



NORTH SEA TRANSITION TASKFORCE

ONE YEAR ON



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SUMMARY

Last year, the North Sea Transition Taskforce warned that the window of opportunity for a successful, integrated energy transition in the UK Continental Shelf (UKCS) was closing. That window has not shut, but it has narrowed. North Sea 1, the product of the oil and gas revolution, is declining faster than North Sea 2, the new energy mix, is being developed, and the gap between the two is where jobs, supply chain capability and public consent are being lost. Closing that gap must be the central task of North Sea policy.

Since our first report, *Securing the Future of the Energy Transition in the North Sea*, the architecture of North Sea policy has improved slightly. The UK government concluded its consultations and published the North Sea Future Plan (NSFP), adopting a number of the Taskforce's recommendations. A North Sea Future Board (NSFB) now exists; commitments have been made on basin-wide planning, spatial coordination, strengthening the regulator's enforcement powers, and on skills through the Energy Skills Passport, regional pilots and training funds.

The direction of travel is right, the pace is not.

There has been a significant lag time between the announcement of policy intent and the realisation that policy is in effect alongside an number of issues which remain unaddressed.

- The Energy Profits Levy remains in place and its yet-to-be-confirmed replacement, the Oil and Gas Revenue Levy (OGRL), is not due until 2030.
- Rosebank and Jackdaw are still awaiting consent.
- Transitional Energy Certificates and reform of the North Sea Transition Authority have yet to be meaningfully realised.
- Operator confidence continues to fall, with bp, the oldest oil and gas major in the UKCS, the latest operator to announce its withdrawal from the UKCS.

Eighteen months on there has been significant debate, some action, but little realised change.

This report re-examines the case for continued

production on the UKCS as a key part of the transition, rather than a barrier to it, and responds directly to the Prime Minister's commitment to growth in every postcode. There are two significant takeaways from the findings:

- Economic impact remains the strongest case for action. The sector supports 115,000 jobs directly and in the supply chain, concentrated in Aberdeen and the North East of Scotland, but with a significant footprint across the UK. In the North East of Scotland, around one in four of the working population is employed in or supports the offshore energy industry, of which around 80% is currently oil and gas. If oil and gas activity falls away before offshore wind, CCUS, hydrogen, and nuclear can absorb that workforce, the industrial base the transition depends on is lost, and with it the salaries, tax revenues, community investment and capability to build the North Sea of the future.
- The public support a pragmatic approach to the transition. Public polling has shown that the public have an appreciation for nuanced decision-making. In light of geopolitical tensions and growing scepticism that energy costs are going to come down, the public has indicated that they are more interested in maintaining long-term jobs and addressing energy security risks.

With the case resting on economic continuity and the timeline of the transition, the priority is the sequencing: sustaining near-to mid-term activity that keeps people, infrastructure and supply chain capability in the basin while low-carbon industries scale, rather than maximising production across the basin as an end in itself.

This is an approach which the public can support. The polarisation in the North Sea debate is largely an elite phenomenon, whereas public polling indicates no strong support for immediate cessation of North Sea activity, nor support for fossil fuel production without restrictions. While the window may have been missed for an optimised decline, there is still an opportunity to protect jobs and build industry through this transition.

The Taskforce is therefore calling on government to provide:

A new fiscal regime

- Put an end to the debate on the Energy Profits Levy (EPL) and introduce the Oil and Gas Revenue Levy (OGRL) from tax year 2027-28. Putting long-term, stable returns ahead of a short-term cash grab.

Security for workers

- Provide the resources and planning necessary to ensure that the workforce transitions into jobs which support the energy and reindustrialisation objectives of this Government, and avoids thousands of preventable job losses.

Clear and intentional regulation

- Create regularity certainty with a clear, transparent direction for the North Sea Transition Authority (NSTA) to coordinate the transition, with proper oversight from the North Sea Future Board, ensuring public-private engagement and an end to uncertainty on licensing.

Enhanced energy security

- Support further energy security measures which supplement domestic production, such as increased domestic gas storage.

Action on climate

- Hold industry to account on decarbonisation and decommissioning, including with increased penalties as proposed in the North Sea Future Plan.

And for the Scottish government;

- Revise, finalise and adopt the Energy Strategy and Just Transition Plan
- Integrate the North East's regional economic and skills strategies into a single pathway.

None of this requires a new institution or primary legislation beyond an upcoming Finance Bill or the announced Energy Independence Bill. It requires government to act on the framework it has already begun building, at the pace the problem demands. A failure to do so will not result in a slower transition but a disorderly decline, in which the foundations of North Sea 2 are lost before the alternatives are ready to replace them.

September 2026

INTRODUCTION

The North Sea Transition Taskforce was established because an increasingly polarised debate had left the North East of Scotland hamstrung during a transition which, done well, could benefit not just that region but the whole of the UK. Our first report, published in March 2025, set out what a managed transition would require and called on government to act with pace and decisiveness. This report assesses what has happened since, and refocuses the debate on a pragmatic future for the North Sea with the workforce and regional growth at its core.

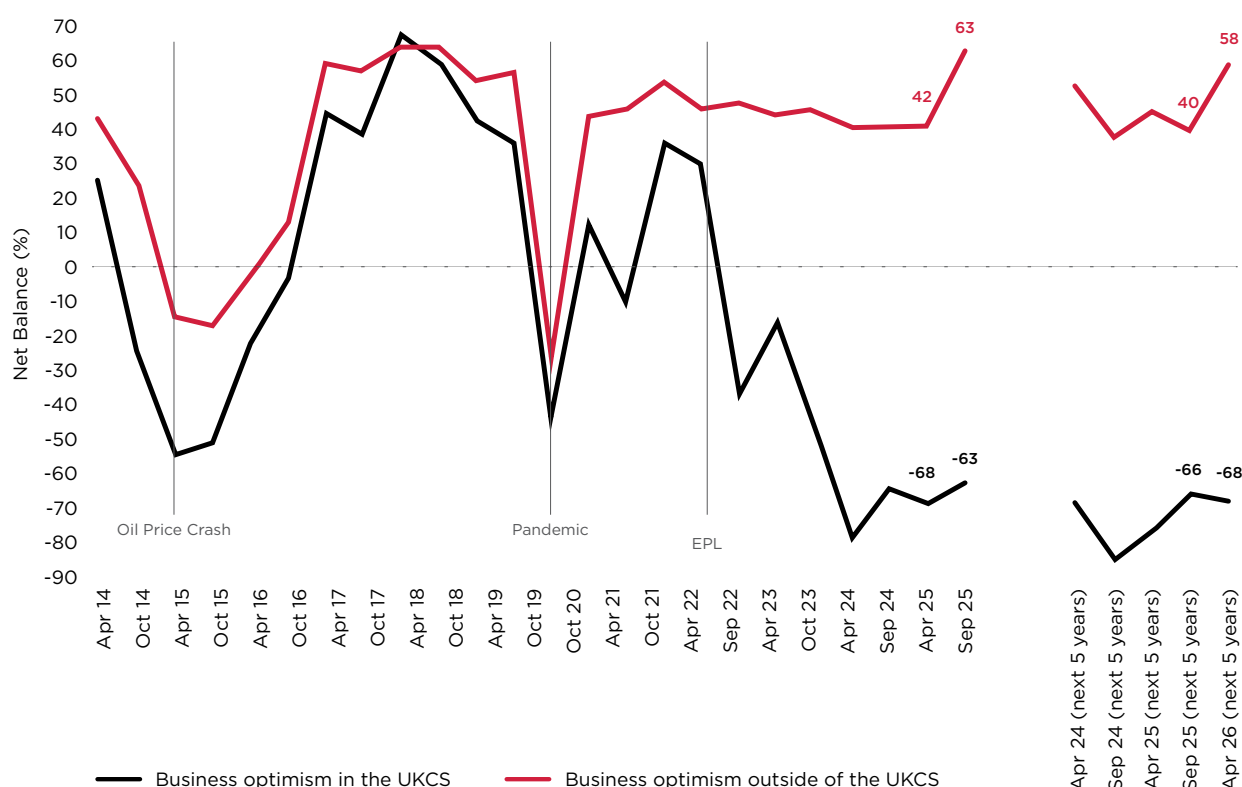
Since that publication, the future of North Sea energy has remained a fixture of political and media discourse. Several of the Taskforce's recommendations were adopted in part through the North Sea Future Plan. But 18 months on, there has been significant debate, some action, and little real change.

That matters because the Taskforce was deliberately constituted to represent the diversity of interests in the success of the North Sea, and it concluded that compromise was the only route to delivering for all of them: the workforce, the supply chain, the public and investors. A core theme of the first report was pace. Our research demonstrated that delay does not hold the position open; it closes options.

Since March 2025, there have been warm words and a clearer signal for pragmatism from Westminster. But the polarisation and mischaracterisation of North Sea energy has returned, and real progress has stalled. The Jackdaw and Rosebank field developments still await consent. The Transitional Energy Certificates and the reform of the North Sea Transition Authority committed to in the North Sea Future Plan have yet to be meaningfully realised. The Energy Profits Levy remains in place. The decline

Figure 1 – Business optimism in operations in the UKCS vs outside of the UKCS¹

Q: Compared to 12 months ago, how confident are you about the business situation in the oil & gas sector in the UKCS and outside of the UKCS over the next and 5 years?



REVISITING THE NORTH SEA DEBATE

in UK operator confidence continues, with bp, the longest operating oil and gas major in Britain, becoming the latest company to withdraw from the North Sea.

The Aberdeen Chamber of Commerce's Energy Transition Survey has explored the issue of business confidence over the past decade. The most recent survey highlights the waning business optimism in the UKCS by comparison to global oil and gas since the invasion of Ukraine, with consecutive governments failing to address the gap despite the calls for pace and certainty.

Political context has played its part in eroding confidence. Since March 2025, there has been war in the Middle East, a Holyrood election, a Westminster by-election in Aberdeen South and a change of Prime Minister. Each has changed the political weather, but it is the people of the UK, including key energy hubs in the North East of Scotland, North East England and elsewhere which directly and indirectly support these industries, who are paying the greatest price for the resulting uncertainty.

Publicly, the governing parties in Westminster and Holyrood appear to have taken a more supportive position towards the oil and gas industry as a contributor to the North Sea transition rather than a barrier to it. The Prime Minister underlined this point with his recent commitment to pragmatism on the North Sea.² That evolution is welcome, but without accompanying action, investment certainty declines, and economic security weakens.

This report proceeds in four parts. We begin by revisiting the North Sea debate and contrasting the public's view with the terms in which the argument is conducted by politicians, industry and commentators. We then assess how the UKCS policy framework has evolved since March 2025, and what remains unresolved. We re-evaluate the case for continued UKCS oil and gas production, separating the economic argument from the energy security argument and weighing each on its merits. We conclude with the Taskforce's findings and recommendations.

The North Sea debate is habitually framed as a binary choice between continued oil and gas production and an almost immediate shift to renewable technologies. This is a false dichotomy. It ignores the nuance of a transition which, to succeed, requires an effective handover between legacy and emerging industries. Success in this instance is defined as supporting the workforce, communities and public through the handover to a future, clean economy.

Complex policy questions tend to breed polarisation, because the more extreme positions for or against an issue appear to offer greater certainty at the expense of accuracy. The North Sea has occupied that position for several years, and it is one of the primary issues the Taskforce was created to address.

THE PUBLIC OCCUPY THE PRAGMATIC MIDDLE GROUND

Evidencing the nuance matters, because despite the suggestion that complex arguments cannot survive public discourse, public opinion evidence suggests otherwise. Polling has shown that voters remain broadly supportive of the need for transition but find the terms of the debate too blunt, and resist being presented with only binary choices.

79%

of UK respondents agreed that Britain urgently needs to invest in producing its own energy, and that the country would be better off producing more energy domestically than relying on imports. A mandate for management, not for extremes.

When asked about timescales, a clear majority of the Scottish public believes that moving away from oil and gas is not realistic, though as a long-term ambition, the picture is much less clear-cut. When asked about the approach to North Sea production, the desire for a managed handover from North Sea 1, the legacy oil and gas basin, to North Sea 2, a new blend of energy generation and production, becomes clearer still. The greatest support is shown for continued drilling on existing fields while restricting new fields (26%), or for allowing some new fields to be explored under restrictions (32%).

Research with British and Scottish audiences also points to a shared belief that homegrown energy is the key to strengthened energy security. In the Scottish survey, 74% of people supported the statement that more investment in the oil and gas sector improves self-sufficiency. In the UK survey, 79% of respondents agreed that Britain urgently needs to invest in producing its own energy, and that the country would be better off producing more energy domestically than relying on imports. Critically, these statements indicate support for domestic production in a technology-agnostic way. The public are not backing a single horse; they are asking whether the country has the infrastructure to meet a complex demand profile.

BILLS ARE THE WRONG TEST FOR OIL AND GAS

The socio-economic impact of a managed transition is the most significant platform for debate. Considerable energy has been spent debating whether increased domestic production of oil and gas will reduce household bills. The short answer is no. Opponents of domestic production use this as an attack line; industry tends either to avoid the question or to imply a cost benefit through tax revenues and job creation. Neither serves the debate well. There is no direct cost reduction for households as a result of new drilling.

Crucially, the evidence shows that a decision on oil and gas fixated on the cost of energy does not land with the public in the way that the prominence of cost-of-living arguments would suggest. In Scotland, employment emerged as the dominant perceived benefit, significantly ahead of both protection against supply shocks and lower bills. The UK poll followed a similar pattern.

Taken together, these findings tell us that public opinion is not aligned with the debate playing out at the political level. The mandate for change relies on public opinion, and therefore the policy approach should be revisited. Reducing the discussion to a single issue (particularly to taking money off household bills) risks talking past the communities most affected by the decisions.

The vast majority of the public occupy the pragmatic middle ground. They desire neither an immediate phase-out of oil and gas nor unfettered production, and they are looking for political leadership to deliver a stable policy pathway for North Sea assets which puts people and economic prosperity at its core. While not experts in the detail, they recognise that complex policy challenges rarely reduce to isolated issues and that solutions require trade-offs.

The polarisation in this debate is therefore largely an elite phenomenon. Political and commentary positions have hardened around poles that the electorate has not adopted. That is an opportunity: a government willing to make the pragmatic case has more permission to do so than the volume of the argument implies.



AN EVOLVING FRAMEWORK

Since the publication of the Taskforce's report in March 2025, the UK government concluded its own consultations and published the North Sea Future Plan. Its publication elicited mixed reactions: the Government indicated its intention to manage the North Sea, and in doing so adopted a number of the recommendations put forward by the Taskforce.

WHAT THE NORTH SEA FUTURE PLAN CHANGED

Four changes stand out, and each is a welcome step forward from what existed prior to November 2025.

- The framing has shifted. Government has accepted the language of a managed, fair and prosperous transition, and the establishment of the North Sea Future Board gives that ambition an institutional home. The Taskforce's first report called for a powerful, ministerial committee to take responsibility for the transition; the Board is a recognisable response to that call.
- Coordination has been recognised as a problem. Government has committed to a basin-wide plan to improve visibility of operators' future plans across oil and gas and renewables, including through the Marine Spatial Prioritisation programme in England, which would sit alongside the Strategic Spatial Energy Plan. It has also confirmed that the North Sea Transition Authority is developing a project to identify and manage the key interdependencies of core offshore infrastructure, selecting priority assets and engaging their owners to mitigate potential impacts.³
- Regulatory enforcement is being addressed through a shift in the priorities of the NSTA and increases in the maximum financial penalty available to the regulator.⁴
- The workforce offer has begun to take shape through the Energy Skills Passport,⁵ regional skills pilots and training funds,⁶ the Oil and Gas Transition Training Fund⁷ and the North Sea Jobs Service.⁸

The right instruments for change have been deployed; however, the depth and detail are lacking. The difficulty is that these have been announced rather than delivered, a number of the announcements fall short on the level of ambition necessary to turn the dial on outcomes and fundamental constraints on the future of the UKCS remain unaddressed.

THE FISCAL REGIME REMAINS THE MAIN OBSTACLE

Managing the pace of decline is considerably harder under the current fiscal regime. Understandably, a 78% headline tax rate creates its own barrier; however, with five changes to the Energy Profits Levy (EPL) in four years, the regime has also become an overhanging threat of arbitrary reform: creating unpredictability, weakening competitiveness, stifling investment and risking an accelerated decline. Without getting this fundamental right, other measures intended to unlock near-term activity will fail.

The EPL is expected to be replaced by a permanent Oil and Gas Revenue Levy (OGRL), developed with input from industry, in March 2030 (or earlier if the Energy Security Investment Mechanism is triggered – this was anticipated for 2027 but war in the Middle East has created further uncertainty). In the interim, it continues to undermine investment confidence. Investor-side analysis reinforces this diagnosis, arguing that deferring the Mechanism prioritises short-term receipts under the Levy at the risk of lower long-term revenue.⁹

This is the same conclusion the Taskforce reached in March 2025, when we argued that waiting for the sunset clause to expire was a mistake. The Government has explored making this change several times since then, arguably creating even greater uncertainty amongst industry, but ultimately failing to prioritise a stable return over the hopes of heightened short-term gain. The Office for Budget

Responsibility's November 2025 forecast highlighted the flaws in this proposal, which saw a once-significant revenue stream reduced to a fraction of its potential by 2030 and the opportunity to route that into the next generation of North Sea energy lost with it. This argument has not weakened with time, instead, the opportunity to create a more stable, prolonged tax return from the industry has been reduced at the expense of the workforce.

COORDINATION HAS BEEN PROMISED, NOT DELIVERED

In our last report we called for a spatial plan to provide clarity on what activity has priority across segmented regions of the North Sea, including technology deployment targets and spatial zones, taking account not only of potential energy uses but also of fisheries, transport and marine ecosystems.¹⁰ The commitments made in the North Sea Future Plan move in that direction. However, the relationship between the relevant processes, in particular the National Energy System Operator's strategic energy planning and devolved marine planning frameworks including Scotland's National Marine Plan 2, remains unclear.

This will matter more, not less, as the North Sea becomes a multi-vector basin encompassing offshore wind, CCUS and hydrogen alongside oil and gas activity including tiebacks, platform electrification and decommissioning. Hamilton and Underhill (2026) describe the growing congestion as a spatial squeeze between different offshore energy uses, in which colocation is possible in theory but often not in practice.¹¹

Historically, the approach to colocation has been guidance-driven and uneven, ranging from mandatory colocation agreements in the last petroleum licensing round to softer advice to identify potential interactions and contact other rights holders.¹² Existing mechanisms fall short of a general requirement to identify and pre-empt the range of conflicts likely to arise between oil and gas, offshore wind, CCUS, hydrogen, electrification and decommissioning. The objective should be a clearer and more consistent expectation of early cross-sector engagement, standardised across

sectors rather than left to sector-specific advisory mechanisms. Ireland's Maritime Area Regulatory Authority offers an instructive comparator, placing clearer obligations on applicants to identify and disclose third-party rights and to plan engagement with affected parties.¹³

The consenting landscape compounds the difficulty in the UK. The pace at which consenting takes place is critical to investment decision-making. Aside from the regulatory burden involved in preparing applications for consent, the process is considered slow when compared to alternatives, including British neighbours. Whilst there is no single timeline which is followed, the live examples of Jackdaw and Rosebank show how even a single part of the process can be drawn out over several years. The circumstances may be deemed unique following the courts' intervention on environmental grounds, but, agnostic of the outcome itself, still evidence the lag time between applications, decisions, and action.

Through this process, developers may need to engage The Crown Estate, The Crown Estate Scotland, the Marine Management Organisation (MMO), the NSTA and Offshore Petroleum Regulator for Environment & Decommissioning (OPRED) increasing the risk of delay by virtue of a reliance on several different stakeholders working to their own priorities and timelines. Project Anemone identified a lack of coordination between regulators and governing bodies as a barrier to effective colocation, with the onus typically falling on developers to act as intermediaries between regimes.¹⁴

There is a strong case for a single coordinating function with visibility across projects and an understanding of each body's planning and strategic requirements. This need not require a new regulator akin to Ireland's. It should instead build on the governance model proposed in the Taskforce's last report, in which the UK government provides clear strategic direction and the NSTA acts as the single agency responsible for coordinating an overarching plan.

The NSTA is the right institutional home to provide a coordination and delivery function, given its existing role in stewarding the basin, albeit with

a focus on oil and gas. That said, over the past decade the regulator has faced significant change – the Wood Review, the North Sea Transition Deal, and North Sea Future Plan mark formal changes to regulations, whilst digital developments and wider target-setting have seen further dilution of function and focus. It is therefore fair to suggest now may be the time to review the full regulatory framework for the UKCS, as it applies to legacy and new industries.

However, reform will take time and action is required now. So to support a new function for the NSTA explicit, strategic direction from Government is required. The North Sea Future Board has now been established but appears to lack the necessary teeth to provide a clear strategy to the different regulatory and industry stakeholders, let alone directions to smooth the development pathways. It should, as a minimum, make clear how the various planning reforms and ‘mapping’ projects fit within the Burnham Government’s energy priorities. Doing so would simplify the regulatory burden for industry and the regulators themselves.

Cooperation or colocation efforts need to be supported by better data infrastructure. Progress has been made through the NSTA’s Digital Strategy Group, including the UKCS data portals site, which signposts data from numerous relevant institutions.¹⁵ The NSTA could use this already established group to agree common data principles and governance arrangements. Doing so would support appropriate data sharing between sectors, reduce duplication of survey work and allow early identification of colocation risks without undermining commercial confidentiality.¹⁶

THE DEVOLVED GAP

Much of North Sea policy is reserved to Whitehall, but the Scottish government retains responsibility for stewarding a credible transition pathway for Scotland’s workers and communities. The Energy Strategy and Just Transition Plan should be revised, finalised and adopted as a matter of urgency. The draft published in 2023 faced backlash regarding the proposal’s impact on the workforce and communities supporting the energy sector, as well as a lack of implementation. Aside from the

proposals themselves, there has been growing frustration from all stakeholders that a final and official strategy couldn’t be agreed. The draft strategy was published whilst Nicola Sturgeon was First Minister, and there have been two subsequent First Ministers and an election since. The absence of an adopted strategy has left the North East of Scotland without a clear framework for aligning workforce support and economic diversification priorities.¹⁷

The region does not lack diversification initiatives. The Aberdeen City Region Deal, the Just Transition Fund for the North East and Moray, and wider public finance through the National Wealth Fund, Great British Energy and the Scottish National Investment Bank all indicated capital is being deployed to support activity beyond oil and gas. The Aberdeen City Region Deal in particular has been considered a relative success, but with its funding coming to an end in 2027¹⁸ stable diversification will not be delivered by a patchwork of schemes. What is missing is a coherent regional plan linking public investment, skills support and employer demand around the sectors most capable of absorbing oil and gas capability. We support the Aberdeen Economic Policy Panel’s recommendations to update the sectoral approach of the Regional Economic Strategy to reflect the region’s underlying strengths, and to integrate it with the Regional Skills Strategy once finalised.¹⁹

The conclusion of this section is therefore a qualified one. The instruments now exist, or are promised, to manage the transition rather than merely observe it. What is absent is the coherence and pace that would convert them into the confidence investors, workers and communities urgently need.

RE-EVALUATING THE CASE FOR OIL AND GAS PRODUCTION

Two arguments are commonly made for continued production on the UK Continental Shelf: first, that it strengthens energy security, and second, that it retains economic value in the UK. Both are legitimate, and both are supported by the evidence. The energy security case is real and material, provided it is stated honestly: continued production can strengthen the UK's energy security, but it cannot deliver total energy sovereignty. The socio-economic case rests on jobs, tax receipts, community investment, and the industrial capability the transition depends on. We argue that the socio-economic case is the most significant argument to break the deadlock on the North Sea energy transition.

ENERGY SECURITY: SUPPLY OR SOVEREIGNTY

The starting point for any debate on supply starts with demand. As shown in forecasts such as at the Climate Change Committee's Seventh Carbon Budget, there will be demand for oil and gas products in the UK up to and beyond 2050. This is a point recognised explicitly by the last three governments and adopted by Parliament, so it is a fair assumption to adopt at the outset.

The subsequent question becomes where should the supply be drawn from. Energy security is not simply a question of how much resource is available.

It depends on whether supply is accessible, affordable and resilient under stress.²⁰ Judged on that basis, domestic production delivers a genuine benefit. Gas landed directly into the GB system is less exposed to diversion, shipping constraints or geopolitical disruption than imported molecules, and over the past decade domestic gas production has been equivalent to around half of UK gas demand on average.

The position for oil is more complex: low domestic refining capacity means the UK exports over 80% of its crude for refining overseas, but around 65% of the volumes produced ultimately meet domestic demand, either through domestic refining or through reimportation as refined products,²¹ reflecting the UK's integration with Northwest Europe's energy system.

What that benefit cannot do is make the UK entirely self-sufficient. Production is projected to continue declining under all scenarios, and even the most optimistic industry projections reflect the reality of a mature basin. This is shown in Figure 2 and 3 below, which is the NSTA production forecasts for oil and gas set against the CCC demand forecast.

Analysis of the latest projections finds that even under a scenario in which we deliver undeveloped and future discoveries, increased domestic

Figure 2: NSTA Projected UK Oil Production – Baseline projections²²

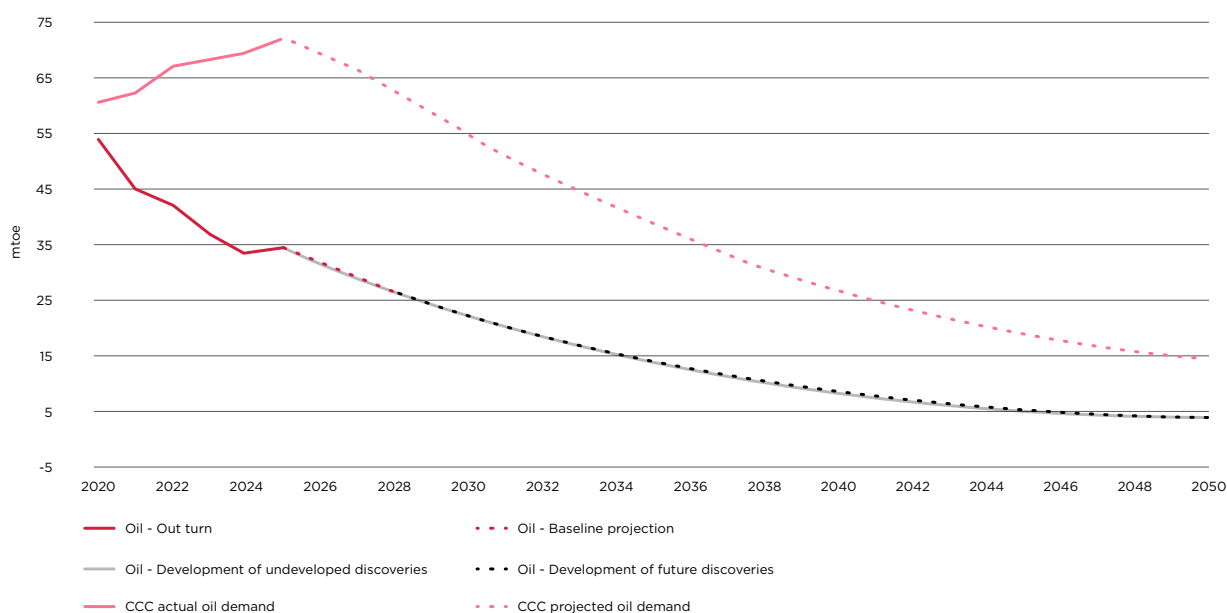
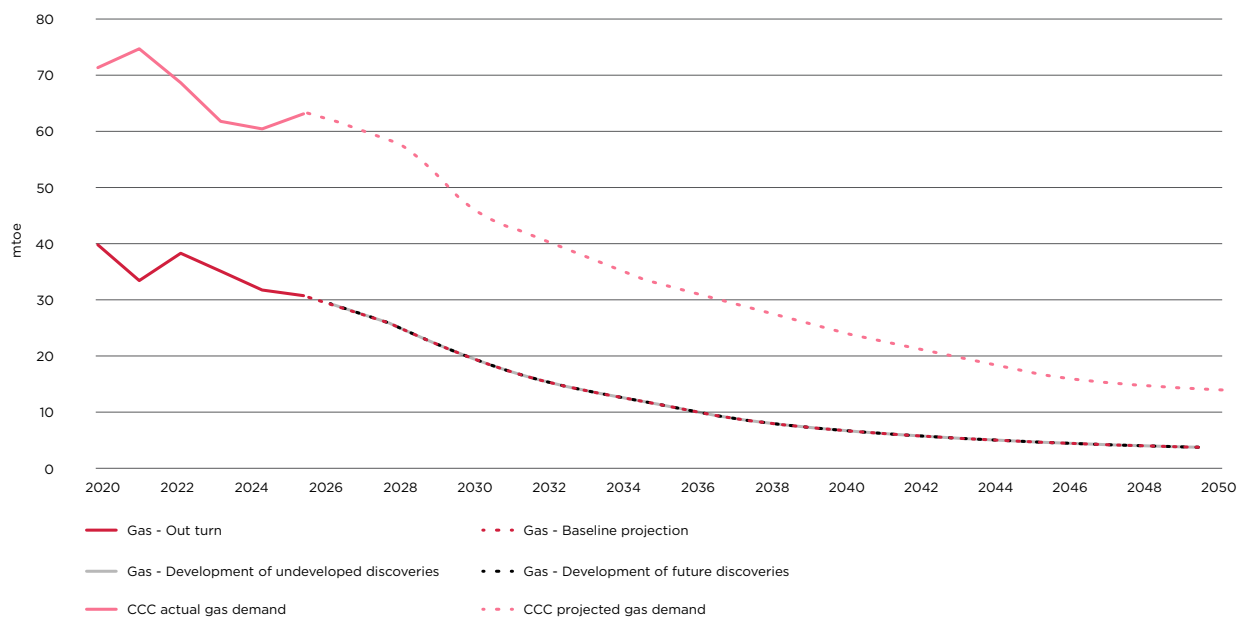


Figure 3: NSTA Projected UK Gas Production – Baseline projections²²



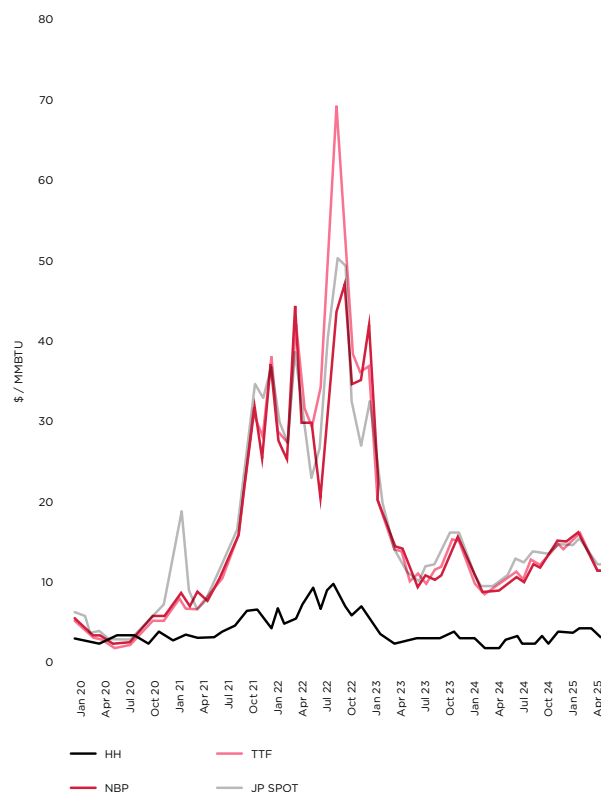
production reduces oil import dependency from approximately 85% to 75% by 2050, and gas import dependency from around 97% to 90%. Under a more permissive policy environment, gas import dependency could fall to 80% by 2050.²³

Whilst this might not seem significant on the surface, a reduction of six to nine percentage points is not negligible; displacing imports at that scale is a meaningful contribution to resilience.²⁴ This is particularly salient in the face of NESO's gas scenario planning, in which the Norwegian Continental Shelf supply is forecast to fall, and compounded by the war in the Middle East, which has exposed the vulnerability of global LNG chains to chokepoints.²⁵ This finding should not be conflated with energy sovereignty, as the UK remains a net importer under every scenario, but continued production can provide some additional security of supply and change the terms on which we look to our import partners.

The same discipline applies to prices, whilst recognised by earlier research to be a lower priority benefit to the public, it remains within the policymakers' discourse. UK crude is priced against the Brent benchmark,²⁶ and the National Balancing Point is part of a liberalised European market that is increasingly exposed to global LNG dynamics, tracking the European benchmark closely, as Figure 4 shows. Any increase in UK production will be too small to move global prices, and even where it displaces imports, UK gas prices would continue to

be set by LNG as the marginal unit of supply.²⁷

Figure 4: UK National Balancing Point and European TTF gas prices



The differential observed in mid-2022 reflected congestion on interconnectors between the UK and Belgium and the Netherlands.²⁸

The evidence suggests that the security value of domestic production lies principally in reducing volume risk rather than price risk, and in the optionality a broader portfolio of sources provides under stress. This is heightened by current geopolitical affairs. Domestic production is most security-enhancing where it can reduce exposure during a period of genuine supply tightness, rather than adding supply only after the relevant risk has passed. The projected glut in LNG has not disappeared, but rather delayed as a result of military strikes,²⁹ meaning that the window in which near-term domestic production offers meaningful security remains open longer than expected. This will narrow further as households, roads and businesses decarbonise and the parameters for energy will change. The right test is whether a given intervention can materially reduce plausible supply risks in a relevant timeframe.

ENERGY SECURITY: THE VALUE OF OUR ASSETS

Alongside security of supply, domestic production also provides security by sustaining the infrastructure through which resources reach the system. However, debate about the relationship between UKCS production and gas infrastructure often misdiagnoses where the principle risk lies. The greatest concern is offshore and midstream infrastructure, particularly trunklines directly dependent on declining basin throughput. By contrast, claims that UKCS decline materially threatens cold-day security of supply or drives major changes in gas transmission investment are more limited, and risk conflating two related but distinct transitions: the decline of UKCS production and the changing role of the gas transmission system.

Impact of falling throughput on offshore infrastructure commerciality

This is a genuine concern which straddles both the energy security and the economic argument. Falling throughput can make shared offshore trunklines uneconomic: four pipeline systems have reserves-to-production ratios of under six, meaning remaining reserves could be depleted within six years at current rates. Two of these are critical for the UK, serving a high number of field entrants,

so premature closure could strand resources well beyond the pipeline owners themselves.³⁰

The chief near-term risk is not physical insecurity on the National Transmission System (NTS) but the premature loss of offshore and midstream infrastructure whose commercial viability depends on throughput. That is still a strategic risk: premature closure of shared trunklines could strand otherwise recoverable resources, reduce entry-point diversity and bring forward decommissioning. Because these systems are interdependent, the effects may cascade across connected hubs rather than remaining confined to a single asset.

John Underhill (2025) has recently highlighted the risks associated with mismanaged infrastructure, particularly when referring to the example of Theddlethorpe in the South North Sea. Here the terminal and the Caister-Murdoch-Schooner pipeline closure resulted in the Ketch field ceasing production leaving the gas stranded.³¹

Domestic production and cold-day resilience

Domestic gas supports security by providing already-landed supply that is less exposed to diversion, shipping constraints and geopolitical disruption. But this value should not be mistaken for automatic cold-day security, nor does falling UKCS inflow at north and east coast terminals translate straightforwardly into a discrete Scottish supply problem. UKCS production is relatively flat baseload supply, while cold-day resilience depends on sufficient volume, short-term flexibility and the ability to move gas to where demand sits.

NESO's assessment suggests the system remains adequately supplied under most severe winter scenarios, with greater vulnerability emerging under N-1 stress conditions, where that severe winter coincides with the failure of the single biggest piece of infrastructure.³² Additional domestic production can strengthen cold-day resilience, but it cannot by itself resolve the system's exposure under more severe stress conditions. Our analysis finds that higher UKCS production³³ could reverse the negative 2030/31 peak day supply margin under the Falling Behind scenario, but would not eliminate the N-1 deficit under either Falling Behind or the 10 Year Forecast. Domestic production can therefore improve resilience margins, but its contribution

depends on the scale and timing of additional supply and does not remove the need for imports or wider system measures.

Changing supply patterns and gas infrastructure investment

Greater reliance on imported LNG and interconnectors means more gas is expected to enter the system in southern England and Wales and flow northwards to centres of demand.³⁴ Work is already underway to ease constraints as supply patterns change. In practice, this involves targeted capability works, including upgrades to existing compressor equipment to maintain capacity under different flow conditions, and changes to site configurations so the network can support northward flows when UKCS supply is lower.³⁵

This should not be confused with a wholesale reconfiguration of the NTS. The NTS is a meshed system, meaning that it is not reliant on any single pipeline or set of pipelines and can be adapted to meet the supply and demand profile of the UK. Additional UKCS production may affect the timing of some investment, but is unlikely fundamentally to alter the scale of this specific programme, because network requirements depend not only on where gas enters the system, but also on where demand is located and the need to maintain capacity under peak conditions.

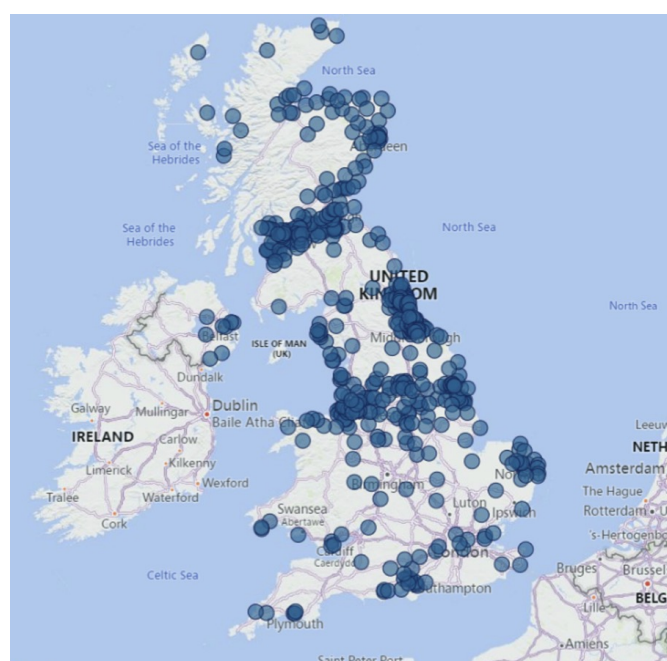
The more direct impact of declining domestic production is on the volume of replacement gas required, and therefore on import and storage capacity. This is where programmes such as West Import Resilience matter.³⁶ The relationship between domestic production and this kind of investment is more direct, but whether additional UKCS production could avoid, reduce or defer it depends on the scale, timing and deliverability of the additional gas.

Taken together, the energy security case for continued domestic production is qualified but clear. Near-term UKCS activity can improve resilience margins and help preserve strategically important infrastructure, particularly where it sustains throughput through shared systems or materially improves deliverability under stress. This supports a targeted approach: prioritising viable near-term production where it can reduce the risk of premature infrastructure loss or strengthen system resilience.

THE ECONOMIC CASE

The strongest economic advantage of domestic production over increased imports is the value retained within the UK economy, the most politically salient element of which is employment. The oil and gas sector supports 115,000 jobs directly and in the supply chain, having lost 25,000 jobs since the last election.^{37 38} Those jobs are spread across the country, but as activity declines particular areas will be disproportionately affected: chiefly Aberdeen and the North East of Scotland, the North East of England and East Anglia, each with a high concentration of supply chain activity.³⁹

Figure 5: Home addresses of the workforce at major energy services businesses operating in Aberdeen⁴⁰



1 IN 4

of the working population in the North East of Scotland is employed in or supports the offshore energy industry.

In Scotland, close to one in 30 of the working population is employed in or supports the offshore energy industry, around 80% of which is oil and gas.⁴¹ In the North East of Scotland the figure rises to one in four.⁴² Aberdeen is particularly exposed: an estimated 17% of employment in the city is based in the sector, and direct employment there declined by nearly a third between 2015 and 2021.⁴³

That value is not only employment. Production generates tax receipts for the exchequer, sustains procurement and investment in the regions where the supply chain is concentrated, and underpins the community and civic investment that follows from a large, well-paid industrial base. Where the sector contracts quickly, all three go together: the jobs, the receipts and the local economic activity built around them.

Reports from Offshore Energies UK suggest that up to £50bn of private additional investment could be unlocked and more than £13bn in tax revenue raised over the next decade if the OGRL is put into place from April 2027.⁴⁴ Whilst the Taskforce is not presenting a specific case for where this should be spent, in the context of public services competing for funding across the UK, it is clear that both the quantum and stability of revenue could be put to good use to help fund priority areas spanning the transition, schools, hospitals, and a mounting defence bill.

This contribution also matters because it underpins the durability of the transition itself. The sector sustains the workforce, the supply chain and the public consent needed to build the North Sea of the future. As our first report warned, the central

risk is a widening gap between North Sea 1 and North Sea 2: oil and gas activity falling away before offshore wind, CCUS and hydrogen are ready to absorb the workforce and supply chain. Decommissioning carries a related risk, where an unmanaged decline takes assets out of use before the end of their useful life, raising costs for industry and for government while removing infrastructure, equipment and skills that could otherwise support North Sea 2.

THE TIMELINE IS THE ARGUMENT

We are not arguing to produce as much oil and gas as possible for as long as possible. Instead, we are presenting the economic case for improved sequencing. Production should decline at a rate that the growth of North Sea 2 sectors and the profile of domestic demand can absorb, so that capability transfers rather than disperses.

That has a direct consequence for how projects are treated. The value of advanced projects is materially different from that of future licensing rounds. Projects that can be brought online in the near- to medium- term future sustain activity and capability during the period when the transition gap is most acute. All future licensing rounds cannot be assumed to do the same: their benefits arrive later and are more uncertain, which makes broad licensing a poor proxy for a proper workforce strategy.

The same logic favours faster routes to recovery from existing assets, particularly tiebacks and, where feasible, the reopening of shut-in wells. Intervention can restore or enhance production, slowing decline, and compared with new drilling it is typically faster, cheaper and cleaner. The regulator has identified approximately 200 wells with potential for reactivation, and within one year 56 wells were successfully intervened, producing more than 8 million barrels of oil equivalent.⁴⁵ Shut-in wells remain at 30% of well stock, well above the 10% target, but not all are viable candidates: some are approaching cessation of production, others require significant intervention to their infrastructure or export routes,⁴⁶ and asset age, water depth and operational loading constrain the options available.⁴⁷ Declining activity also risks becoming self-reinforcing, with less work reducing the equipment and crews available for future interventions.⁴⁸

The regulator's role here is one of stewardship: identifying potential through its Wells Insights work, convening operators and the supply chain,⁴⁹ and compelling operators to justify decisions affecting shut-in production potential.⁵⁰ The remaining gap in intervention activity can likely be closed by removing practical barriers to otherwise commercial activity, and government should ensure those barriers are fed into the North Sea Future Board's supply chain workstream.

Stewardship extends to the carbon footprint of remaining production. Platform electrification will be appropriate where technically and economically reasonable, but the clearer near-term priority is flaring and venting, where the pace of reduction has slowed: the latest Emissions Monitoring Report notes that business-as-usual improvements will not meet the sector's 2040 target of a 90% reduction.⁵¹ Further progress depends on better methane detection and credible penalties. Given evidence that the EU Methane Emissions Regulation may create commercial risks for UKCS exporters,⁵² government should engage EU partners on common and practical monitoring standards rather than adding disproportionate compliance costs to a basin already under pressure.

SKILLS, TRAINING AND WORKER SECURITY

Assuming the economic case is the strongest argument for a managed transition, the workforce is the test of whether it has been managed. In our first report we warned that treating the oil and gas workforce and the green workforce as two distinct groups fails to recognise the transferability of skills between sectors. But transferability in principle does not guarantee transition in practice if pay, geography or employment quality make the move unrealistic.

Unfortunately, these risks are already being realised all too visibly. Renewable jobs often pay less than oil and gas, are less secure, and are not always located where oil and gas jobs are being lost.⁵³ A survey of 100 firms active in the UKCS found almost half reporting staff already leaving the UK, owing to weak confidence, uncompetitive policy and a lack of viable projects.⁵⁴ Robert Gordon University found that over 90% of UKCS workers have medium-to-high transferability to offshore renewables, but that does not mean all can move easily into equivalent roles.⁵⁵ Some will transition, and others will retire. A serious strategy has to extend to those

in between, the group most likely to determine whether the transition is experienced as renewal or as deindustrialisation.

Current policy has begun to address parts of this challenge, particularly skills frictions and information gaps. These interventions are welcome, but they are dispersed across UK and Scottish programmes, industry schemes and regional pilots, and no single body is accountable for whether they add up. The North Sea Future Board (NSFB) should therefore be given explicit oversight of the skills and training landscape: a consolidated view of what is being funded and by whom, published milestones for take-up and outcomes, and the authority to align programmes with the workforce needs identified in the basin-wide plan. Oversight of this kind is what turns a set of schemes into a workforce strategy.

As a first step, a newly empowered NSFB should address the risk that current measures are too slow and too heavily centred on reskilling as the answer to displacement. A credible strategy should combine skills support with income and employment protection for the workers most exposed: time-limited wage insurance for those moving into lower-paid clean energy or adjacent roles, re-employment grants, and early-retirement or income-bridging packages for those unlikely to transition. Other countries have done this. Spain's €250 million Plan del Carbón (agreed with trade unions) offered early retirement to older miners and redundancy payments to younger ones,⁵⁶ and Alberta's Coal Workforce Transition Fund provided time-limited income support during retraining alongside early retirement packages.⁵⁷ Worker security should be treated as a cornerstone of transition strategy, not an optional supplement to skills-matching.

It is also important to keep the workforce pathways open to a wider breadth of job opportunities, aligned with the UK's growth and reindustrialisation plans. Renewable job creation is not keeping pace with oil and gas decline at present, and the next five years represent a critical window to avoid irreversible loss of supply chain capacity and skills.⁵⁸ That makes economic diversification a core pillar of North Sea workforce policy rather than a separate question of regional development – the strategy should consider onshore energy, nuclear, and other large technical/engineering opportunities as a valid and effective career direction for the workforce.



CONCLUSION

The North Sea debate cannot be resolved through false binaries: continued production of oil and gas or a clean energy future. These choices are more entangled than political debate currently allows. The only real choice is between a managed transition that retains value, capability and consent, and a disorderly decline that loses them before the alternatives are ready.

There are three significant takeaways from this report.

First, the debate has stagnated, but the public remains clear that pragmatism is needed if we are to make a success of the transition. That approach respects the role that oil and gas needs to play if it is to support its workforce and avoid further loss of investment at a time when costs are rising and pressure on households and businesses is increasing. It is time that elite rhetoric reflects this reality.

Second, the socio-economic case for continued UKCS production remains strong. Until a significantly enhanced workforce planning and further growth of alternative industries, such as offshore wind, nuclear, CCUS, and hydrogen, is produced, this will remain the case. No single industry will provide for the gap left by oil and gas in its entirety, so protections for the sector should be put in place alongside an acceleration of North Sea 2 developments, with a priority objective to maximise tax revenue and community investment. Whilst domestic production can improve energy security, that benefit will diminish the longer that it takes for key decisions to be taken to the detriment of the transition as a whole.

Third, whilst the Government has taken steps to update the strategic framework for the North Sea transition, it continues to delay decisions on critical issues. The lag time between policy announcements and delivery has been slow, meaning that 'pace' remains the key barrier to delivering a successful transition. The commitments made so far are moving things in the right direction, but these need to be actioned and built upon if the UK is to make the most of its past successes and future opportunities.



Delivery must now match the scale and pace of the problem. The next phase must bring coherence to the system. Therefore, the Taskforce is calling on government to provide:

A new fiscal regime

- Implement the Oil and Gas Revenue Levy (OGRL) in the 2027-28 tax year via upcoming Finance and/or Energy Independence legislation, and end the overhanging threat of arbitrary fiscal change;

Socio-economic security for workers

- Move from skills transferability to worker security, combining reskilling support with time-limited income protection for those most exposed to displacement;

Clear and intentional regulation

- Expedite updates to streamline the regulatory framework, providing a clearer mandate to the NSTA, and other regulators, whilst prioritising faster routes to recovery from existing assets, in particular tiebacks and viable shut-in well interventions;
- Adopt an explicit test for strategic offshore infrastructure based on what an asset enables rather than its remaining production alone, and sequence viable near-term activity around it before considering more active forms of support;
- Strengthen the mandate of the North Sea Future Board, task the North Sea Transition Authority with a single coordinating function across the basin, and clarify how strategic energy planning, marine planning and devolved consenting frameworks will interact;
- Standardise early cross-sector engagement between oil and gas, offshore wind, CCUS, hydrogen and decommissioning, supported by common data principles built on the existing UKCS data portals;

Enhanced energy security

- Maintain sufficient physical gas storage as short-term security insurance while reducing structural reliance on gas at peak through electrification and demand reduction;

Action on climate

- Engage EU partners on common and practical monitoring, reporting and verification standards and push forward with proposals to hold industry to account, including on flaring and venting practices and the already proposed higher penalties;

And for the Scottish government:

- Revise, finalise and adopt the Energy Strategy and Just Transition Plan;
- Integrate the North East's regional economic and skills strategies into a single pathway.

The UK still has a chance to show how a mature oil and gas basin can be turned into a clean energy economy without abandoning the people, places and assets that made it valuable. That is a prize worth the political effort it will take. But the window is narrow, and is narrowing further. If government moves quickly, it can make this transition politically and economically manageable, retaining the foundations of the next North Sea before they are lost.

The opportunity to integrate legacy and new technologies at the outset has been missed, but immediate action can make the most of what remains – protecting workers, supporting communities, and securing the pathway to North Sea 2.



APPENDIX

The authors would like to thank Project Tempo for the use of their extensive pan-European public opinion work on the energy transition. This report reflects the views of the authors and does not necessarily reflect the views of Project Tempo.

View the One Year On report in digital format alongside commentary and the original report here:



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