



Scottish Council for
Development and Industry

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Migration Advisory Committee
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SCDI evidence to *Skilled, Shortage, Sensible* call for evidence

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INVESTORS IN PEOPLE

In which occupations or jobs titles skilled to NQF level 4 or above is there a shortage of labour from outside the EEA?

SCDI welcomes the opportunity to feed into the Migration Advisory Committee's review of the skilled occupations and job titles for the Tier 2 shortage occupations list. SCDI is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. SCDI's membership includes businesses, trade unions, local authorities, educational institutions, the voluntary sector and faith groups.

Scotland's economy has historically benefited from economic migration. Specific geographical areas such as the north of Scotland have seen particular benefits and wider general prosperity from these economic migrants.

SCDI has sought evidence from our wide membership about key occupations where the UK faces considerable skills gaps and feedback suggests that these are, at present, mostly to be found in the North Sea oil and gas industry – a global industry which is essential for the ongoing prosperity of Scotland and the UK's economy. The oil and gas industry faces serious skills shortages and competes for highly-mobile talent in an international labour market. As the oil and gas fields in the North Sea become harder to exploit, the technological challenges become greater and the industry increasingly needs people with specific technical skills in order to maximise output. These requirements often make a particular individual the most or only suitable candidate.

The occupations SCDI want to ensure remain on the Tier 2 shortage occupation list are:

- Geophysicist
- Geoscientist
- Geotechnical Engineer
- Petroleum Engineer
- Drilling Engineer
- Completions Engineer
- Fluids Engineer
- Reservoir Engineer
- Offshore & Subsea Engineer

- Control & Instrument Engineer
- Process Safety Engineer
- All Oil & Gas Industry Electrical Engineers
- All Chemical Engineers

These occupations are highly skilled in nature and very well remunerated. All require a degree, and many require 5-10 years industry experience. The global nature of the oil and gas industry means North Sea companies are in direct competition for skills from other oil drilling areas such as the Gulf of Mexico, South America and Australasia. These skilled occupations require experience gained in similar offshore environments, most of which are outside the EEA.

The UK's oil and gas industry has invested a great deal in reducing skills shortages in the UK. This includes the active promotion of Science, Technology, Engineering and Mathematics (STEM) subjects in schools, working with SCDI to develop a network of more than 400 Young Engineers and Science Clubs in schools across Scotland, and establishing OPITO, the oil and gas academy. During the economic downturn, the sector took a less knee-jerk approach than in the past to retaining skills and OPITO has worked with the college sector to deliver the Transformation Training Programme to re-train people made redundant in other industries.

However, as North Sea oil and gas becomes more difficult to extract and significant new investment is made in infrastructure, these occupations continue to face shortages. Labour market information¹ commissioned by OPITO and conducted by Robert Gordon University in March 2011 found that demand for appropriately skilled or experienced staff continues to outstrip supply, with vacancies for graduate and chartered engineers and managers hardest to fill.

The majority of the 110 companies included in the research anticipate growth in the workforce in the next five years. More than 50% cited attracting appropriately skilled staff as the number one challenge in their ability to deliver their project opportunities.

Despite the recent tax increase on the sector, investment by the oil and gas industry this year could increase to £8bn, with every £1bn investment supporting around 15,000 jobs. The internationalisation of the supply chain can again be identified in the Survey of International Activity in the Oil and Gas Sector², published by SCDI and Scottish Enterprise, which showed that international sales by the Scottish based supply chain increased by 10.4% to £7.2bn in 2009 and now account for 45.4% of sales, with activity reported in 107 different country markets.

¹ OPITO Labour Market Intelligence Survey, March 2011, http://www.opito.com/uk/library/documentlibrary/Labour_Market_Intelligence_Survey_Report.pdf.

² SCDI and Scottish Enterprise Survey of International Activity in the Oil and Gas Sector 2009/10, due to be published at end of June 2011 on www.scdi.org.uk. 2008/09 survey is available at <http://www.scdi.org.uk/sr/Docs/OilandGasReport2008FinalVersion.pdf>.

The impact of the oil and gas industry can be clearly seen from May 2011 Labour Market Statistics³, which show unemployment rates in Aberdeen City and Aberdeenshire of 4.8% and 3.5% respectively. Aberdeenshire has the lowest unemployment rate on the Scottish mainland, significantly below the Scottish and UK unemployment rates of 7.6% and 7.7% respectively.

Oil and gas companies would prefer to take skills from within the UK/EEA since this significantly reduces the cost of recruitment. However, at present skill levels, this option is not currently sufficient to meet the demand for skills in the industry.

SCDI accepts the need for a system of managed migration which seeks to match UK skills demands with supply. However, the oil and gas industry is currently in a situation where failure to obtain the right skills could undermine the North East's plans to promote itself as a global hub of expertise and risk damaging the Scottish and UK energy sector at an important time for the economy.

I hope this submission proves of value to the Migration Advisory Committee. If you would like to discuss this submission further, please do not hesitate to contact James Alexander, SCDI Policy and Communications Manager on 0141 352 8553 or by email on james.alexander@scdi.org.uk.

Yours sincerely



Dr Lesley Sawers
Chief Executive

³ Labour Market Statistics: Regional, Office for National Statistics, May 2011, <http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=15084>