

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Planning & Infrastructure
DATE	19 th March 2013
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Skill Attraction
REPORT NUMBER:	EPI/13/051

1. PURPOSE OF REPORT

This report seeks to highlight the crisis in relation to the recruitment of qualified and experienced Engineers within the Energy sector globally, and how this situation is negatively impacting the sustainability and growth of Energy businesses located within Aberdeen City and Shire. This report seeks permission for two officers from Enterprise, Planning and Infrastructure to attend skill attraction events in Calgary and Houston to promote the area as a destination of employment choice to individuals and families currently engaged within the global Energy sector.

2. RECOMMENDATION(S)

Committee are recommended to:

- a) Give approval for two officers from E P & I to attend the events in Calgary on the 11th & 12 May 2013, and Houston on the 18th & 19th May.
- b) Give approval for officers to participate in future skill attraction events that would increase the skills base within the local Energy sector, that can be financed from existing budgets
- c) Give approval for officers to update committee on skill attraction on a regular basis.

3. FINANCIAL IMPLICATIONS

As a number of locally based Energy companies have an interest in attending both events in May the event organiser "Working In" has agreed that the usual stand fees of £ 13,500 will be waived and Aberdeen City Council will be given a stand at the event free of charge to promote the quality of life within the city and shire and address any queries regarding relocation to the area. Travel and accommodation costs of approximately £ 4,500 will be incurred and covered within the current budget allocations for Employability, Skills and Community Enterprise and City Promotions. ACSEF (Aberdeen City and Shire

Economic Futures) have agreed to contribute £10,000 towards the event which will enable the production and shipping of appropriate marketing materials, for these and future skill attraction events.

4. OTHER IMPLICATIONS

Staffing

As skills attraction is part of the current portfolio of work for the Employability, Skills and Community Enterprise and City Promotion Teams participation at these events should have no negative implications on current staffing resources.

General

Recruitment issues within the Energy sector has now reached global proportions, with aggressive recruitment initiatives to attract skilled Engineers currently being delivered by Canada, Australia, New Zealand, Germany and Norway. Failure to be proactive in this arena will further compound the issues, and ensure that even higher proportions of Engineers will be attracted away from the UK, with the potential long term impact of locally based companies locating elsewhere. Failure to attract sufficient numbers of skilled Engineers will also impact on other sectors as skilled workers are enticed away by higher salary levels within the energy sector, creating “domino effect” skill shortages in other sectors. The current tight labour market negatively impacts on business by inflating salaries, reducing business profits and competitiveness.

5. BACKGROUND/MAIN ISSUES

It has been widely reported that the conditions for economic growth and expansion within the Energy sector are currently prevalent, with locally based companies investing in further exploration and investment in previously uneconomical fields.

This positive investment has seen the demand for skilled and qualified engineers increase dramatically over the past 18 months and predictions are that demand will increase further over the next 5 years. (Oil & Gas UK skills Summit, OPITO, PWC, 2013 Sector Skills Needs Audit)

Skill Attraction is not only high on the Energy companies agendas but on the agendas of both Aberdeen City and Aberdeenshire Councils, ACSEF, Scottish Enterprise and Skills Development Scotland. All the above partner agencies have met on a number of occasions to develop a skill attraction action plan, with external promotion of the City and Shire and quality of life being a key priority. ACSEF (Aberdeen City and Shire Economic Futures) also have a skill attraction and retention strand within their business plan.

OPITO commissioned RGU to carry out a study of 50 of the largest Oil & Gas UK members in relation to skill issues and labour market demographics which identified the following findings:

81% of companies will grow over the next 5 years
65% said it was very difficult to recruit engineers
2200 Engineering vacancies in 12 months
Top two challenges are “attracting appropriately skilled staff and labour costs”

A follow on Oil & Gas UK Skills Summit held in September 2012 reinforced the following issues:

Competition for skills – globally in oil and gas, and nuclear, renewables
Difficulties in attracting people to Aberdeen
Cost of living in Aberdeen
High costs of travel to/from Aberdeen
Reluctance to take on skilled personnel without oil and gas experience

The previous statements illustrate the severity of the skill shortages within the Energy sector and also the issues faced when trying to attract skilled workers to the area. Attendance at skill attraction events by Aberdeen City Council will enable positive promotion of the area, highlighting the high quality of life, access to a wide range of landscapes and activities, and potentially convince increased numbers that this is the best re-location option for workers and their families.

In addition to the local issues, we need to consider the impact that the global skill shortage will have on local recruitment.

Norway needs to recruit 10,000 highly trained engineers over the next 5 years (Eures)

76,400 vacant engineering jobs in Germany (Association of German Engineers)

At least 100,000 skilled workers will be needed in Western Australia in the next 10 years largely due to growth in the minerals and energy sector, according to Western Australia's 2013 Growth outlook report.

Canada needs 95,000 skilled engineers by 2020 – Engineering Labour Market, Canada

2000 new engineers were typically needed each year, however this figure is going to rise significantly due to the recent investments in energy and infrastructure - “Business Day, New Zealand

Recruiters from Canada, Australia and New Zealand are driving aggressive recruitment campaigns to attract UK skilled engineers and

their families. These countries have already hosted a number of events in the UK to promote the opportunities, salaries and lifestyle available for experienced and skilled Energy personnel in Aberdeen, London, Manchester, Dublin and Newcastle with more events scheduled in 2013. Additionally a large number of overseas recruiters are also utilising the web to reach potential applicants.

Within this tight global marketplace, Aberdeen City Council should work with locally based Energy companies to assist them convey a positive message about the lifestyle in Aberdeen and Aberdeenshire, which matched with the high salaries and working conditions should form an attractive package that can attract appropriately skilled and qualified personnel to our area, to continue to support the location of world leaders within the Energy sector within our area.

6. IMPACT

Smarter Aberdeen

We will build on and go beyond our powerful energy position to gain recognition as the UK's intelligent business city

We will promote Aberdeen as a great place to live, bring up a family, do business and visit

We will aim to have a workforce across the city which has the skills and knowledge to sustain, grow and diversify the city economy

We will work with partners to promote the city as a place to invest, live, work and export from.

Aberdeen City Council - The next 5 years

Ensure a sustainable economic future for the city;

The project contributes significantly and directly to the achievement of (SOA) National Outcomes:

- 1 We live in a Scotland that is the most attractive place for doing business in Europe
Local Outcome: Anchor the Oil & Gas Industry
2. We realise our full economic potential with more and better employment opportunities for our people
Local Outcome: Sufficient numbers of skilled people are available to meet the demands of the local economy

Equality and Human Rights implications

A full equality and human rights impact assessment was not required, as this activity will support major organisations from within the Energy sector that have robust Equality and Human rights protocols.

7. BACKGROUND PAPERS

8. REPORT AUTHOR DETAILS

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