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Scotland

## Spending Review Representation | Jobs for Oil and Gas Workers

### Summary

As a coalition of climate groups, who work closely with North Sea oil and gas workers, we welcome the opportunity to submit views in advance of the forthcoming Comprehensive Spending Review.

We are requesting **the Treasury commit to an 'emergency funding package' for North Sea oil and gas workers**. This funding package should include:

- £1.1 billion per year to develop permanent, local jobs in publicly-owned **wind manufacturing**.
- £440 million of further investment per year to upgrade **ports** as critical national infrastructure.
- £355 million per year to develop a **dedicated training fund** for offshore oil and gas workers.

We wholeheartedly support the Government's Clean Energy by 2030 target, as a vital step towards meeting our legally binding climate commitments. We are however deeply concerned that the current measures in place to support oil and gas workers to find and move into alternative employment are not delivering tangible outcomes for the workforce. Redundancy consultations in the industry are rising rapidly and jobs in the emerging renewables industry are not materialising at the same pace. This is leading to a crisis point for oil and gas workers, who are losing trust in the Government's commitment to delivering a just and fair transition. Without rapid action through the spending review, the current unjust transition will only worsen.

The repercussions of failing to deliver a just energy transition for oil and gas workers would be hugely damaging, both for oil and gas workers, North Sea communities, and public support for the urgent task of reducing fossil fuel production. The success of the Clean Energy Mission depends on the benefits being captured and felt in key communities who will be affected by the transition. An 'emergency funding package' would send a signal to oil and gas workers, their communities, and key regions in Scotland, that the Government is serious about protecting high-carbon workers through the North Sea basin's decline.

The measures outlined in this representation are not only integral to delivering on the Government's Clean Energy Mission, but will also deliver on other key strategic aims of the Treasury, including job creation and economic growth, as outlined below.

**The measures are supported by Unite the Union, the National Union of Rail and Maritime and Transport Workers (RMT), Public and Commercial Services Union (PCS) and the Scottish Trades Union Congress, as well as [65 national and grassroots climate groups](#).**

## 1. Investment in offshore wind manufacturing

### Problem:

- The UK has been world-leading in the rollout of offshore wind energy, but this has not corresponded with equivalent success in job creation or local economic prosperity. The latest [figures](#) show that between 2021 and 2022, turnover for companies involved in the Low Carbon and Renewable Energy economy in Scotland increased by £4 billion, whilst employment in the sector fell by 4,000. The job opportunities in offshore wind lie in manufacturing rather than operations or maintenance. However, the vast majority of Britain's offshore wind capacity is owned by companies outside the UK, and the typical North Sea turbine contains more than [three times](#) as much material content from abroad as it does from domestic manufacturers.

**Funding required:** Public investment in UK manufacturing capacity is needed to ensure the rollout of wind is done with UK content. We echo the call from Unite the Union for [£1.1bn per year investment in wind manufacturing and operations](#) in the North East of England and Scotland over 6 years. The potential funding of £200 million through the Clean Industry Bonus, has the potential to contribute to this funding, but is far below the manifesto pledge of £500 million annually to the British Jobs Bonus and has still not been confirmed. This ambition, and funding behind this bonus, must be scaled up, and it must create investment in supply chains in the areas that need it most. If designed [properly](#), the Clean Industry Bonus can ensure 50% local content manufacture for offshore wind developments, creating 10,000 direct jobs and 13,300 indirect jobs.

## 2. Investment in UK ports

### Problem:

- UK ports are crucial for the delivery of offshore wind, but chronic underinvestment means that the current port infrastructure is not set up to deliver the energy transition. Many don't have yards large enough for the fabrication and assembly required, which has undermined local content, domestic manufacturing and job creation. For example, all five of Hywind Scotland's offshore wind platforms [were towed from Aberdeenshire to Norway](#) for repairs, because of the lack of port infrastructure.
- A crucial blocker is the private ownership of ports in the UK, unlike other European countries who hold significant public stakes in their ports. Private owners of ports or manufacturing sites simply refuse to invest in pre-emptive development.
- The 'free ports' agenda must be scrapped. It exempts ports from existing protections: weakening workers rights, undermining environmental protections and reducing community benefits. This programme is forecast to cover economic activity that already exists or would have been created elsewhere, instead of boosting investment or creating new jobs in the UK.

**Funding required:** There is a need to rapidly invest in upgrading the UK's port infrastructure, making ports ready for the rollout of renewable energy to create hubs for good clean energy jobs. The [£1.8bn funding for ports in the National Wealth Fund](#) is a start, but it does not reach the £4bn needed according to the [Floating Offshore Wind Taskforce](#) (FOWT). £440mn of further investment each year, totalling an additional £2.2bn over 5 years would support an estimated [40,000 jobs](#), according to [section 5 of the FOWT](#). The Government should commit this further public investment and take equity stakes in ports as critical national infrastructure. This will also ease pressure on supply chain bottlenecks.

### 3. Developing a training fund

#### Problem:

- The current training regime is not fit for purpose: it is not standardised across energy industries, so workers cannot easily move between industries and face the burden of completing multiple overlapping trainings, at extraordinary cost. For example, no training schemes offer workers paid time off to retrain. A [survey](#) of 610 offshore workers conducted by Platform, Friends of the Earth Scotland and Greenpeace in 2021 found that 69% of workers surveyed spent over £2,000 of their own money on training including safety and trade-specific costs in the last two years.
- Phase one of the [Energy Skills Passport](#) is a welcome step. However the focus of the current passport, on pathways to jobs and helping workers "see how their skills match up" to new renewables work based on their existing qualifications, does not address the key problem [workers report facing](#): the extortionate training fees they are forced to pay. This is particularly important as renewables ramp up, when many workers will need to take jobs in both offshore renewables and oil and gas.

**Funding required:** The Government must create a dedicated training fund for offshore oil and gas workers. Retraining options should be accessible to every offshore worker, with funding in place to provide paid time off to retrain. Retraining costs should fall on employers, or where this is not possible, on the Government. We estimate that [12,500-15,500 offshore workers and 10,000-16,000 onshore workers in the oil and gas industry](#) and its supply chains would access retraining opportunities as outlined above. For this [£710mn per year in total is needed](#), of which £355mn should come from the Government and £355mn from industry.<sup>1</sup> The Government should use a permanent windfall tax mechanism on operators to fund its own contribution, and enforce a Training Levy on employers to cover the rest.

#### Contribution to strategic aims:

Job creation and growth: The above measures could deliver at least 63,300 new jobs for oil and gas workers and supply chain workers to transition into. Achieving 50% local content manufacture for offshore wind developments would create 10,000 direct jobs and 13,300 indirect jobs, while £440mn of further investment each year in port upgrades would support an estimated 40,000 jobs.

Clean Energy Mission: The success of the clean energy missions rests upon its ability to deliver benefits for people experiencing the energy transition, from consumers facing high bills to oil and gas workers whose livelihoods are at risk. The mission necessarily must support those workers who are reliant on the oil and gas sector, and communities who are expressing concern about the energy transition and where these issues are particularly politically salient. Failing to do so puts the political case for the energy transition at risk and undermines the public support for the clean energy mission.

Regional Development: Many of the areas most impacted by the energy transition are the deindustrialised and de-industrialising towns that would benefit from Labour's Local Growth Plans. A comprehensive, funded transition package for workers to be part of the new energy landscape will be

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<sup>1</sup> Page 29 of the [Our Power](#) (2003), Platform and Friends of the Earth Scotland.

an essential tool in the upcoming National Industrial Strategy and can serve to boost development in key areas around the UK. These key areas are those that are facing the immediate effects of an ongoing, disorderly transition which has been happening as the North Sea basin declines. Good, secure jobs can drive the services and economic boost that these communities rely on.

**Feasibility:**

The Government has a range of potential sources of income to meet the public spending requirements including borrowing-to-invest in order to build [profitable green infrastructure projects](#); wealth taxes; creating a permanent mechanism for ensuring windfall profits flow to the public, not to industry; or training levies on oil and gas companies.

To put this in perspective, a £1.9 billion funding package is just a fraction of the nearly £40 billion post-tax profits that oil and gas companies made in the UK in 2022 and 2023. The TUC have shown that a [modest tax on wealth](#) in the UK could bring in £10 billion in revenue for the UK, and [Oil Change International have shown](#) that rich countries could generate \$5tn a year from a combination of wealth and corporate taxes, and a crackdown on fossil fuel companies.

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