



Fourth meeting of the Just Transition Commission Oil and Gas

26 September 2019, 09:30 – 16:00
Oil and Gas Technology Centre, Aberdeen

Commission attendees

Professor Jim Skea (Chair)
Lang Banks, representing WWF Scotland
Colette Cohen
Professor Mike Danson
Richard Hardy, representing Prospect
Charlotte Hartley, representing 2050 Climate Group
Dave Moxham, representing STUC
Kate Rowell
Tom Shields

For agenda item 2 only

Jill Glennie, OPITO
Deirdre Michie, Oil and Gas UK
Dave Stewart, Wood Plc

For agenda item 3 only

Jennifer Crow, Opportunity North East
Maggie McGinlay, Opportunity North East
Richard Sweetnam, Aberdeen City Council

Secretariat attendees

Colin Seditas, Scottish Government
Gregor Auld, Scottish Government

Observers

Annabel Pinker, James Hutton Institute

1. Welcome and overview of the agenda

1.1 Professor Jim Skea welcomed everyone to the meeting. The meeting started with the secretariat providing an update on progress against actions from the previous meeting. It was confirmed that all outstanding actions had been completed or were currently being progressed.

1.2 There was discussion regarding interaction with the Scottish National Investment Bank. It was requested the secretariat draft a letter from the Chair thanking the Bank officials for their engagement to date and providing feedback on their proposals for the Bill in advance of Stage 2.

1.3 Recent and upcoming engagement was then discussed. It was agreed that events to date had been helpful, and there was a request for more to be planned around the main Commission meetings. An event aimed at offshore oil and gas workers was also to be explored over the coming months. The secretariat were asked to keep an up to date tracker of all engagement activities taking place to ensure they were all captured.

1.4 Annabel Pinker gave an update on her fellowship project with the Commission. A brief summary would be circulated to the group in October giving an update on progress to date.

1.5 The Commission discussed topics and questions they wished to raise in advance of the first information gathering session.

Action point 1: secretariat to draft letter to Scottish National Investment Bank officials

Action point 2: secretariat to explore setting up offshore workers event

Action point 3: secretariat to keep register of all engagement undertaken by Commissioners

2. Information gathering session 1 – Industry

2.1 The Chair welcomed guests to the session and started the session.

2.2 The group explored Oil and Gas UK's Vision and Roadmap 2035, which sets out how the industry plans to extend the life of the North Sea by at least a generation while playing a role in the development of a net-zero economy. There was discussion regarding the workforce implications of this scenario in terms of changing job numbers, along with whether it was consistent with the latest Committee on Climate Change advice.

2.3 The robustness of Vision 2035 to factors such as changing oil prices was queried. While the development of Vision 2035 had considered a range of possible market conditions in future years, it was accepted that this was inherently uncertain. Failure to realise Vision 2035 would have knock-on implications for workforce numbers and consequently any Government initiative seeking to manage potential disruption. Despite the uncertainty around market conditions, there was recognition that natural attrition of the current workforce along with technological change would likely create the need for both new entries to the industry and upskilling of the existing workforce.

2.4 The development of CCUS and Hydrogen were offered as examples of where the industry could play a role in the delivery of a net-zero economy. In terms of skills required these were seen as presenting a good crossover with those currently in the industry. It was felt unlikely that industry would lead in a radical way on CCUS and Hydrogen at scale, however. Government would need to play a strong leadership role in terms of establishing the partnerships with industry that would allow

investment to take place while ensuring companies were not taking on disproportionate levels of risk for their operations.

2.5 Another enabling factor for development of CCUS and Hydrogen was said to be the regulatory landscape. While there was a growing awareness among the various regulatory bodies in the North Sea that they needed to facilitate energy transition, it was felt that more work could be done to ensure they were joined up in their approach. An on-going question was noted regarding whether the Oil and Gas Authority's remit of maximising economic recovery in the basin hindered the energy transition.

2.6 Communication around Vision 2035, both with the workforce and particularly smaller companies in the industry, was also queried. It was felt that some companies were at risk from the energy transition and were not undertaking sufficient planning for how the oil and gas industry could change. Work was underway through Oil and Gas UK to communicate the Vision and Roadmap 2035 with the wider industry, but it was felt it was too early to tell whether this message was gaining traction. There was also work being done to engage the workforce in discussion about the future. While there was generally positive dialogue around areas such as upskilling, the offshore workforce in particular were challenging to engage with, due primarily to the shift patterns associated with the sector. Trade Unions were noted as potentially playing an important role in helping to facilitate any discussion with the workforce.

2.7 The Chair ended the session by thanking participants for their involvement.

3. Information gathering session 2 – Place

3.1 The Chair welcomed guests to the second information gathering session of the day.

3.2 The group began by exploring the original City Region Deal. It was felt the region could be held up as a good example of collaboration between both local authorities and the private sector. Examples were given of local authorities being willing to sign-off investments outwith their boundaries on the basis that they would deliver benefits for the wider regional economy. This collaboration and the governance structure set up around the City Deal was felt to have been a real benefit of the process, supporting the delivery of the shared strategic vision for the region. There were concerns that access to other funding such as Industrial Challenge Fund, or in future the Scottish National Investment Bank, were more competitive and loan based meaning they may be less conducive to this collaborative approach to long-term investment in the economy.

3.3 Reflecting on the impact of the 2014 downturn, there were questions regarding whether the investments made through the City Region Deal had improved resilience to such events. Investments in sectors such as Food and Drink along with investment in infrastructure like the Aberdeen Harbour were said to have improved resilience in the regional economy since the downturn. However, given the extent of

the historic reliance on Oil and Gas it was said to not be sufficient to fully insulate the economy from future downturns in the sector, emphasising the importance of carefully planning and the need for ongoing investment to secure further energy transition activity and continue to support the region's economic diversification by strengthening the other key industries.

3.4 Already disadvantaged sections of the population had been some of the hardest hit during the 2014 downturn. The downturn had caused them to move even further away from the labour market. For the City Region Deal there had been a focus on delivering inclusive economy growth to try and ensure that the benefits of investments were felt across the population. Community benefit clauses had also been built into certain joint investments with the private sector so as to directly benefit some of the areas hardest hit during the downturn.

3.5 How the economic vision for the region was communicated with the general population and businesses was then discussed. It was felt there had been differing levels of success with these two groups and that there was still work to do. The business community were felt to be largely aware of the vision for the region, due to the work of organisations such as Opportunity North East. For people living in the region, it was felt that more work was needed to be done to communicate the vision and engage them with practical examples of how the economy was changing. Work had already begun on a regional narrative campaign led by local Chamber of Commerce and it was noted that the local authorities as education authorities may also have a role to play in raising awareness.

3.6 Moving away from the efforts to diversify the regional economy and improve resilience, the group then discussed the place aspect of the vision for future. It was noted that it was often a struggle to keep people in the region and this had resulted in a tight labour market. Investments had been made in a music hall and art gallery to improve the cultural aspect of living in the city and increasingly events were being attracted that delivered a boost to the wider economy. The issuing of city bonds had allowed some of this investment, but it was recognised that work was on-going and more would be needed long-term to support transformation and make the city somewhere people wanted to stay and work in the future.

4. Review of information gathering sessions and stock-take

4.1 The Commission discussed the evidence they had heard earlier in the day. It was agreed that both sessions had been productive, with a range of opinions and perspectives heard from both guests and those that had submitted written evidence for the meeting.

4.2 There was then further discussion regarding the interim report. The secretariat were asked to arrange a conference call in December and produce an outline of the report that would allow for discussion by Commissioners. The possibility of holding an event following release of the interim report towards the start of the new year was discussed and agreed to be explored further.



4.3 Finally the upcoming conference call with the co-Chairs of the Fair Work Convention was discussed. It was requested the secretariat circulate an agenda in advance to help structure the call.

Action point 2: secretariat to arrange conference call to discuss interim report

Action point 3: secretariat to circulate agenda for conference call with Fair Work Convention