

**Oil and Gas and Energy Transition Strategic Leadership Group**  
**Thursday 2<sup>nd</sup> July 2020: 09:30 a.m. to 11:30 a.m.**

**Attendees**

- Paul Wheelhouse MSP - Minister for Energy, Connectivity and the Islands
  
- Andy McDonald – SE
- Damien Yeates – SDS
- John Pearson - Petrofac
- Terry Savage – Global
- Trevor Garlick – ONE
- Arne Gurtner – Equinor
- Audrey MacIver – HIE
- Colette Cohen – OGTC
- David Brooks – Ineos
- Deirdre Michie – OGUK
- Andrew Mennear is attending on behalf of Emeka Emembolu - BP
- Gordon McGuinness – SDS
- Iain Donald - Enpro
- Jim Savege – Aberdeenshire Council
- John Boland – Unite
- Jill Glennie is attending on behalf of John McDonald – OPITO
- Liz Rattray is attending on behalf of George Boyne – University of Aberdeen
- Melfort Campbell – Imes Group
- Mike Smith – NECCUS
- Neil Gordon – Subsea UK
- Paul De Leeuw – RGU
- Peter Black – EnergySYS
- Richard Knox – EC-OG
- Rozanne Foyer - STUC
- Steve Phimister – Shell
- Stuart Payne is attending on behalf of Andy Samuel – OGA
- Craig Shanaghey – Wood
- Phil Simon – Subsea 7

**Guests**

- Andy Hogg – Scottish Government
- Gordon Stirling – OCA
- Helena Charlton – BEIS
- Mark Abbey – CHC Helicopters
- Sian Lloyd-Rees – Aker Solutions
- Colin Robertson – Scottish Government
- Sir Ian Wood – ONE

**Facilitator**

- Andrew McCallum – Aspect Reputation Management

**Secretariat**

- Linsey Wilson – Scottish Government

## **Observers**

- Gavin MacKay – HIE
- David Rennie – SE
- Isabella Gerber - OGA
- Jenny MacDonald – SDS
- Jenny Stanning - OGUK
- Kevin Taylor – SE
- Kirstin Gove – SCIS
- Rebecca Groundwater – OPITO
- Sonja MacMillan – SE
- Scott Bradley – Scottish Government
- Madeleine Plater – Scottish Government
- Margo MacIver – Scottish Government
- Stuart McKay – Scottish Government
- Ivan Cupull – Scottish Government
- Juliet Cramb-Low – Scottish Government
- Robert Dunn – Scottish Government
- Kate Chalmers-Deacon – Scottish Government
- Anne Black - Scottish Government
- Joe Perman – Scottish Government
- Carron Flockhart - Scottish Government
- Alison Carrington – SDS
- Gwen Folland - Petrofac

## **Apologies**

- John McDonald - OPITO
- Jake Molloy – RMT
- Steve Dunlop – SE
- Linda Hanna - SE
- Murdo McIver – One Peterson
- Alisdair McIntosh – SIB
- Steve Rae – SCIS

## **MINUTES FROM THE SLG MEETING HELD ON THURSDAY 4 JULY 2020**

- Andrew McCallum welcomed participants and provided an overview of the agenda.

### **Ministerial opening remarks.**

- The Minister welcomed everyone to the 3<sup>rd</sup> meeting of the SLG.
- The Minister reflected on his recent engagement with Steve Dunlop at Scottish Enterprise, with a focus on investment opportunities and the green recovery, including the opportunities arising for the supply chain and how to communicate these opportunities around the sector.
- This meeting's key focus is on retention of staff, skills and training, with a specific focus on:
  - ensuring that jobs and skills are retained within the oil and gas sector,
  - and that as we look ahead to the various initiatives underway by the OGA and OGUK, that the workforce have both an understanding of future opportunities to provide them with confidence in the sector,
- The Minister reflected on the Scottish Government's recent Energy Transition Fund, and the recent publication of the Independent Advisory Group on Economic Recovery, and the ongoing skills support underway including the work of the Energy Skills Alliance and the recent support provided by ECITB.
- The Minister closed by welcoming the group's contributions to this specific focussed discussion on retention of skills and look forward to hearing their contributions.

### **09.35 – 09.40: Clearance of minutes from previous meeting.**

- Attendees were invited to note the minutes from the previous meeting and make comments.
- No comments were made and as such the minutes from the previous meeting were approved.

### **Update from Oil and Gas Authority.**

#### **Stuart Payne**

- The pre-read shared prior to the meeting discusses potential recovery interventions. Both the immediate and the longer term proposals centre around jobs and anchoring this capability in Scotland as well as the rest of the UK for the long term.
- The successful and fair transition of oil and gas jobs into a net-zero future is a backdrop for all of the work that has been taking place since early March so it's appropriate that this is coming up as a big theme in today's discussion.
- Starting with the back to work element, the maintenance piece of work which is led by OGUK highlights the amount of jobs that are at risk if we can't get back on schedule with the maintenance program. The key to that we believe is to get as many asymptomatic tests as we can do.
- From an operators and industry perspective, the risk of losing a significant core capability will not help next year when we try to replace the activity that was due to take place this year. The furlough scheme is coming to a new phase and there is significant concern about the prospects of the sector losing core capability within the workforce.

- This is also an issue for drilling and the decommissioning, plug-in and abandonment projects is one element which could support the drilling industry and retain capability in the UK. Within decommissioning it is clear that campaign management is going to be critical over the coming decades and we need to demonstrate the value that this can bring to companies and tax payers.
- An example of this is the OGA proposal of a potential loan from Government to try to prime that work and create a case study that can help unlock significant saving to the industry and the tax payer. That is also the case in the Global Underwater Hub (GUH) where the value back to Government is significant. The GUH can serve as a model for the transitioning of capabilities in the oil and gas sector.
- There remains opportunity in the relatively short term for the creation of more energy hubs as well as CCUS and hydrogen projects. An example of this is the announcement this week by Equinor of a hydrogen with CCS production facility in the Humber region which highlight the scale of jobs that this type of projects could unlock.
- Finally, a tremendous amount of work has been taken forward by the Supply Chain Export Taskforce focused around three areas: the recovery piece, helping companies to export and diversify within the supply chain and, looking at what the future shape of the supply chain could be within the context of a net-zero world.

## **Update from Oil and Gas UK.**

### **Deirdre Michie**

- OGUK provided an update on the three phases of the sectors 'protect', 'recover' and 'accelerate' framework.
- The key part of the 'accelerate' phase is focused on the development of the Sector Deal on which good progress is being made, focusing on the protection of jobs and the protection of the supply chain.
- In terms of the protect phase, the aviation stats show how industry efforts through the collaboration with helicopter operators, supply chain and unions are reducing the number of suspected instances of COVID-19 offshore.
- In terms of industry performance - production has remained and we are on track to deliver the same amount of production as this time last year, reinforcing continued priority of ensuring security of energy supply during this crisis.
- The reduction of CAPEX in projects and discretionary work has caused an impact in particular on drilling activities which has reduced when compared to this time last year. It has been in this sector where we have seen a larger adoption of the furlough scheme as well as redundancies.
- OGUK conducted a survey across our members around the impact of the furlough scheme which has found that the average percentage of staff furloughed is around 30% although redundancies have continued. Additionally, responses indicate that the changes coming to the furlough scheme would unfortunately result in further redundancies. Around 30% of responses indicated that it would be helpful to extend the furloughed scheme beyond October.
- A key ask from the supply chain is that they are given visibility of work. For this reason we have taken forward a number of webinars with a focus on the supply chain and the opportunities available. This has included running a webinar to highlight the opportunities that can be delivered around emission reductions and the role of the supply chain. We are looking to hold further webinars which will showcase further areas of opportunity to the supply chain.
- In relation to skills support, OGUK is preparing to host a webinar that will look to support those individuals who have been made redundant from the sector, but have the relevant skills that could allow them to transition to other sectors such as renewables or nuclear.

- OGUK continue to reinforce the importance of asymptomatic testing as demonstrated by the aviation stats. And is included as a specific ask to Government within the pre-read.

## **Update from Scottish Enterprise and Skills Development Scotland.**

### **Andy McDonald**

- Scottish Enterprise (SE) continue to be very focused in providing support to those companies impacted by the crisis.
- Work in supporting international opportunities remain ongoing, particularly with the reopening of international markets in terms of trying to understand the opportunities as well as the challenges that are being experienced.
- Welcomed the Scottish Government's announcement of the Energy Transition Fund, with SE continuing to work with the partners that are part of it so that the opportunities that the fund offers can be accelerated as much as possible.
- SE are currently:
  - continuing to look at opportunities within the supply chain as well as in broader diversification, both geographically and into other sectors.
  - continuing to run web based events to raise awareness as well as to understand what some of the skill challenges around those transition opportunities will be.
  - added additional resources to assist the development of the offshore wind sector through the next rounds of ScotWind and what opportunities in the supply chain as well as the taskforce that can come off this.
  - continuing our work in the Michelin Scotland Innovation Park and we are pleased to see that three companies have already announced an investment programme there.

### **Damien Yates**

- SDS reinforced the importance of retaining talent in the industry as we face the prospects of a challenging recovery and potentially a hard Brexit.
- Currently there is around 600,000 workers in Scotland who are benefiting from furlough with another 150,000 self-employed workers benefiting from a variant of the job retention scheme. We have around 38,000 apprentices in training and about 50,000 young people about to leave school and a significant cohort of young people leaving further education colleges and university.
- The concern is that around 20-30% furloughed workers might not return to work and that a significant number of redundancies have been announced across Scotland.
- So the work of the Enterprise and Skills Strategic Board (ESSB) looked at three objectives:
  - How to minimise the rising unemployment and retain the talent.
  - How we rapidly support workers who have been made redundant to go back into the workplace.
  - How to support long-term unemployment and marginalised groups
- Noted that typically young people are 4 times more affected in terms of the negative consequences during a recession and so we focus on trying to ensure that apprentices can be maintained and given a future in the industry.
- The biggest challenge going forward will be being much clearer about the opportunities for retention of workers leaving the oil and gas sector. Again the retention of the apprentices' talent is vital for the sector but maximising the flow of apprentices needs to also be a priority.
- The recommendations of the Expert Group will be announced tomorrow but a clear message coming out is that the speed at which we need to respond to redundancies

is going to be really important, especially moving into September and October when the number of redundancies in the sector are projected to increase.

## **Update from Trade Unions / STUC.**

### **Rozanne Foyer STUC**

- The STUC have been pushing for investment and a look at the transition to a greener economy. Noting that the issues of conditionality in terms of public sector funding and that making sure that the principles of fair work are prioritised in terms of any public funding that sectors might be getting.
- STUC remain focused on the fair work principles are included in the safety of workplaces but also that there is fluid employment engagement.
- STUC noted that there is now an agreement that employees can get assistance from health and safety reps to conduct health and safety and risk assessment.
- STUC highlighted the following points that they have recently been engaged in around Fair Work:
  - They have been working with the Scottish Government in a refresh of the fair work statement that was put out when the lockdown started and with talks about how employers should look after their employees.
  - Promoting the issue of mass testing to continue to suppress the virus.
  - Working to ensure that job uncertainty in the workplace is minimised and that workers are supported if they are being isolated (full pay) or if they need to take leave due to sickness or caring responsibilities.
  - Ensuring that adequate risk assessments are conducted and that the correct PPE is provided and applied.
  - When work from home can be implemented, we are also pushing for that option to be made available.
  - Recognising that it is important that vulnerable workers are given the required support to return to work in a safe manner.

### **John Boland, UNITE**

- UNITE also welcomed the energy transition fund that the Scottish Government announced and hoped that this can provide the support that the workforce requires.
- The figures that SDI provided around the number of people who have joined the workforce or have been made redundant is a cause of concern especially as we move towards a new phase of the furlough scheme.
- Trust between employers and the workforce is hitting an all-time low and unless trust in the future of the sector can be provided, there is going to be a shortage of skills once the transition jobs start to appear.
- The Trade Union continue to support the call for additional testing as it provides assurances to the workforce that work can be conducted safely. However, we have heard that some operators are willing to stop current testing as it is no longer deemed to be required. We believe that this would be a backwards step.

## **Update from Energy Skills Alliance (ESA).**

### **Jill Glennie, OPITO**

- Provided the following update on the work of OPITO:
  - The Certificate Extension Process was launched in May and provides a two months extension if workers certification expires in the next 30 days. Two extensions have been granted and around 20,000 have been requested.
  - A third process has been added to the Certification Extension Process which provides a one month extension if the certificate expires in the next 14 days.

- The focus is on getting delegates and workers back into training centres and ensure that the workforce can get the required training.
- In terms of the work of the Energy Skills Alliance, the following update was provided on the four workstreams currently underway:
  - The Future Energy Skills Demand & Supply, focused on producing a clear forecast of energy skills demand both short and longer term.
  - The Integrated STEM Program, which is a resource to explore all energy careers and is built around an interactive community designed to share personal career experiences.
  - The All Energy Apprenticeships focuses on sustaining and growing apprenticeships in the energy sector and focusses on providing flexible apprenticeships that can support the delivery of the energy transition.
  - The All Energy Training & Standards is looking at identifying future needs across the energy industry with a special focus on offshore wind, CCS and hydrogen.
- Jill requested a follow up with OGUK post this meeting to outline the focus areas of the ESA, in terms of their work on the Green Recovery and the Sector Deal. Recognising that OGUK are leading on these workstreams and that it would be helpful to understand where there should be collaboration on the existing skills element, to understand how the organisations can work together, understand the needs and the action that should be taken.

**Action - ESA to engage directly with OGUK on the work of the Green Recovery Group and the Sector Deal, to understand further: the direct skills requirements, expected employment outcomes and potential requirements on training providers.**

**Action - ESA to engage directly with OGA on the work of the Supply Chain Task Force to understand further: the direct skills requirements, expected employment outcomes and potential requirements on training providers.**

## **Part 2: Discussion:**

### **Paul Wheelhouse MSP**

- The Minister thanked everyone for their very informative updates. He summed up some of the key points brought out during the updates. However, before moving to the discussion the Minister posed a few questions to the Group concerning skills, training and the workforce to help with the discussion.

Questions for discussion:

1. What else could be done to ensure workforce is sighted on upcoming activity to provide confidence that there will be activity in the medium to longer term?
2. What steps can this group take to ensure there is better communication specifically designed to engage the workforce on the work underway through the O&G UK and the OGA?
3. What developments or technologies are the members of this group actively pursuing to give an indication of where skills would be needed?
4. Given the work of the Energy Skills Alliance are all avenues of communication being most effectively utilised? Ensuring that the correct people are on all groups looking at skills and the workforce and how are we communicating the messages arising from the work being carried out to the workforce?

He also commented:

- It is critical that any gaps are identified and that the steps are taken now to mitigate the risks there will be to the workforce, including looking to the medium and longer term when activities are expected to pick up and opportunities arise from the transition.
- Recognising the importance of communication across the whole sector, while there will be ongoing frustration around some of the current challenge and that the opportunities through the energy transition are not immediate, a clear path and timescale is needed so people understand to plan their possible career moves.
- The sector has gone through severe downturns in the past, this time round the recovery needs to be different and planned to give the current workforce and those we want to come into the sector the confidence that opportunities will be available.

#### **Deirdre Michie – OGUK**

- Raised a further point on asymptomatic testing, noting that the understanding of OGUK is that given the demographic makeup of oil workers passing through Aberdeen, one of the most significant values of pre mob testing is the opportunity to monitor the virus activity in the population. This in turn allows the management of risk of a cluster occurrence, from unrecognised cases progressing offshore. There is already evidence that asymptomatic testing of offshore workers (who are obviously pre-symptomatic) in some cases, is providing positive results. Any barrier which allows the prevention of Covid 19 from getting offshore should be supported in order to maintain the industry and security of supply.
- OGUK requested to speak to the Scottish Government, including those clinicians involved in the analysis of testing, stressing that their concerns are focused on the onset of the winter period.

#### **Action –The Energy Minister committed to a meeting with OGUK to discuss further the sectors calls for Asymptomatic Testing.**

#### ***[from the Skype Message Chat]* – Request to the Group to what else could be done to ensure workforce is sighted on upcoming activity?**

#### **Sian Lloyd Rees, Aker Solutions**

- Noted that that is critical that the workforce is sighted on upcoming activity.
- Regarding the emerging low carbon opportunities and in order that companies can plan and retain key skills and talent for the future, there needs to be some form of policy and/or regulation on local content requirement, this would assist the workforce and wider supply chain in the early years of project development would assist in the early years. It worked successfully at commencement of oil & gas industry in UK, enabling technology & skills to be established here.

#### **Mike Smith – NECCUS**

- Noted that it is becoming critical to see policy and regulation clarity from Westminster on Energy Transition opportunities like CCUS and Hydrogen.
- Commented that support is also needed in encouraging Westminster to advance policy on CCUS and Hydrogen separate to the wider White Paper timetable which remains delayed.

#### **Arne Gürtner - Equinor**

- Commented that this is the third and deepest downturn in the last 12 years in the oil and gas industry, this is diminishing the cash generation ability in the short term and adding challenges to continue in the long term.
- This downturn will have a demands driven recovery and the transition to net zero is key. Equinor have many projects in progress in the UK on CCUS, hydrogen and offshore wind.



- Noting their recent announcement on 1 July by on their project called Hydrogen to Humber Saltend (H2H Saltend) to develop one of the UK's – and the world's – first at-scale facilities to produce hydrogen from natural gas in combination with CCS. This is a stepping stone to bringing in hydrogen in at scale and will combine it with CCUS, storing 9,000 tonnes of CO2 per annum. Reaching FID in 2023. Many of the skills known from the oil and gas sector are of particular value in developing these types of projects.
- Discussions on Government support is key for these projects it's needed to bridge the dilemma on the very short term impact on the industry as well as the long term ambitions. Recognising that there still remains some regulatory challenges around these projects.

### **Paul de Leeuw – Robert Gordon University**

- Paul de-Leeuw highlighted some of the key findings from his recent report published on 23 June which provided analysis on oil and gas employment impact conducted by RGU.
- The following points were made to the group:
  - After looking at the high level impact of what it means to have reduced CAPEX as well as reduced export activities in the industry and the impact this has on reduced business models, a rapid acceleration of solo technologies can be seen.
  - The report looked at two key scenarios:
    - Nike Swoosh recovery – a slow v-shaped recovery looking at what the impact will be. OPEC and the Bank of England expect a recovery in this shape. Following this route estimates 1 in 10 people in the industry being at risk of losing their job (circa 15,000 people).
    - An L-shaped recovery where they see the drop not coming back up within a reasonable timeframe. 1 in 4 people (circa 36,000 people) could be at risk of losing their job in the industry with this scenario.
    - 90% of the people at risk in these scenarios are from the supply chain.
  - Highlighted that the speed of response is critical. Pre-Covid 1 in 200 people worked or supported the oil and gas industry with 1 in 25 people in Scotland. Commenting that there are huge implications for the sector if the right support isn't implemented.
- 80% of the skills and people in the industry could either directly or indirectly transfer to other energy sectors, nothing that the workstreams of the Energy Skill Alliance is a very powerful mechanism for capturing and understanding future energy skills demand.

### **Helena Charlton - BEIS**

- Noted that the focus on skills and job retention is key. The CCC's recent report on this area focuses on the need for retraining jobs and developing skills for new sectors.
- The majority of the UK Government's efforts in supporting the recovery have been whole economy approaches. The Prime Minister's speech on Monday had a strong focus on investment for building infrastructure and the intention to drive forward at pace. In the speech it was announced £5bn of infrastructure building and more announcements are expected next week from the Chancellor. This will be followed on with the spending review in the autumn budget. Some key points from the Prime Minister's speech:
  - Intention to announce a national infrastructure strategy in the autumn. This is to identify the key economic infrastructure for the UK to come out of lockdown. There is reference to CCUS and hydrogen in this.
  - Commitment to lay out further green measures for later this year.
  - Announced £100m R&D for direct air capture (DAC) although CCUS is still the main focus and BEIS plan to publish responses to the CCUS consultations shortly.

- Agreed a National Skills Fund for £2.5bn over the course of this parliament to help adults learn new skills. There will be a consultation launched on this shortly.
- The UK Government continue to remain very supportive of the green recovery and Global Underwater Hub. In terms of the Oil and Gas Sector Deal continues to be the main vehicle for UK Government for focusing on this sector. This will have a large focus on the energy transition including CCUS, hydrogen and electrification. It will also include a focus on jobs and skills.
- Noted that the Energy White paper has no publication date although it is expected later this year.

#### **Sir Ian Wood - ONE**

- Advised that the current focus is on slowing down and preventing the loss of jobs, as well as looking at how to handle unemployment.
- Noting that the sectors decommissioning budget for this year has been reduced by 50% (circa £800m of spend). Decommissioning could greatly benefit from Treasury in the form of loans. Commenting that Treasury are missing from this discussion. It would be valuable for a representative to attend to get a full understanding not only of the sector but the challenges it is facing at the present time but also looking ahead. Also to seek their support on issues like decommissioning and electrification and fiscal pricing.

**Action – An invitation should be extended to HMT to join future SLG meetings as appropriate.**

#### **Paul Wheelhouse MSP**

- The Minister commented that there is a common theme around the role of CCUS and hydrogen and though the Scottish Government transition package there will be support developments such as the Acorn CCS Project and hydrogen in the north east.
- Welcomed the earlier comments from BEIS in terms of their support for the Global Underwater Hub and echoed the support of getting the Energy White Paper published this year.
- Scottish Government are developing a hydrogen assessment project which will put in place an action plan to develop hydrogen in the Scottish economy.

#### **John Boland - UNITE**

- Noted that on the development of a fair work approach UNITE would be keen to be more involved in discussions on this topic to ensure that the voice of the workforce is represented.

#### **Gordon Stirling - OCA**

- Noted that it wouldn't be possible to legislate on all fair work practices but that there should be an encouragement of companies into this space on developing a fair work approach.

#### **Deirdre Michie – OGUK**

- OGUK commented that they have established regular meetings with the trade unions, and that they have six commitments on fair work which they are looking for support from the trade unions on how these are delivered.

#### **Jill Glennie - OPITO**

- OPITO provided an update on the 2020/21 OPITO Apprenticeship scheme - the current numbers interested in apprenticeships for 2020/ 2021 are looking to be the

same as this year. They will know by October if there is going to be a knock on impact into next year on numbers of adverts going out.

#### **Phil Simon – SubSea 7**

- Noted that the current redundancy announcements are based on many companies' views on the next few years. However there is a risk that it is not as good as is currently planned for and that the industry could be facing further challenges/redundancies next year. It is therefore vital to look at how the UK supply chain can be supported through local content commitments and provide support in diversifying into renewables.

#### **Mike Smith – NECCUS**

- Noted that there is greater support for diversification initially into renewables, but beyond that into CCUS and Hydrogen is key. The expectation is that next year the 6 large industrial clusters in the UK will start developing decarbonising roadmaps - with NECCUS leading the Scottish efforts.
- NECCUS are working with the other clusters to look at developing a skills and workforce plan at a national level alongside these roadmaps, and with these roadmaps the kind of granularity that the supply chain needs to understand how specific opportunity will mature in the next 3 - 5 - 10 years.

#### **Paul Wheelhouse MSP**

- Regarding Fair Work Principles being written into the renewables licencing – SCDS are about at first understanding the nature of the opportunities. However, Fair Work principles are matters we are pushing, but there are limits on our powers re employment law, obviously.
- Note that Crown Estate Scotland is now devolved to Scottish Ministers and first leasing round is now open.
- As part of the approach supply chain agreements have been developed as being a core part of the bidding process. Hoping to support the supply chain to be as competitive as possible in the renewable sector.

#### **Gordon McGuinness - SDS**

- Commented that during the last downturn the Scottish Government provided a programme of £12m over three years to provide transition training fund support. There is a case for a similar programme to be put in place during this downturn.
- The international market is still buoyant and offering opportunities.

#### **Steve Phimister - Shell**

- Commented that the discussions around the Sector Deal with both UK and Scottish ministers have been coordinated and noting that good progress was being made. Recognising the need for the sector deal to support the development of new technologies such as CCUS.
- Highlighting that the development of CCUS should not fail this time round as it is required to reach net zero targets. In the short term, bi-laterals between industry, government and the regulators is really important. This will require a strong level of coordination and focus.

#### **Paul Wheelhouse MSP**

- The Minister closed the meeting by stating that the Scottish Government remains supportive of how we can develop the sector deal.
- The Minister highlighted a number of key points which were raised from the discussion noting the number of critical challenges that the sector still faces:
  - Identification of any gaps in skills and training and how these can be filled.

- There remains a need for urgency not only on the capital investment side but also to address the speed of pace of those affected by redundancy given that the sector is now seeing the deferral of capital spend into 2021
- Welcomed all additional steps that could be taken to mitigate the risks of losing talent and skills including the demographic challenges in Scotland to mitigate the loss in jobs.
- Reiterated the point of the need to retain skilled people within Scotland. Noting that there should also be a continued focus on the medium and long term investment in skills – this remains important.
- Reiterated the need to improve communication across the sector and continue to signpost all the various support mechanisms that are available.
- Recognised the challenge that we all face in boosting moral and giving hope that there are future career opportunities into the sector. Noting that it is critical that there is the continued ability to attract talent into the industry.
- The Minister thanked everyone for their participation in the discussion.

The meeting closed.

## INSTANT CHAT

[09:20 2020/07/02] Andrew McCallum:  
Good morning everyone and welcome to this meeting of the Scottish Government Oil & Gas and Energy Transition Strategic Leadership Group.

The meeting will begin promptly at 0930. Please mute your microphone.

[09:21 2020/07/02] Gordon McGuinness:  
Good Morning!

[09:25 2020/07/02] Wheelhouse P (Paul):  
Morning, all. Hope you are all well. Thanks for joining us again.

[09:28 2020/07/02] Jim Savege:  
Good Morning :)

[09:35 2020/07/02] Colette Cohen:  
Great proactive action to create the Energy Transition Fund to invest in the future and hopefully in new technology, manufacturing capability and jobs

[09:48 2020/07/02] Wheelhouse P (Paul):  
Thanks to Stuart, Colette and Deirdre for the positive feedback.

[10:01 2020/07/02] Andrew McCallum:  
Please use the chat function to note comments, share insights or ask questions.

[10:03 2020/07/02] Melfort Campbell OBE:  
really good briefs with focus on supply chain. basing recovery on getting enterprise investment in skills, capability and innovation in pursuit of the market opportunities is THE way to get a sustainable growth orientated recovery. the opportunity that a low to no carbon energy province that the UKCS should become must be the stimuli for investment in company capability and capacity which equals jobs.

[10:15 2020/07/02] Andrew McCallum:  
Coming to John Boland next...

[10:15 2020/07/02] Stuart Payne:  
Very much agree with Melfort, and a combined challenge for all of us is to be able to explain the value that the UKCS can offer for decades to come.

The UKCS can continue to be a world-class resource: As a source of traditional energy (oil, gas), as a source of low/zero carbon energy (hydrogen, wind, wave etc), as a source of storage in CCUS and finally as a source of talent for expertise in all of the above to be exported around the world.

At the heart of all of the above is maintaining and anchoring the supply chain and the people who work there in the UK for the long-term.

[10:16 2020/07/02] Colette Cohen:  
On the gender diversity issue there are concerns that the 'new normal' and the issue

of both young and older caring requirements may result in more women not returning to the work place as families hav to make difficult choices

[10:16 2020/07/02] dmichie:

Ros - we have a member of our D&I taskgroup looking at the back to work protocols to see where we can be more thoughtful about the issues you reference- so hopefully that will help

[10:17 2020/07/02] Jim Savege:

Would be very happy to pick up discussion on care responsibilities with colleagues looking at changes in provision v demands, and the impact this has on the sector

[10:33 2020/07/02] helena charlton:

This is consistent with HMG positon on asymptomatic testing. We do continue to work with counterparts in relevant departments on this but position remains as Minister Wheelhouse set out.

[10:34 2020/07/02] sian lloyd rees:

Sighted on upcoming activity is key. In addition as we look at the emerging low carbon opportunities and in order that Companies can plan and retain key skills and talent for the future, some form of policy and/or regulation on local content requirement would assist in the early years. It worked successfully at commencement of oil & gas industry in UK, enabling technology & skills to be established here.

[10:39 2020/07/02] Arne Gurtner:

May I offer a couple of reflections please.

[10:39 2020/07/02] Mike Smith NECCUS:

Reinforcing Sian's comments. It is becoming critical to see policy and regulation clarity from Westminster on Energy Transition opportunities like CCUS and Hydrogen. I'm concerned by the move of the next Energy White Paper to potentially mid-next year and would appreciate any support in encouraging Westminster to advance policy on CCUS and Hydrogen seperate to the wider White Paper timetable.

[10:40 2020/07/02] Andrew McCallum:

Thanks Sian and Helena  
Coming to Arne following the Minister's comments...

[10:41 2020/07/02] Paul de Leeuw:

Andrew - can I make a few points as well

[10:42 2020/07/02] Melfort Campbell OBE:

on Mikes point and as the minister has said, time is critical and not on our side. delays like that of the White paper are really disappointing.

[10:42 2020/07/02] Andrew McCallum:  
Yes, Paul. Coming to you next...

[10:42 2020/07/02] helena charlton:  
I can comment on this.

[10:44 2020/07/02] Neil Gordon:  
I support Mike Smith's and Melfort's point on the energy white paper delay.

[10:44 2020/07/02] Andrew McCallum:  
Thanks Helena... will come to you following Paul's comments  
To help shape the discussion...  
What else, if anything, over and above those actions already discussed, could be done to ensure that the workforce is sighted on upcoming activity?

[10:45 2020/07/02] Andrew McCallum:  
What steps can this group take to ensure that there is better communication specifically designed to engage the workforce on the work underway through OGUUK and the OGA?

What developments/technologies those on the call are actively pursuing to give an indication of where skills will be needed?

[10:46 2020/07/02] Andrew Mennear, BP:  
Support Arne's comments and happy to add a few more words from bp.

[10:46 2020/07/02] Andrew McCallum:  
Given the work of the ESA and the discussions around this, are all avenues of communication being utilised to ensure that the correct people are on all groups looking at skills and the workforce?

Thanks Andrew M... will come to you following Helena

[10:49 2020/07/02] Sir Ian Wood:  
Andrew, I would like to make a couple of comments - Sir Ian

[10:49 2020/07/02] Gordon Stirling:  
It is good to hear the focus on the supply chain - both in the recognition and strong articulation of the issues and actions to help to mitigate these. It is also encouraging to hear that topics that have been raised at previous SLGs are moving / have moved into action. I support the comment that visibility of workload to the supply chain companies at a tangible, granular level is important.

[10:50 2020/07/02] dmichie:  
Minister - thank you for your comments on the testing - our understanding is that given the demographic make up of oil workers passing through Aberdeen, one of the most significant values of pre mob testing is the opportunity to monitor the virus activity in our population. This in turn allows us to manage the risk of cluster occurrence, from unrecognised cases progressing offshore. We already have evidence that asymptomatic testing of offshore workers (who are obviously pre-symptomatic) in some cases, is providing positive results. Any barrier which allows us to prevent covid 19 from getting offshore be supported in order to maintain the

industry and security of supply. If it could help - can we speak to the people who have pulled the scientific evidence together so we can discuss with them - as our concern is less about today- given our efforts to date - but more around the winter period as well. Appreciate the comment about false negatives - but this is part of our risk assessment too.

[10:50 2020/07/02] Melfort Campbell OBE:

i would ask if the ESA is tapping on to the thinking of those companies in the supply chain that have diversified. it is rare to find SC companies who get more than 50% of their business from oil and gas. they have made decisions and invested, is their voice well enough heard in the work of the ESA?

[10:52 2020/07/02] dmichie:

Andrew - on the comms comment with the workforce - SCiS are on the case here and doing some really good work.

[10:53 2020/07/02] Wheelhouse P (Paul):

Deirdre - of course, happy to try and see if such a conversation can take place. I am sure any evidence you have that could be of value to colleagues in Health. We will get back to you offline on that.

[10:53 2020/07/02] Andrew McCallum:

Thanks Deirdre - we'll follow up with SCiS

[10:53 2020/07/02] Jill Glennie:

Thank you, Melfort - yes, we are engaging with them as part of the ESA work and this will increase once we get the work plans signed off at the end of the month. Happy to follow up with you to discuss

[10:53 2020/07/02] Andrew McCallum:

Coming to Andrew Mennear next...

[10:54 2020/07/02] Jill Glennie:

To Andrew M's point - the ESA workgroup representation is broad and, again, we'll increase engagement with companies and industry bodies more extensively post the meeting on the 28th

[10:56 2020/07/02] Melfort Campbell OBE:

Thanks Jill, perhaps Stuart and John can link you with the SCE Task force so we understand what you are doing and link you to people who may be able to contribute?

[10:56 2020/07/02] Wheelhouse P (Paul):

Great to hear such positive remarks from Helena re Global Underwater Hub and look forward to further updates on the Sector Deal and hope our own ETF can help play a part in supporting that wider package. Update on the Energy white paper was helpful. CCUS and hydrogen and offshore wind (and flowing within that) are of great interest to SG and keen to work with UKG on that.

[10:57 2020/07/02] dmichie:

agree with Andrew about the business models being key and looking to drive that with the sector deal



[10:57 2020/07/02] Melfort Campbell OBE:  
very reassuring thanks Helena.

[10:57 2020/07/02] Jill Glennie:  
Melfort - great - thank you, will follow up on your suggestion.

[10:58 2020/07/02] Andrew McCallum:  
Coming to Sir Ian next...

[10:58 2020/07/02] Wheelhouse P (Paul):  
Paul's analysis is really helpful - at this point it is not yet clear whether we will get the Nike swoosh or deeper reduction in the sector and supply chain - the fact that we are already at 7,500 redundancies and with furlough still in place is concerning and obviously the risk of a later wave in Aug - October as furlough ends is underpinning the need for PACE, but hopeful that Helena's positive remarks and the work of OGA and OGUK can bear fruit there.

[11:00 2020/07/02] Brooks, David:  
Encouraging to hear from Helena that the White paper won't be delayed into mid next year. It's important, alongside the Sector Deal which the Minister supported very well at our last meeting.

Also agree with Sir Ian's comments on HMT closer understanding of some of the challenges we face

[11:02 2020/07/02] Andrew McCallum:  
Roz and John talked extensively about the Fair Work approach earlier  
How can companies and sectors get more engaged in the Fair Work approach, and adopting some of these principles going forward as part of a new normal?

[11:04 2020/07/02] helena charlton:  
Happy to raise that with HMT counterparts.

[11:04 2020/07/02] Andrew McCallum:  
Thanks Helena  
Roz or John... could you come back in on the Fair Work approach please?

[11:06 2020/07/02] Damien Yeates:  
Apologies Minister I need to leave to attend another meeting. SDS colleagues are on the call and can contribute further. Speed of response is now critical given the scale of the challenge.

[11:07 2020/07/02] Wheelhouse P (Paul):  
Thanks, Helena - that would be helpful and may help build understanding of the supply chain impacts in particular. Appreciate you cannot commit others unilaterally, but grateful if you can get us feedback.

[11:07 2020/07/02] dmichie:  
can I come in Andrew

[11:07 2020/07/02] TREVOR GARLICK:  
Jill how is the 20/21 OPITO App scheme looking given covid and the down turn are you able to run this next cadre?

[11:07 2020/07/02] Wheelhouse P (Paul):

Thank you Damian - agree with you and hope you find this meeting helpful.

[11:07 2020/07/02] Andrew McCallum:  
Coming to you next, Deirdre...

[11:08 2020/07/02] Wheelhouse P (Paul):  
#found

[11:08 2020/07/02] Gordon McGuinness:  
Minister for clarity the figure of 7500 that was referenced is actual and announced. There are also announcements that have not attributed specific numbers to the North East or Scotland that we quoted on

[11:08 2020/07/02] Andrew McCallum:  
Good question Trevor... will bring Jill in to respond following Deirdre...

[11:08 2020/07/02] Gordon McGuinness:  
and these have not been included

[11:09 2020/07/02] Gordon Stirling:  
can I comment on engagement / comms

[11:10 2020/07/02] Wheelhouse P (Paul):  
Thanks, Gordon. Obviously even more imperative that we get pace of response right if 7,500 underplays impacts taking into account those not yet visible at Scottish level.

[11:11 2020/07/02] phil simons:  
One thing to consider is that the current redundancy announcements are based on many companies views on the next few years. However there is a risk as Paul mentioned that its is not as good as we are planning for and that we could be facing further challenges/redundancies next year. It is therefore vital that we look at how we can support UK supply chain through local content commitments and provide support in diversifying into renewables

[11:11 2020/07/02] Andrew McCallum:  
Coming to Phil next...

[11:13 2020/07/02] Gordon McGuinness:  
Formal Notification of Redundant Apprentices since April has been relatively modest across Scotland as a whole, across all sectors has been limited to 168 - again furlough will be masked the picture, but we are monitoring closely and have support mechanisms to assist individuals and Employers

[11:14 2020/07/02] TREVOR GARLICK:  
thanks do we need to market the Adopt scheme even harder?

[11:14 2020/07/02] Wheelhouse P (Paul):  
Might be helpful if I mention, briefly, the approach being taken re supply chain opportunities in offshore wind through Crown Estate Scotland supply chain development agreements for those getting a licence to develop a site. Can mention that in closing, if helpful.

[11:15 2020/07/02] Andrew McCallum:  
Thanks Minister... will come to you next next...

[11:16 2020/07/02] Jenny MacDonald:  
@trevor garlick- SDS are in discussions with providers particularly in NE inc RGU around promotion of adopt an apprentice scheme to retain talent in the sector. Happy to pick this up with other comms plans in place

[11:18 2020/07/02] Gordon McGuinness:  
Thanks Jenny

[11:18 2020/07/02] Andrew McCallum:  
Gordon McG... can I bring you in next please...

[11:18 2020/07/02] Mike Smith NECCUS:  
Building on Phils point. Greater support for diversification initially into renewables, but beyond that into CCUS and Hydrogen is key. On that last point. The expectation is that next year the 6 large industrial clusters in the UK will start developing decarbonising roadmaps - with NECCUS leading the Scottish efforts. I am working with the other clusters to look at developing a skills and workforce plan at a national level alongside these roadmaps, and with these roadmaps the kind of granularity that the supply chain needs to understand how specific opportunity will mature in the next 3 - 5 - 10 years

[11:18 2020/07/02] Gordon McGuinness:  
yes happy for that?

[11:18 2020/07/02] John Boland:  
Minister, will the Fair Work Principles be written into the renewables licencing.

[11:18 2020/07/02] steve phimister:  
I support the comments made about Business Models and Fiscal/Incentives (HMT)...for me that applies equally to CCUS, H2 and offshore Electrification. I believe it is important for us to recognise the 'quid pro quo' nature of the current discussions and approach in a co-ordinated manner (avoid chicken-and-egg). The current access and engagement we have with both Scottish and UK Ministers is fantastic (and a luxury !); it behooves us to use it well. The Sector Deal is an excellent vehicle and I think we all recognise the need for urgent action and progress in developing content now, to stimulate investment.

[11:20 2020/07/02] Andrew McCallum:  
Thanks Steve... can I bring you in next please?

[11:30 2020/07/02] Colette Cohen:  
Very interesting discussion - thanks

[11:30 2020/07/02] helena charlton:  
Have dropped HMT colleagues a line. Will pick up with Andy Hogg.

[11:30 2020/07/02] dmichie:

(wave)

[11:30 2020/07/02] Craig Shanaghey:  
thanks

[11:30 2020/07/02] Arne Gurtner:  
thank you!

[11:30 2020/07/02] Wheelhouse P (Paul):  
John - that is an important point - SCDS are about at first understanding the nature of the opportunities. However, Fair Work principles are matters we are pushing, but there are limits on our powers re employment law, obviously. Happy to engage with you and others on that in a separate discussion on that if that would be helpful - would be keen to see what we could put forward as a positive case. Very conscious that some hard questions are being asked re use of very low cost labour in suppliers in SE Asia and Middle East and whether there is a level playing field for Sco/UK suppliers to compete in.. CfD reforms could help, and we are feeding into those.

[11:30 2020/07/02] Audrey MacIver:  
Thank you :)

[11:30 2020/07/02] Rozanne.foyer:  
Thanks all

[11:31 2020/07/02] Wheelhouse P (Paul):  
Thank you all and thanks again, Andrew. Good job as always.

[11:31 2020/07/02] Neil Gordon:  
Thanks Minister and well facilitated Andrew.