of the point of the levy when it was first introduced was to "repair the roof while the sun was shining" – building up a fund of government money to aid the transition from oil and gas to renewable energy. While there was begrudging acceptance of the windfall tax in 2022, everyone in the sector in Aberdeen doubts the EPL will achieve the goal as it was originally conceived.

"We are putting forward the fiscal argument that the EPL is actually detrimental in that the tax take will effectively be less over the duration of its life," said Phil Milton, the CEO of Well-Safe Solutions (examined in chapter two). "It gets worse: the current Government is talking about implementing the EPL beyond 2030. There'll be no industry left, quite simply, if we hold onto the EPL, even until 2030 – never mind it continuing beyond that."

We are now in a situation where what was supposed to be a brief windfall tax on high energy profits is in danger of becoming a permanent fixture. It is so punitive on the sector that companies can end up in a situation in which they are paying what is effectively a 100 per cent tax rate on their profits – or even beyond 100 per cent in some instances.

"The thing to understand is that the EPL is really a royalty. It's not actually a tax," said Neil McCulloch, CEO of Spirit Energy. "You have to account for companies that went into a heavy period of abandonment spend, which you don't get allowance for under the EPL. And when you look at how that comes together in terms of what tax relief you're getting, what you're spending, what you're earning, and what you're getting relief for, you can now calculate an effective tax rate which is above 100 per cent."

This is already having a negative effect on the number of young graduates heading into the sector – something that will impact the energy sector in future, including renewables production.

As Phil Milton told us: "We need to continue to encourage fresh, new talent into the industry, and I think at the moment when young people look at it, they just see it as, *that's* coming to an end (oil and gas), and *that's* not ready to start yet (renewables). So, it's really difficult to encourage young graduates into the energy industry that we need to go forward."

Yet perhaps the worst thing of all about the EPL is that the UK is about to become the only country in Europe with a windfall tax on energy company profits still in place.

"Why do we have an EPL? It's because there was an invasion in Ukraine, and then the price of oil went berserk," said Paul de Leeuw, the Director of the Energy Transition Institute at Robert Gordon University (we spoke to him in chapter two). "Pretty much every western country put something like an EPL in place around the same time. Except now, in 2025, the vast majority of countries have taken their windfall taxes on oil and gas away – the exception being just three countries, Lithuania, Slovakia and the UK. And Lithuania is getting rid of theirs in a few months' time, while Slovakia's has just over a year left to run. So very soon, the UK will be the only country left with an EPL. The tax in the UK is there for political reasons, mostly. There is no windfall left to tax."

Lithuania, Slovakia and the UK are indeed the three countries that still had windfall taxes on oil and gas profits as of the time of writing – although Lithuania's lapsed at the end of 2025 and Slovakia's is going to end at the close of 2026. To underline this important point: by 2027, the UK will become the only country in Europe with a windfall tax on energy profits still in place. This obviously makes the UK a much less competitive location for energy companies.

Keeping hold of the EPL would have at least arguable validity if this produced a rise in tax receipts, yet evidence of this is very thin. As we learned when speaking to people in the energy sector in Aberdeen, it appears instead to be something that will scare away investment, meaning the tax take from the energy sector in Scotland will be lower than it would have been without the EPL in place. It has become a self-defeating tax that isn't working.

4.2 The current ban on new licences for North Sea oil exploration

When you add the current Labour policy of a ban on any new licences for exploration in the North Sea onto the imposition of the EPL, you get what is an increasingly untenable situation for the Scottish energy sector – and for the city of Aberdeen. Existing licences to drill for oil are being honoured, but no new exploration or licences to drill are being given out.

“The thing is it was never supposed to be just a transition,” Derek Leith, a non-executive director at Well-Safe Solutions, told us. “It was a ‘just’ transition. It was always ill-defined what that means, but it brings a sense of the idea that we’ll try and be fair with people. And of course, folks in Aberdeen are thinking, ‘Well, this isn’t a just transition, this is like a cliff face.’ If it’s your job on the line, you think about it a little differently.”

Even the most passionate of environmentalists can follow the logic of the UK having to produce our own oil and gas during the transition years ahead. Dale Vince, a green energy industrialist who has donated in the past to Just Stop Oil, Extinction Rebellion and Greenpeace put it bluntly in the summer of 2025.

“Our North Sea is in decline, let’s protect it during the transition and optimise our use of the resources that are left. We should scrap the windfall tax and protect the industry and its workers – we need to avoid the destruction of the industry or we will see a repeat of what happened to our coalminers.”

The evocation of the coalminers is perfect – we are facing a similar issue, only updated for the 2020s. A lot of working-class jobs are on the line in Aberdeen. We’ve already seen a worrying trend in the city over the last decade and a half: between 2010 and 2021 real Gross Domestic Household Income in the city decreased by 7.5 per cent, from £23,947 to £22,157. In 2023, Aberdeen became one of only two UK cities that had fewer jobs than it had in 2010.[17]

And trends suggest it might get even worse. In a survey done for the Aberdeen and Grampian Chamber of Commerce in the summer of 2025, it was revealed that 24 per cent of firms who took part – interestingly, 67 per cent of the companies do not work in

17. **Centre for Cities, “Aberdeen’s lost decade: What went wrong?”, January 24, 2024** (https://www.centreforcities.org/blog/aberdeens-lost-decade-what-went-wrong/) Accessed 26 November, 2025

the energy sector – expect to make cuts to their workforce over the next year. This is the highest level recorded since 2020, at the height of the Covid pandemic.[18]

An added layer to this is that the UK already has the highest industrial energy prices in Europe, and the fourth largest domestic energy prices in the continent, not far behind Germany, Denmark and Ireland. While the main worry within this report is for jobs in the Aberdeen energy sector, this is a crucial topic for everyone who lives in Great Britain.

The Government released its North Sea Future Plan in November 2024. It allows for a caveat on new drilling, saying the Government "will introduce new Transitional Energy Certificates which will enable limited oil and gas production on or near to existing fields – so long as this additional production does not require new exploration and is already part of or links back to existing fields and infrastructure."[19] This is a fudge and does not solve the problem. It is nowhere near good enough.

The Autumn Budget 2025 was a critical moment in the transition to cleaner fuels. Something had to be done then to fix the issues facing the Scottish energy sector. Sadly, it was an opportunity spurned.

18. **Aberdeen and Grampian Chamber of Commerce, Quarter Survey, October 30, 2025**
(https://agcc.fra1.digitaloceanspaces.com/files/NEQES-2025-Q2.pdf) Accessed 26 November, 2025

19. **From gov.uk website, "North Sea Future Plan for fair, managed and prosperous transition", November 26, 2025**
(https://www.gov.uk/government/news/north-sea-future-plan-for-fair-managed-and-prosperous-transition) Accessed 26 November, 2025

4.3 The Goldilocks Zone

The RGU Energy Transition Institute's report *Striking a Balance: Building a sustainable UK offshore energy workforce* lays out a high-case and a low-case scenario for how the transition to lower carbon energy sources could be handled in Scotland. The low-case scenario is terrifying.

"The low-case scenario also presents the prospect of oil and gas workforce numbers dropping from 115,000 today to as low as 57,000 by the early 2030s: a reduction of around 400 jobs – equivalent to the closure of the Grangemouth refinery – every two weeks."[20]

What the energy sector and the UK Government are hoping for is the achievement of a "Goldilocks Zone" – a place where you have exactly the right mix of oil and gas and renewables so that there isn't a sharp fall-off in jobs. It's about keeping the supply chains that are used for oil and gas open to receive renewables, wherever possible – and making sure the number of jobs in the energy sector remains relatively stable, with employment flowing from oil and gas to renewables, but steadily, over time. It's about workforce reductions in one sector being matched by increased activities in adjacent energy sectors.

What is important to note here is that from our research, we feel achieving this Goldilocks Zone is unlikely on current UK energy policy. There need to be key changes to government policy to make this achievable.

On current trends, with no new exploration, the oil output from the North Sea will decrease by 95 per cent in Scotland when compared to 2024 levels by 2050.[21] This figure makes plain what is at stake here – unless the transition to cleaner energy sources is handled in the right way, we could see job losses in Aberdeen pile up, on a much larger scale than we've seen already. There is a real danger of a cliff edge being reached in the Scottish energy sector, one where job losses in the oil and gas sector are much greater than the number of jobs being created in renewables. Getting the mix correct is essential.

A common refrain amongst environmentalists when discussing the transition to cleaner energy sources is "there is no other choice." This is incorrect – there are plenty of choices still to be made, particularly around protecting jobs in the Scottish energy sector, and getting the transition to greener energy right.

20. **The RGU Energy Transition Institute's "Striking the Balance"** (https://www.rgueti.com/wp-content/uploads/2025/05/RGU-ETI-Report-2025-Full.pdf) Accessed 30 November, 2025

21. **Ibid**

David Whitehouse with Nick Tyrone and Catherine Frost at OEUK

Union Street, looking west

4.4 Summarising the key issues for the Aberdeen energy sector

1. The transition from the current energy portfolio of the United Kingdom to a more renewable one will be much more difficult than the current Government seems to believe.

2. As a result of this, the chances of the transition being mishandled in terms of jobs, particularly jobs in Aberdeen, are high.

3. There is an assumption that we can map over all the old energy jobs into the renewables sector as a kind of magic trick. This is far from the case. Some of the skill sets are similar across both sectors, and it's certainly true that some jobs could be transferred from oil and gas to renewables reasonably easily. But pretending that every job will neatly map over is a fool's errand.

4. There is likely to be a difference in the level of pay between green sector jobs and oil and gas jobs – although this is difficult to tell for certain given how nascent the green sector in the UK is at present.

5. Aberdeen is what it is at least partly by dint of location; its proximity to oil rich portions of the North Sea. Without some serious idea of how to manage the transition better, Aberdeen risks losing its past advantage – without gaining anything new, meaning job losses in the city get steadily worse.

4.5 A note of optimism

Despite all of this, there are obviously pieces of good news for Aberdeen out there. The UK Government has confirmed that the city will be the home of GB Energy, the new, nationalised energy company. While this is no doubt good news for the city in many respects, it doesn't paper over the issues that the transition to cleaner energy forms will have on the region. This is particularly true when you consider what happened at our Aberdeen and Grampian Chamber of Commerce roundtable (see chapter three), in which it was mentioned that GB Energy was being openly laughed at by people in the city in terms of it being some sort of solution to the energy sector's current problems in Scotland.

There is still too much muddled thinking about how the transition from oil and gas to renewables is going to proceed. The decision to stop giving out new licences for North Sea exploration was a rash one, given the need for oil and gas for at least the near future. There is no point in importing oil and gas while we still require it, when we could produce it ourselves. It's both bad for the British economy, but also for the environment – the carbon footprint involved in importing energy sources, particularly as many might come from carbon-intensive economies, is a terrible idea from an ecological perspective.

We must get the energy transition right – for Aberdeen and for the UK as a whole.

Yet while we can be in no doubt about the challenges that the Scottish energy sector or the city of Aberdeen will face over the next decade, the city has been the epicentre of energy production for half a century and is a vibrant place with plenty going for it. Be in no doubt that if we get the policy prescription correct, we can turn the fortunes of North East Scotland around. We aren't in the dark here either – the policy prescriptions are relatively straightforward, with consensus across the sector on how to improve things. We know the way – we just need the will within to make things happen.

While there are obviously complexities involved in the current situation in the Aberdeen energy sector, a lot of the policy prescriptions became obvious as the research for this report unfolded. The four ideas to follow emerged quickly for us via speaking to people in the city, as well as from looking at relevant international comparisons. The UK Government needs to enact these policy prescriptions in order to preserve and, even better, create jobs in the Aberdeen energy sector, and indeed, energy jobs across the UK.

Overlooking the Port of Aberdeen

1. New licences for oil drilling and exploration must be granted in Scotland

Put plainly, the cancelling of any new licences for North Sea drilling or exploration in the UK has been a disaster for Scotland, and more specifically, Aberdeen. The justification for this policy from the current Government is that “there is no choice” because oil and gas in the North Sea has dwindled in supply. Yet Norway discovered a whole new, large oil field off its coastline in the summer of 2025. There is no way to know if there is more oil and gas off the waters around Aberdeen if no one is looking for it any longer.

For the UK to successfully transition to a more sustainable, green energy future – never mind that more renewable future having its UK epicentre in Aberdeen, thus protecting the thousands of energy jobs in the city – it must support oil and gas until that switch is much farther down the line. It needs to do this for several reasons, chief amongst them being that a renewable future requires the people with the skills to make that happen. This can only take place if the energy sector in the UK is healthy and has the faith of both international energy investors, as well as young people who we need to be coming into the sector. Without oil and gas to keep the energy sector going over the short to medium-term, this future will wither away. We need to drill in the North Sea again, at least for the time being. The Government should make this happen as soon as possible.

The alternative is watching energy jobs seep away to other countries while we are forced to import more oil and gas, very possibly from countries with less than stellar environmental standards. This is a recipe for the UK’s carbon footprint to be larger, not smaller, all while we lose jobs in places like Aberdeen.

The Government must understand that for the transition to renewable energy to be successful in the UK, it must rely on homegrown oil and gas for the foreseeable future. It must also understand that centres of excellence such as Aberdeen need to be treasured. History has demonstrated that when job losses on a large scale happen in previously prosperous areas, those jobs don’t tend to ever return in the same numbers.

2. There needs to be a much more thought-out plan at both Holyrood and Westminster level for the transition to greener energy

There is a huge amount of talk in Westminster circles about how oil and gas is finished in the UK and that the move to renewables must inevitably be sped up if we want to maintain any form of energy independence as a country. And yet there is surprisingly little in the way of a concrete plan for the transition, when one considers that the Government has taken up the step of ceasing all new exploration for North Sea oil.

While renewables make up an impressive percentage of UK electricity production at 40 per cent, 75 per cent of total energy production in the United Kingdom derives from fossil fuels (mostly oil and gas) as the Jobs Foundation stressed in its last report on energy, *Jobs and Energy*. The plan seems to be that the renewable transition will just magically happen somehow. There is in fact a great deal of magical thinking going on in terms of energy policy across the UK. We are ceasing domestic oil and gas production without a clear enough plan for what will replace it and how – and when.

3. The EPL should be ended as soon as possible, or at the very least end in 2028 as originally planned, not extended to 2030 or beyond

The Energy Profits Levy arguably made some sense in 2022, after the outbreak of the war in Ukraine. The profits of energy companies soared as a direct result of Russian energy products disappearing from international markets. The idea of taxing these windfall profits in order to cushion the blow for consumers made some political sense.

But to continue it now, particularly to extend it until 2030, is madness. First off, those windfall profits are gone, and in fact, we are facing an energy crisis in the UK. Prices are out of hand – recall, one of the main ideas of having the windfall tax in the first place was to use it to cushion the blow of higher energy prices for British consumers – and it is not 2022. What we need to do now is stimulate the British energy sector – bring in direct foreign investment, make sure young people are going into the sector by creating jobs in it, ensuring that more of our energy supply is domestically sourced, perhaps even to the point of the UK regaining its energy independence.

Secondly, given almost every country in the western world has already dropped their windfall on oil and gas tax, and even the ones who still have it are looking to drop it soon – with the notable exception of the United Kingdom – continuing on with the EPL puts the UK at a distinct competitive disadvantage.

4. Focus needs to be put on the energy sector in Aberdeen specifically

Aberdeen became the oil and gas capital of Europe because it was geographically located close to large deposits of oil and gas. Yes, it then built the infrastructure to allow jobs to accumulate in the city, but had the oil not been there, then Aberdeen would not have been transformed from a fishing town to what it has become.

Jobs in the energy sector in Aberdeen will not be magically kept or restored. It feels like the current Government think locating GB Energy in the city is the silver bullet, even when it is clear much more needs to be done for the city given the pressures of the EPL and the ceasing of new licences for North Sea oil exploration and extraction. In other words, energy sector jobs will not stay in Aberdeen just because it would be rather nice if they did. Without a clear plan for how the energy sector in Aberdeen will benefit from transition directly, the fear is that the jobs leave Aberdeen – and most likely, the UK altogether.

If the Government takes up these four recommendations, it has a chance of saving the energy sector in Aberdeen. Yet time is of the essence. Aberdeen, Scotland and the UK as a whole need action taken on the above points as quickly as possible. If that doesn't happen, as Dale Vince has said, look what happened to the coalminers.

We are running out of time as a country to keep and create jobs in energy, regain our energy independence, and to finally bring energy prices down into a range that will stimulate economic growth. The transition to renewables and away from oil and gas will only happen with the help of oil and gas for the foreseeable future. That's what countries on the leading edge of green energy production have discovered. We need domestically sourced energy in order to create and maintain the energy jobs of the future, not to mention the supply chains that will be impossible to recreate.

This affects people's lives in Aberdeen in a direct and often painful way. This is thousands of people's livelihoods we are discussing here. Not just in the energy sector, but in every vocation within the city given Aberdeen's reliance on oil and gas. A lot of the jobs will be for working-class people who need these jobs to avoid slipping into poverty. There is a large human cost to getting this wrong.

The cliff edge isn't something we might see in the future – it is already here. To avoid going over it, the UK must get real on energy policy as soon as possible.

Join us

A message from our CEO, Georgiana Bristol

“We are building a coalition of business leaders and entrepreneurs from across the country; all uniting behind the message that a successful society requires successful businesses.

We want to help business leaders do even more to help their local communities, by sharing best practice about employing and training people from less privileged backgrounds and demonstrating that business is a force for good. We also want to hear evidence and practical examples from business about what policy changes they require in order to thrive and do even more good across society. To do this, we need your support by joining our Business Council.

Membership of our Business Council is free, voluntary, and private, and comes with no formal obligations or requirements.

As a member, you’ll be invited to our events where we host speakers from the worlds of business, politics, the third sector and the media. This gives members the opportunity to hear from exciting figures and meet with like-minded individuals working in business. You’ll receive regular updates through our newsletter, and you’ll also be able to feed into our research programme. Finally, we love to publicise success stories from our Business Council members across our networks and highlight examples of great work.

We’d love you to be part of our journey.”

For any questions, please get in contact with Georgiana at 02034751382 or georgiana@thejobsfoundation.com

To join, scan the QR code

“Unfortunately, this year, we have seen a large cliff edge when it comes to the oil and gas industry. Particularly driven by the ban on new drilling licences and the EPL, which has completely stripped away all investment with the oil and gas.”

Kieran Morton, Business Development Manager at the Port of Aberdeen

“If you compare and contrast what is going on now with the upside of having a vibrant oil and gas sector in the city, you can quickly see that oil and gas had a positive impact on almost every supply sector, whether it’s retail, whether it’s selling cars, whether it’s selling houses, whether it’s filling places in schools, whether it’s charitable donations, all of those things have come from having a vibrant oil and gas sector where you’ve got lots of high-quality, highly-paid jobs.”

Bob Keiller CBE, Our Union Street

“We will always need oil and gas. I mean, I don’t like Donald Trump, but he’s right about “drill, baby, drill”. We’ve got this whole reserve of oil and gas just off our coast that we should be using.”

Louise Gilmour, GMB Scotland Secretary

“We simply do not have enough industry left in the UK. We cannot have a purely service-based economy. I’m just not sure in a volatile world a purely service-based economy is the way to go.”

David Whitehouse, CEO, OEUK

“I think you’ll see a lot of people in what are well-paid jobs, say, 80,000 to 100 grand salaries, put out of work. They would have always picked up another sales job or another marketing and communications job in the past. But now, there aren’t those jobs to pick up. So, I think we’re going to have a swathe of people that have maybe never gone through this sort of situation before.”

Donna Hutchinson, CEO of Aberdeen Cyrenians

“There’s a huge amount of oil still out there. We’re probably eighth or ninth biggest, maybe even tenth largest producer in the North Sea. And to give an example from our own business, we have two fields, Bressay and Bentley, that are discovered but not developed. Each of those have a billion barrels in place. One billion each. And you know, with the recovery factor of, say, 25%, that’s half a billion barrels in total of oil. There is no shortage of oil and there’s no shortage of discovered oil in the North Sea.”

Craig Baxter, Head of Investor Relations and Corporate Affairs at EnQuest