Securing the UK's energy future:

A framework for growth

Introduction

A thriving domestic energy sector is crucial to achieving the UK Government's economic growth mission. While plans for a green energy future and becoming a 'clean energy superpower' are welcome, it must not be forgotten that the UK already has a successful energy industry which supports 200,000 jobs[1] and is a key pillar of our economy. The upcoming Industrial Strategy presents the Government with an opportunity to not only protect the sector for the long-term, but to re-establish our domestic energy sector at the heart of a framework for growth.

This paper is the product of joint working between Aberdeen & Grampian Chamber of Commerce (AGCC) which is part of the British Chambers of Commerce (BCC) network, Offshore Energies UK and OPITO. AGCC represents over 1,300 local companies of every size and sector and are one of 51 accredited Chambers in the UK which make up BCC, Britain's biggest business network of 80,000 businesses collectively employing over six million people. OEUK is the leading trade association for the UK offshore energy industry representing over 400 businesses. Finally, OPITO is the global not-for-profit, skills authority for energy and safety-critical industries, with over 500,000 individuals trained against its standards and qualifications annually.

Our three organisations have come together to articulate a common vision for the sector. We represent different but complementary perspectives of the industry, from the importance of place-based economic growth to a business perspective centred on competitiveness and a people-focused outlook which seeks to champion a highly skilled energy workforce.

These three pillars – **business, place** and **people** – are the key components of a successful industrial strategy and sit at the heart of the framework for growth which we articulate in this paper. We will outline further supporting recommendations, but our headline asks of Government in the Industrial Strategy to secure the UK's energy future are:

- **Business**: Create a competitive fiscal and regulatory environment that supports domestically produced energy by giving the necessary certainty that will make the UK the place to deploy long-term capital investment in the sector.

- **Place:** Prioritise domestically produced energy through a UK-first approach to energy for relevant projects, that actively supports local supply chains and communities.

- **People**: Develop an integrated UK energy workforce strategy that aligns standards with business need, while promoting compelling career pathways to secure talent for the sector's evolving future.

Our collective offer is to enter into a meaningful dialogue with Government on designing and implementing an industrial strategy which recognises that the UK energy sector has a vital role to play in harnessing domestic resources, driving innovation and supporting critical infrastructure. We hope that the core recommendations outlined above, and the supplementary recommendations articulated throughout this paper, will form a key part of the forthcoming Industrial Strategy.

Aberdeen & Grampian Chamber of Commerce

OEUK

OPITO

Business

The UK faces a defining energy challenge: achieving net-zero emissions while maintaining economic prosperity and energy security in an increasingly volatile world. Domestically produced energy is not an obstacle to this transition, it is the essential foundation for success. The question is not whether Britain should pursue clean energy, but whether it will build that future on existing industrial strengths or sacrifice decades of expertise, infrastructure, and economic value in the process.

The Economic Foundation

The offshore energy sector supports over 200,000 UK jobs and generated £25 billion in economic value in 2023 - representing 1.5% of the entire UK economy. This contribution is five times greater than that of steel production and twice that of automotive manufacturing. Since extraction began fifty years ago, the sector has delivered over £400 billion in taxes, helping to fund essential public services and, more recently, laying the fiscal foundation for clean energy investment.[2]

The Economic Foundation and the Opportunity

According to OEUK's 2024 Business and Supply Chain Outlook, under the right conditions, the UK's offshore sector is prepared to invest £450bn in oil, gas, wind, hydrogen and carbon capture and storage projects by 2040.[3] To unlock this, the private sector needs a stable and predictable environment to invest in, with one-off targeted taxes such as the Energy Profits Levy creating uncertainty and undermining business confidence.

The impact of continued uncertainty is already there to see. ExxonMobil announced (October 2024) that they have made the decision to defer progressing the appraisal of a CO2 store in the English Channel that would have supported Solent Cluster decarbonisation, due to a lack of policy certainty and timelines.[4] The decision by Ørsted in May 2025 to cancel its Hornsea offshore wind project also reflects the growing financial pressure being faced across the UK energy sector.[5] The company cited supply chain constraints as a key factor, emphasising the need for a comprehensive Industrial Strategy that addresses all levels of the supply chain.

Future-Proofing Supply

Britain now imports over 40% of its energy needs, exposing the country to price volatility and supply disruptions, with this figure forecast to reach 80% by 2030 without a significant change in policy direction.[6] Our energy prices consistently exceed those of international competitors, undermining industrial competitiveness. Every barrel of domestic oil and every cubic metre of UK sourced gas reduces import dependency, retains energy revenues within the UK economy, supports jobs and enhances supply security during this critical transition period. The recent closure of the Grangemouth Refinery demonstrates the consequences of failing to support domestic energy production - immediate job losses, industrial decline, and increased import dependency. What takes decades to build can be destroyed in moments. This has been reinforced by a recent report from the Robert Gordon University which forecasts that the specific UK oil and gas workforce is forecast to fall from 115,000 in 2024 to between 57,000 and 71,000 by the early 2030s.[7]

However, given the UK's industrial heritage, best-in- class workforce and leading research and development capabilities, we can protect these sites of national importance by engaging levers entirely within our own control.

Industrial Renaissance

Reliable, affordable domestic energy enables British manufacturing to compete globally. Vital growth sectors including steel, chemicals, ceramics, defence, life sciences, and artificial intelligence all depend on competitive energy costs. From Lerwick to Lowestoft, Birmingham to Belfast, energy-enabled industrial regions can drive genuine economic prosperity across the UK through private sector investment.

Supporting the UK oil and gas sector is not about choosing the past over the future - it is about ensuring Britain has the industrial foundation, skilled workforce, and energy security necessary to lead the global transition to clean energy. The alternative is deindustrialisation, unemployment, and the permanent loss of strategic capabilities that cannot easily be restored.

Key recommendations

1. Remove the Energy Profits Levy and replace it with an internationally competitive fiscal regime by 2026.
2. Continue to award oil and gas licenses to support responsible domestic production and retain infrastructure.
3. Ensure that all Government targets for the energy sector are underpinned by credible, co-developed delivery plans, designed in partnership with industry and investors.

How to restore investor confidence

Replacing the Energy Profits Levy with an internationally competitive fiscal regime will help restore investor confidence and ensure the UK is seen as a stable environment for long- term energy investment.

The Government must recognise that unpredictable, politically driven fiscal interventions discourage the kind of capital-intensive, multi-decade investments that are critical to the UK's energy security and clean energy ambitions.

The future of licensing

Awarding oil and gas licenses to support responsible domestic production and retain infrastructure, allows the UK to reduce its reliance on imported energy while still progressing towards net zero.

The North Sea can meet more of the UK's energy demands. The 7th Carbon Budget of the Climate Change Committee confirms that the UK still needs 15 billion barrels of oil equivalent as we move towards net zero by 2050.[8] Currently, only 4 billion of that is forecast to be produced domestically, though that number could increase by an additional 3 billion, according to the Offshore Energies UK Business Outlook Report 2025 through maximising economic recovery from the North Sea. This can unlock much needed economic growth and an additional £150bn of GVA across the period.[9] Gas produced in the North Sea, is at least 4 times less carbon intensive than imported LNG and as such, maximising the North Sea production makes global climate as well as economic sense.[10] Domestic production that outperforms imports on emissions intensity is not a compromise, but a strategic advantage. It retains economic value within the UK, safeguards skilled employment, and allows for a phased transition in a way that complements, rather than competes with, clean energy expansion.

Working with business to deliver change

Ensuring that Government targets are underpinned by credible, co-developed delivery plans will accelerate implementation and help de-risk private investment. Too often, ambitious targets have not been matched by realistic timelines or concrete policy pathways. Involving industry and investors from the outset in target-setting and delivery planning fosters trust, encourages innovation, and ensures that Government policy is grounded in operational reality. This collaborative approach will position the UK as a global leader in the energy sector, balancing environmental ambition with economic pragmatism.

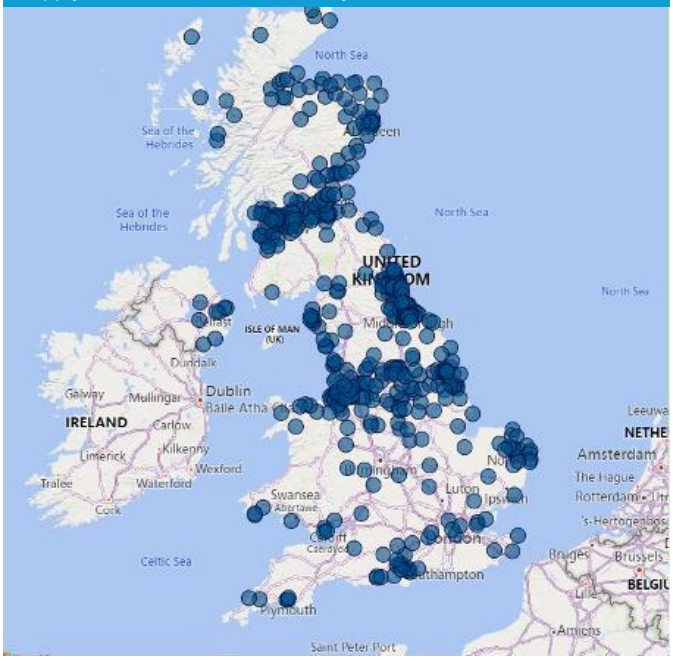
Place

The UK's energy sector is a vital driver of regional economic growth, supporting jobs and investment in communities across the country. From Aberdeen's global energy hub to coastal towns like Great Yarmouth, the sector underpins prosperity across the British Isles.

A Nationwide Industrial Footprint

Across England, Wales, and Scotland, energy businesses are deeply embedded in local economies. In regions like the North East of England and Tyneside, and in Wales - home to South Hook liquefied natural gas terminal, the largest LNG terminal in Europe - the industry sustains regional supply chains and infrastructure. Across the UK, these localities are central to national energy resilience.

Fig 1 – Distribution of workforce of major Aberdeen based energy supply chain business - sourced by AGCC



However, as investment shifts and production slows, the economic prospects of many of these regions are at risk. Across England, businesses, such as MMI Thornton Tomasetti, based in Bristol and Warrington, which provides specialised engineering, safety, security and risk management services to the energy sector, form a critical part of the energy supply chain. Companies such as MMI Thornton Tomasetti are a central part of the UK energy supply chain. Unlocking the full potential of these places is essential to growing the UK's energy sector as part of a balanced and resilient economic future.

Economic Impact of Decline

However, the decline in the UK's energy sector risks the economic prosperity for the regions that most rely on this crucial industry for local employment and prosperity. Decades of economic activity created by the energy sector has driven a specialised economy with a highly skilled workforce. Aberdeen and the wider North East of Scotland clearly epitomises the regional impact of the energy sector.

As production has slowed and investment has shifted, the region has faced rising unemployment, reduced contractor activity, and knock-on effects across local businesses - affecting everyone from hotel and restaurant staff to tradespeople and taxi drivers. The most recent survey of businesses in the North East of Scotland demonstrates the impact of this. In a recent survey of UK businesses, when asked over the next 12 months if a business believes their profitability will improve, remain the same or decrease, 46% of North East Scotland businesses said their profitability will worsen, 14% higher when compared to data of the whole of the UK.[11]

These impacts are echoed in other parts of the UK where the sector once provided stable employment and economic security. The direct loss of high-quality industrial jobs is compounded by indirect effects on supply chains, local tax revenues and consumer spending. Without proactive planning by Government to manage these impacts and support the sector, these regions risk economic stagnation, widening regional inequalities and the erosion of place-based industrial identity, repeating the mistakes of the past, such as in former coalfield communities.

A Strategic Opportunity

To counter this, the UK must adopt a strategic, place-based approach to revitalise the sector and protect the communities that have powered the nation for decades. We recommend three key recommendations:

Key Recommendations

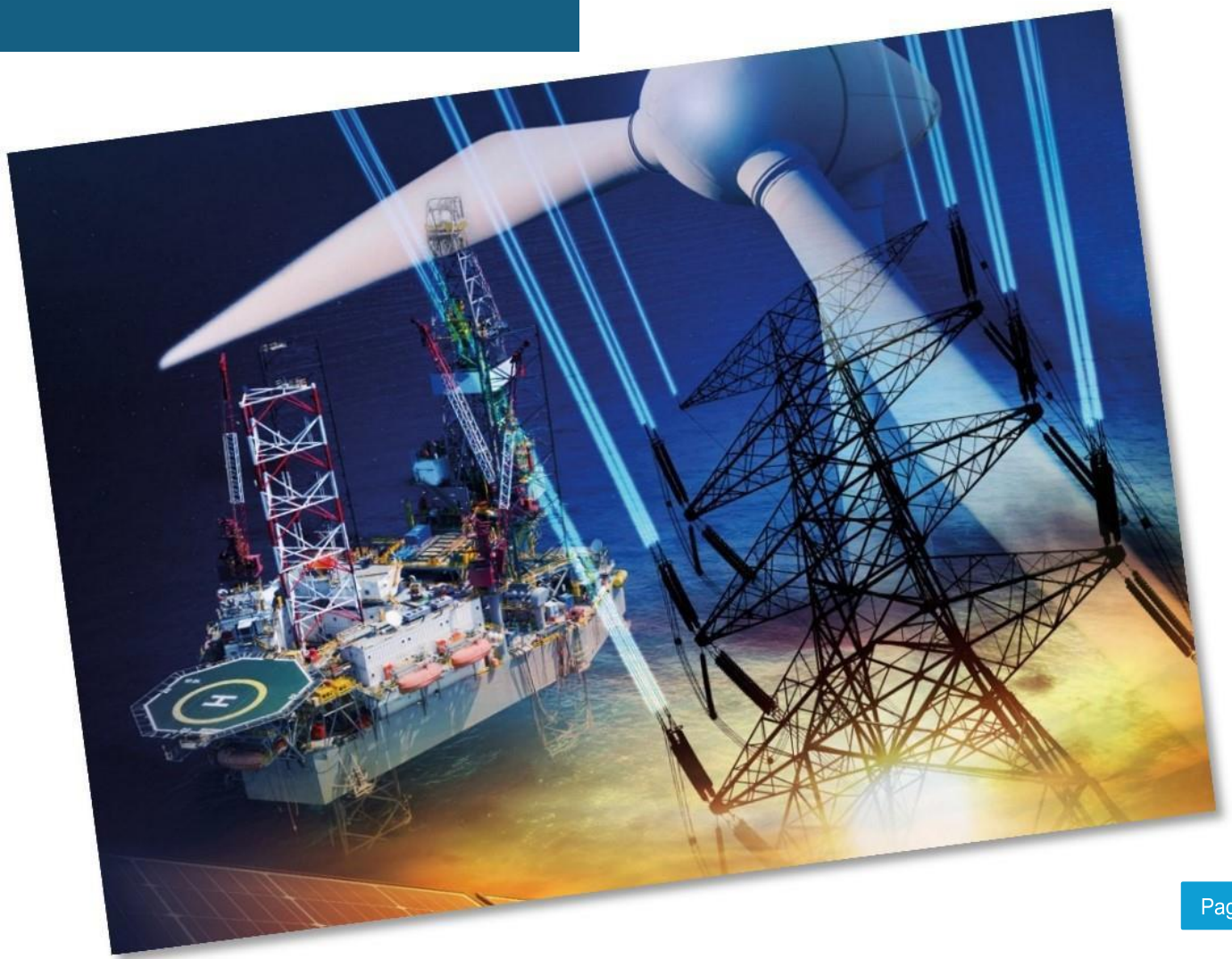
1. Put domestically produced energy at the heart of the industrial strategy and enable a domestic first approach for all UK related projects.

2. Implement a new Domestic Energy Mission Control, to bring together various forums and councils, regulatory bodies, UK and Devolved Governments and departments, to provide a truly integrated approach.

3. Champion and invest in UK energy regions, recognising the integrated nature of their economies, supply chains, workforce, and infrastructure.

Unlocking Local Potential

These recommendations offer both strategic and practical advantages for strengthening the UK's energy sector and ensuring long-term economic resilience. By prioritising domestically produced energy within the UK's industrial strategy, the Government can reduce dependency on volatile international markets, enhance national energy security, and retain greater control over pricing and supply. "A "domestic first" approach, whereby key projects in the UK's industrial strategy and infrastructure pipeline will be expected to utilise domestically-produced energy in the first instance wherever possible, will not only stimulate local energy production but also catalyse investment in British manufacturing, engineering, and innovation, supporting thousands of jobs and enhancing the competitiveness of UK-based supply chains.



Coordinating for Impact

An Offshore Energy Mission Control should bring together the governance structures of the North Sea Transition Forum and the Offshore Wind Industry Council (OWIC), working collaboratively with other relevant agencies, regulators, and governments. This unified body would be responsible for developing and delivering an overarching plan for the North Sea transition, one that aligns oil, gas, wind, and emerging technologies such as hydrogen and carbon capture. By integrating these efforts, the Mission Control can provide strategic direction, accelerate decision-making, and ensure that both industry and governments are held to account for progress. The British Chambers of Commerce's North Sea Transition Taskforce also suggested a similar coordinated mission-led approach centred around a governance committee, ensuring that all relevant Whitehall departments.[12] A single coordinating structure, such as our suggested Offshore Energy Mission Control will reduce duplication, drive coherence across policy and investment, and unlock the full potential of the UK's offshore energy sector.

Backing Energy Regions

Championing and investing in the UK's energy regions is not only an economic imperative but also a politically viable approach that aligns with the Government's goal of driving economic growth and fostering regional prosperity. With targeted investment and policy support, these regions can lead the transition to a low-carbon future while anchoring high-value industrial activity within the UK. Supporting these communities is also essential to maintaining public and political backing for the energy transition, ensuring it is not seen as a threat to livelihoods, but as a source of renewed opportunity. Without the necessary regulatory and fiscal environment these communities' risk long-term economic decline, job losses, and missed opportunities to anchor the energy sector in places that have powered the UK for decades.

The alternative is that history repeats and we create economic blackspots that require decades and billions of subvention to attempt to regenerate and reinvent them, when actually this is not necessary.

Looking Abroad for Inspiration

Together, these actions form a coherent framework that is both pro-growth and deliverable. They offer a clear path for government to harness the UK's regional strengths, secure its energy future, and deliver meaningful economic renewal in areas that have long powered the nation.

Other countries are already doing this. Norway and the UK both have the same net zero targets, have similar oil and gas reserves and similar workforces. Nevertheless, Norway's continued investment in its offshore sector and workforce is creating long-term transition pathways. The clear message from their Energy Minister is that they "stand with industry…. when cutting emissions from oil and gas, it's investment, not dismantling" that is required.[13] In return this support from Government has attracted investment, such as Baker Hughes investing in a new advanced oilfield equipment facility in Stavanger.

The UK must be equally ambitious in supporting the places that hold the key to our energy future.

People

The UK's energy sector remains critical to the national economy, providing 200,000 jobs. The sector's people are vital to the future supply of domestically-produced energy. Retaining these jobs and providing careers for future generations is of significant importance to the UK's economy and energy security.

The sector is having to navigate some of the most complex and technical challenges the country faces. For the sector, and in turn the country, to succeed, we need a workforce that is well equipped to take on these challenges. From project managers, engineers, communicators and technicians – all will play an important role in building a modern energy system fit for the 21st century and beyond.

A Disappearing Workforce

According to OEUK there were 121,000 direct and indirect jobs in the UK's oil and gas sector in 2023, a 51% fall compared to 2014.[14] Skilled workers are leaving the UK in search for more secure opportunities in places such as the Middle East, Africa, Australasia and the Americas. The extent of this decline has been caused by the lack of supportive Government policy.

As a result of this decline, the UK's world class supply chain is looking overseas for the work that can sustain their businesses. Some companies are failing. This is supported by data from AGCC's 41st biannual Energy Transition survey of UK companies working on the UK Continental Shelf. Currently 60% of activity is in the UK North Sea and 40% international. This flips by 2030 with 55% of work expected to be overseas by that point. 30% of businesses forecast that their North-east Scotland based workforce will decline over the next five years. The report presents further evidence of industry being 'offshored' with 65% expecting that overseas headcount will increase in the same period.[15]

Without urgent intervention, the UK faces a widening skills gap in the energy sector - jeopardising investment, slowing progress on decarbonisation, and undermining our ability to produce secure and affordable domestic energy.

A lack of coordination, fragmented training routes, and inconsistent regional policies all contribute to this challenge.

The UK needs to ensure that the energy sector can train, retain and attract the people it needs to thrive. To do this, we believe the Government must implement three key recommendations:

Key Recommendations

1. The UK Government must help promote a positive, unified and forward-looking narrative for the UK energy sector, one that highlights the sector's diversity and long-term career opportunities, to retain and attract the talent it urgently needs.

2. Recalibrate the education sector to deliver the skills to create a robust talent pipeline - from universities and vocational colleges, to professional standards and qualifications - to achieve our national energy ambitions.

3. Better align and harmonise the existing energy skills landscape by improving coordination across devolved nations and enacting supportive policies.

Laying the groundwork

Recalibrating the UK's education landscape is essential to systematically developing the skilled workforce needed to achieve national energy ambitions. By aligning curricula, qualifications, and training pathways with the evolving needs of the energy sector, the UK can ensure a consistent pipeline of talent. Higher and further education institutions are struggling to recruit the necessary staff, largely due to the funding challenges they are facing. Since 2010, total college income in England has fallen by approximately 30% in real terms, driven by cuts to public funding. Between 2010/11 and 2022/23, funding for 16-19 education dropped by nearly a quarter, and adult skills funding was cut by more than half.[16] A similar picture emerges in Scotland, with a continued fall in direct public funding per student for Scottish universities. In the academic year 2024/25, Scottish universities received 22% less per student than in 2013–14. More than half of this fall has been over the last three years.[17]

The funding crisis has severely impacted staff recruitment and retention. College lecturers are now paid approximately £7,000 less than schoolteachers on average, leading to difficulties in attracting and retaining qualified staff.[18] Providing the much-needed funding will help them recruit and update their curriculums to meet the changing needs of the sector. Further, deepening collaboration between industry and education providers will also help embed real-world requirements into education frameworks, while maintaining agility to adapt to emerging technologies such as hydrogen, CCUS, and offshore wind. This comprehensive approach will future proof the workforce and support the UK energy sector.

Implementing a systemic approach to energy sector skills will ensure the UK can meet both current and future demands of a transitioning energy landscape. By better aligning training standards across the UK and deepening collaboration between industry and education providers, the country can build a robust pipeline of skilled workers.

This approach will allow training programmes to remain agile and aligned with technological advances, enabling quicker adaptation to new energy forms such as hydrogen, CCUS and offshore wind.

Building the brand of the sector

The current narrative surrounding the sector is unhelpful in attracting talent. A recent report from the International Association of Oil and Gas Producers stated that 62% of Gen Z and Millennials find a career in oil and gas unappealing.[19] Promoting a unified and inspiring narrative for careers in the energy sector is essential to attracting the next generation of workers. By repositioning the energy sector as forward-looking, diverse, and central to solving climate and energy challenges, the Government can help shift perceptions and attract skilled individuals who might otherwise overlook the sector. This narrative must be backed by action: showcasing success stories, offering career progression pathways, and integrating energy topics into education.

A smarter skills landscape

Better alignment across the UK's fragmented energy skills landscape will also reduce duplication, improve policy clarity, and help employers and trainees navigate pathways more effectively. Government can play a key convening role here, coordinating with devolved administrations and industry bodies to set shared goals, align qualifications, and create portable skills that work across energy sub-sectors and geographies. This kind of practical, low-cost intervention will help retain domestic grown talent, reduce training inefficiencies, and restore confidence in the UK as a global centre for energy excellence.

Global lessons

Providing the sector the clarity and support to train, upskill and reskill workers will be key to the success of the UK energy sector. In the UK, the Integrated People and Skills Strategy, part of the North Sea Transition Deal, has already achieved success and is recognised globally as an exemplar, including in countries such as Malaysia. However, sustaining this success requires continued endorsement and support from the Government.

Looking around the world, the UK can learn from global best practice. Singapore has demonstrated how an ambitious and resourced skills strategy can provide industry with the resources it needs. Singapore's *SkillsFuture* initiative has transformed lifelong learning[20], by providing well-funded training programmes to allow workers to transition into growing sectors, such as chemical production or renewable energies. Singapore also provides sector specific frameworks within their version of an Industrial Strategy, which are continuously adapted in light of the changing energy market. Following suit would provide the sector with a much-needed flexible strategy. Singapore offers a blueprint for success the UK should adapt to its own energy sector. The UK energy sector will only succeed if underpinned by a workforce with the right capabilities. By delivering clarity, coordination, and investment in skills, the UK can not only safeguard its energy future but create thousands of secure, high-value jobs in the process.

About AGCC, OEUK and OPITO

Aberdeen & Grampian Chamber of Commerce (AGCC)

AGCC is a business support and economic development organisation which sits at the heart of the North-east of Scotland business community. They create the connections which grow the local economy through events, policy work, news platforms, research, training and international documentation services. AGCC has over 1,300 member organisations who collectively employ over 100,000 people in the region. It is part of the wider British Chambers of Commerce network.

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Offshore Energies UK (OEUK)

OEUK is the leading trade association for the UK offshore energy industry, a not-for-profit membership organisation with a history stretching back five decades. OEUK champion the energy industry to Governments, policymakers and the wider public, informing understanding of our industry's role in the UK's energy transition.

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OPITO

Operating for over 50 years, OPITO is an industry-owned organisation that works with Governments and industry worldwide. OPITO drives consistency and safety compliance across global standards and qualifications, creating workforce development solutions. OPITO is a global leader in energy workforce safety, leading the skills focused dialogue with international Governments as our industry prepares to meet Net Zero targets.

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