



UKCS SKILLS SHORTAGE & SOLUTIONS
AUGUST 2013

TM
ten live
Oil&Gas

PROVIDING PEOPLE POWER

1. Understanding The UKCS Skills Shortage

The UKCS is experiencing a boom, with substantial reserves still to be recovered and record levels of current and future investment reported (see Appendix 1). This represents many opportunities, but also challenges, a major challenge being the mass skills shortages, particularly of engineers, drilling specialists, HSE specialists, subsea specialists, project engineers and geoscientists (see Appendix 2).

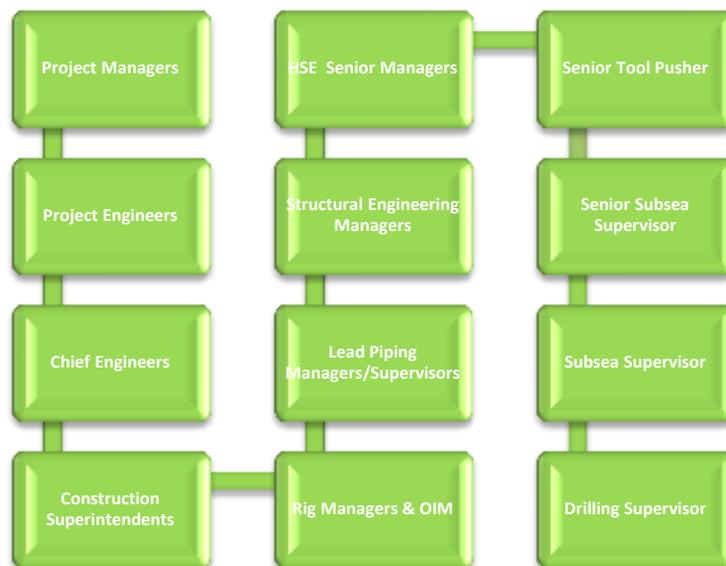
40,000-50,000 new jobs could be created in 2013 (1) and an additional 120,000 staff which will need to be recruited over the next 10 years (2.) This is exacerbated by the large numbers of skilled workers nearing retirement. There is therefore a current urgent & future demand for skilled workers in the UKCS. Major projects cannot come to fruition without the relevant skills and experience to ensure effective delivery of those projects.

2. A Solution For You

ten live are a global resource provider in the Energy sector. We have built up our experience and excellent reputation in the Energy sector, starting off with a global temporary power organisation to become their preferred supplier.

Expanding to servicing other clients in the Energy sector, key clients also include specialists in offshore handling systems, offshore drilling contractors and renewable energy companies.

As a result, we have been highly successful at attracting and building up a pool of UK Oil & Gas personnel looking to work onshore and offshore in the UK;



(1) <http://www.bbc.co.uk/news/uk-scotland-scotland-business-21003704>

(2) <http://www.oilandgaspeople.com/news/719/north-sea-oil-and-gas-industry-needs-to-recruit-120000-new-staff-as-retirement-crisis-looms/%20may%202013>

3. How We Work With Our Clients

Our clients work In partnership with Ten Live via our Engage© programme, a framework to aid staff attraction & retention;



A Solution For Our Client - A Global Energy FTSE 100 Temporary Power Organisation, No.1 In Their Field

Challenge	Solution	Client Outcome
<ul style="list-style-type: none"> Initially to source low-volume; engineers, testers & inspectors which rapidly increased to 100+ 	<ul style="list-style-type: none"> Client highly impressed by quality of candidates sourced & Ten Live’s ability to deliver. We achieved this through: <ul style="list-style-type: none"> -Our 3-step resource management programme (1) -ISO and our Engage© programme(2) -100% excellence in Legal & Compliance, Client Services & Processes (3) 	<ul style="list-style-type: none"> Awarded preferred supplier status Scotland: Increased to 100+ Contractors weekly skilled & unskilled including Testers, Engineers, Inspectors Globally : expanded to MENA & Australia Pacific ,Norway, US & South America /Brazil Plus Senior Executives : Source & Place Senior Executives in Permanent roles : Procurement / Supply Chain/HR/Total Production Maintenance & Continuous Improvement

Our Client; “We have developed a strong business partnership with Ten Live based on the excellent customer service, quality of staff and overall professionalism they provide. Ten Live are now a key supplier of agency staff and were significant in supporting our recent production volumes which were the highest in the company’s history. We look forward to a continuing strong relationship with Ten Live”.

1. <http://www.tenlivegroup.com/why-ten-live/our-method>
 2.Managed via Engage© our ISO Quality Management System
 3.100% excellence in Legal & Compliance, Client Service and Operational Process audit by an external auditor , March2013

4. Your Recruitment Alliance With

Our Commitment To You;

- **Full project resource solutions for the Oil & Gas industry** and specialise in resourcing skilled, semi-skilled and unskilled staff globally for a **wide range of roles** - from senior executives, project managers and senior engineers to assemblers, technical trades and supply chain operatives



We have immediate access to a global pool of highly-skilled personnel in Oil & Gas and in a range of other sectors with the transferrable skills & experience which can be easily integrated into Oil & Gas

- **Recruitment consultants who specialise in the Oil & Gas industry**, allowing us to focus on your needs. By working in partnership with you to fully understand your requirements, we are able to find the best candidate for your organisation and can tap into a **global resource network of personnel in Oil & Gas and from a wide range of other sectors with transferrable skills to meet your resourcing requirements**
- Experience of **successfully resolving many global staffing issues** and placing highly sought-after workers into roles for our global Energy clients in the UK, Australia, Gulf Arab States, Asia and Pakistan. We understand the nature and mobility requirements of the globalised Oil & Gas workforce and have many years' experience in resource management solutions, particularly in the area of skilled temporary migration
- **Customer-centric, cost-effective staffing solutions**
- **In-depth market understanding**
- Global coverage - we are **based in the UK (Scotland) and operate worldwide**, backed up by a network of contacts and local partners. This provides us with local on-the-ground knowledge and means we are closer to our customers across the globe
- **A level of service that exceeds customer expectations.** We work as a team with integrity, dedication and accountability to achieve results



APPENDIX 1 - A bright future for UKCS in 2013

At **ten live** we understand that the UK Oil & Gas industry is experiencing a resurgence in growth, with substantial reserves still to be recovered, record level of investments announced and is looking to the future with renewed optimism.

The recent annual 18th **Aberdeen** Oil & Gas Survey showed that the Oil & Gas industry there is in good health with capacity being utilised, high employment, higher than average wages, increasing workforce and optimism about the near future (1).

Future reserves, income & investments

We know that there is still a further 15-24boe to be gathered from the UKCS with a life of about another 30 years (2), that tax revenue projections (2013-2018) have been forecast at between £48.1bn (3) and £31.3bn (4) and that huge multi-million pound investments are planned for the UKCS;

- **Future investments planned for UKCS total £100bn* with £14bn planned for 2013, up from £11.4bn in 2012** which was the highest for 30 years (5) and that “there will be a surprisingly high level of activity over the next few years, with a number of major field developments underway or planned, notably in the West of Shetland area” (6)

Along with recovering remaining UKCS Oil & Gas reserves, key areas of opportunity include **supply chain**, **decommissioning** UKCS Oil & Gas facilities and **shale gas** (see our UKCS Market Review).

The Challenges

ten live however, also understand that there a number of challenges to overcome to ensure forecasted growth of the UCS is realised and remaining UKCS reserves are recovered;

1. Oil price volatility
2. Increasing operating costs; trebled between 2005 and 2012 for mature assets (7)
3. The right fiscal environment is crucial to ensuring investment in E&P continues in the UKCS e.g. tax relief for decommissioning as announced by the Treasury in March 2013 budget
4. The maturity of the UKCS itself presents many challenges to the recovery of remaining UKCS Oil & Gas reserves; ageing infrastructure, reduced probability of large finds, increasing focus on technically more challenging reservoirs, competition from frontier areas elsewhere offering greater returns on investment
5. For smaller companies access to capital and finance remains a challenge for smaller companies
6. A growing need for infrastructure improvements in Aberdeen
7. Scottish government and UK government strategies cite “.....the availability of sufficient skilled workers is seen as one of the biggest challenges the industry faces..... a major threat to the overall competitiveness of the sector...”(8) see our UKCS Market Review



(1) Aberdeen & Grampian Chamber of Commerce, Oil & Gas Survey, 18th Survey: Published May 2013

(2,) Economic Report 2012, Oil & Gas UK

(3) Oil & Gas Analytical Bulletin (March 2013) <http://www.scotland.gov.uk/Resource/0041/00416072.pdf>

(4)http://cdn.budgetresponsibility.independent.gov.uk/2013-FSR_OBR_web.pdf (5) (<http://www.dana-petroleum.com/Media-centre/Press-releases/2012/WIDP-update/>)

(6)<http://www.bbc.co.uk/news/uk-scotland-scotland-business-20759974>

(7) <http://www.heraldscotland.com/politics/referendum-news/snp-accused-of-madness-to-base-separation-case-on-oil.21634345>

(8) UK Oil & Gas | Industrial strategy: government and industry in partnership March 2013

APPENDIX 2 - UKCS Skills Crisis



The UK Oil & Gas industry supports c.440,000 jobs across the UK, with 7% directly employed by Oil & Gas companies,

47% employed in the wider supply chain with 45% employed in Scotland (1).

Between 40,000 and 50,000 new jobs could be also be created in 2013 as a result of the recent boom (2).

Furthermore, with more than 44% of the UKCS workforce aged over 45 years of age and many already hitting retirement age, **the industry will need to recruit and train 120,000 new staff in the next 10 years** if they are to fill the gap as workers retire and boost economic recovery and the onset of shale gas exploration will also boost jobs across the UK. (3)

This increase in jobs will only exacerbate the already serious skills shortage and demand for qualified staff is set to reach an all-time high. Lack of skilled workers is one of THE major barriers to growth faced by companies operating in the UKCS today.

A 2013 survey of Oil & Gas companies showed that **70% are "struggling" to recruit quality candidates.** The survey also revealed **mass skills shortages** across the industry with;

- 25% of companies failing to find enough **engineers**
- 38% of companies failing **drilling specialists**
- 75% of companies failing **subsea specialists**
- 37% of companies failing **HSE specialists**
- 65% of companies failing **project engineers**
- 25% of companies failing **geoscientists** (4)

ten live understands that along with an increase in demand for engineers and drill crew there will be major increases in demand for staff in the service sector which supports the industry and there will be a rise in the need for highly qualified and experienced staff in

the 35-49 age range with 8 to 15 years' experience. This is backed up by an industry survey by OPITO which identified talent as the primary challenge, with major shortages reported in project management, senior managerial and specialist engineering positions (6).

Also, whilst the larger operator and supply chain companies have not encountered a shortage of apprentices or graduates applying to join them, smaller SMEs have not found this to be true and struggle with a shortage of high calibre graduate candidates. (7)

Skills Shortage – Implications

The skills shortage has resulted in;

- A disastrous wage inflation situation in the UK; in Aberdeen the average salary is £64k and contractor day rates which were once £400/500 a few years are now easily £700/£800. Historically companies have tended to bid up the price of labour currently available instead of investing the time in fully training a new entry level employee. This short term approach to tackling the issue has increased the costs of operating in the UKCS. Anecdotal evidence suggests that widespread use of subcontracting and limited company status is exacerbating these impacts.(8)
- Employee churn. With a limited talent pool competition is high and employers have adopted recruitment aggressive practices and it has become the norm for skilled workers, such as engineers to go from company to company.
- Projects being delayed. Lack of sufficient skilled workers has impacted on project schedules, costs, projects being delayed, leading to wider concerns over reliability of supply and therefore higher prices. One industry source has said that the difficulty in finding senior workers has resulted in some junior inexperienced staff at times being in charge of projects with projects not being adequately fulfilled.(9)

(1) Source: 2011, UKCS Workforce Demographic Report <http://www.oilandgasuk.co.uk/cmsfiles/modules/publications/pdfs/EM010.pdf>

(2) <http://www.bbc.co.uk/news/uk-scotland-scotland-business-21003704>

(3, 4) <http://www.oilandgaspeople.com/news/719/north-sea-oil-and-gas-industry-needs-to-recruit-120000-new-staff-as-retirement-crisis-looms/%20may%202013/>

(5) Review of the UK Oilfield Services Industry 2012 Ernst & Young

(6) Oil & Gas Strategy 2010-2020 Scottish Enterprise on behalf of the Oil & Gas Industry Leadership Group

(7) UK Oil & Gas | Industrial strategy: government and industry in partnership

(8,9) <http://www.bbc.co.uk/programmes/b01sjhd1> The UK Boomtown: North Sea industry suffers staff shortages, May 2013

APPENDIX 3– Gov & Industry Solutions To The UKCS Skills Shortage

Government Initiatives

For years, despite foreseeing a looming labour skills shortage, successive governments and the Oil & Gas industry have failed to implement adequate policies and measures to tackle the issue to develop sufficient levels of manpower.

A 2012 survey of 150 Oil & Gas supply chain companies highlighted **training and raising the profile of the industry** as key factors to resolving skills shortage;”it is imperative to raise the industry profile to make it more visible and positive.....””attracting new talent to join the industry is deemed to be key, with apprenticeship programmes and commitment to training vital for the future of the industry (1)

Today, the UKCS skills shortage is now at the top of the agenda for both Scottish & UK governments & training and improving the profile of the industry a priority;

UK Government Initiatives March 2013

Priority aim; “...to support a dynamic supply chain which sustains high quality jobs in the UK through meaningful collaboration between the government & industry” ;

- Projects are underway to develop and match the skills needed within the industry and see how future or existing programmes can help address the skills shortage of mid-level career engineers
- Re-training military leavers & from other industries - the government and industry is looking at establishing a national programme to retrain ex-military personnel and from other industries with the relevant transferable skills to enable them to be redeployed in the Oil & Gas industry
- Encourage gender diversity in the industry by encouraging women to take up STEM subjects, including a specific event at Offshore Europe to attract women to the sector (2)

(1) Review of the UK Oilfield Services Industry 2012 Ernst & Young

(3) <http://www.oilandgaspeople.com/news/704/government-eases-tough-immigration-rules-to-help-skill-up-north-sea-oil-and-gas-industry/>

(2) <https://www.gov.uk/government/publications/uk-oil-and-gas-industrial-strategy-business-and-government-action-plan>

(4) Oil & Gas Strategy 2010-2020 Scottish Enterprise on behalf of the Oil & Gas Industry Leadership Group

(5) <http://www.bbc.co.uk/programmes/b01sjhd1> The UK Boomtown: North Sea industry suffers staff shortages, May 2013

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Other UK Government

The UK government relaxed migration rules on employing engineers from outside Europe in March (3)

Scottish Government Initiatives 2012

Skills have been identified as one of 6 problem areas for the Oil & Gas industry by Scottish Enterprise as a “.. strategic priority for action .. strengthening our supply chain and **enhancing our skills base**.. “. This includes;

- Investment in marketing/promotion of key messages about the long-term nature and variety of career opportunities that the industry offers to young people of Scotland & ensuring the message of Scotland as an attractive place to live and work is communicated on a global level
- Developing programmes to recruit people outwith the industry with transferrable skills and experience, especially where redundancies have recently taken place such as the military [by Opito, Oil & Gas UK, Subsea UK and key company leaders]
- Review of skills requirements/ training courses by Support Skills Development Scotland [OPITO, Universities and Colleges with input from industry] (4)

Company Initiatives

AKER Solutions announced 500 new jobs in addition to its 2800 existing staff in May 2013; “we need to be creative – traditional sources have not dried up completely, but we have brought in ex-forces personnel, especially from the air force.....we are looking at police conversion programmes, extended graduate apprentice recruitment programme and looking at other industries, construction, aeronautical, automotive.....” MD Aker Solutions May 2013 (5)

About Ten Live

Ten Live is an international recruitment and resource management company with over 60 years' combined experience in the recruitment sector, the expertise and the commitment to work together with the Oil & Gas industry to find the right recruitment and retention solutions to ensure success.

With our roots in Scotland, Ten Live operate across the United Kingdom, MENA, Asia Pacific, Africa, the USA and Australia.

Officially one of the Top 90 companies in Scotland.

We offer a range of specialist recruitment and resource management services in Energy, Telecoms and Logistics markets – not only recruiting but ensuring staff are fully trained prior to joining your organisation. Ten Live go above and beyond simply placing a candidate; we work continually with them, providing training to ensure they are offering you the best they can.

Ten Live's unique TEN LIVE : ENGAGE program offers both employers and job seekers a high degree of certainty in sourcing the right person for the right role.

<http://www.tenlivegroup.com/why-ten-live/our-method>

Ten Live

United Kingdom: 0044 1236 702007

South America: 0044 7547 761779

Middle East, Asia & Africa: 0044 7547 761779

Australia & Pacific: 0044 7547 761780

Telephone: 0044 1236 702007

Email: marketing@tenlivegroup.com