

OIL AND GAS

The Highlands and Islands: supporting innovation, efficiency and cost reduction





Cromarty Firth - European Centre of Excellence in Asset Integrity

OIL AND GAS

INNOVATIVE AND INTERNATIONALLY RENOWNED SUPPLY CHAIN

CONTEXT

Oil and Gas remains the key energy source in the UK. It is expected that until at least 2030, over 70 percent of the UK's energy requirement will continue to come from oil and gas.

Priorities for the sector are to increase international sales, accelerate the uptake of innovation and R&D and to optimise production from the UK Continental Shelf (UKCS), maximising the value it generates for the Scottish and UK economies as a whole. The UK wide strategy is enshrined in the goals of Maximising Economic Recovery (MER) plan for the UKCS which aims to combat the decline in exploration and production, increased costs and the steep drop in price. It is also about securing the future of the UKCS and increasing the value of what is recovered from it.

The oil and gas sector is hugely important to the Scottish economy and will remain so for generations to come. In 2014 supply chain sales in oil and gas were estimated to have contributed around £22 billion to the Scottish economy. Of these sales, over half were international making Scotland a net exporter of oil and gas products, services and expertise and representing almost a third of Scotland's total exports.

The Highlands and Islands have been pivotal in the genesis of North Sea oil and gas. The unique topography, extensive supply chain and skills base continues to present the oil and gas industry with invaluable resources.

Industry Requirements

The North Sea is a mature province which brings technical challenges but also many opportunities. The sustained drop in oil price has occurred in a period when investment was due to fall substantially from historically high levels. Combine this with strong upward pressure on both unit investment and operating costs has meant that the speed and extent of change required to ensure the North Sea remains an attractive and profitable location to operate is greater than ever before.

The industry must and is adapting to meet the challenges of increasing production efficiency, reducing costs and embracing new ways of working which stimulate and accelerate innovation.

The Highlands and Islands, with its strategic proximity to the North Sea, substantial deep water ports, world class facilities and supply chain companies and globally renowned skills and ingenuity are exceptionally well placed to play an enhanced role in driving and meeting the new imperatives of the oil and gas industry.



Workforce development and continued investment in skills underpin the flexibility and resilience of O&G companies in the region

THE HIGHLANDS AND ISLANDS – SUPPLY CHAIN AND INFRASTRUCTURE

The Highlands and Islands offers oil and gas businesses a highly skilled workforce across an experienced supply chain.

The region offers:

- A network of ports and harbours with flexible facilities to accommodate a range of projects and developments with strategic proximity to the Northern North Sea and Atlantic Frontier.
- A cluster of companies developing innovative products to service the subsea sector
- A skilled workforce based in the region
- Bespoke training programmes through the Nigg Skills Academy
- Access to an academic research base through the University of the Highlands and Islands
- Digital connectivity – high speed fibre optic throughout 80% of the region in 2016.

The region also holds great potential for oil and gas developments based around ports, development land, and the supply chain. Sites at Nigg, Arnish, Invergordon, Evanton, Scrabster and Lerwick are all playing an active role in the oil and gas industry, and there are many more ports in the region with the potential to support the sector, including Ardersier and Kishorn where some of the largest North Sea structures have been fabricated.

Over £160m of public and private sector money has been invested in enhancing deep water ports creating world class facilities undertaking a range of vital services including marine and subsea construction, decommissioning and asset integrity.

The Cromarty Firth has always been home to a range of businesses ready to support the sector. It has developed in recent years as a European hub for excellence in Asset Integrity, drawing on the expertise developed at the Nigg Energy Park, the Port of Cromarty Firth and a range of supply chain businesses all with decades of experience in the oil and gas sector.

Scotland's decommissioning centre of excellence at Deepwater Shetland offers the UK's best deepwater quayside access and expert supply chain to support the decommissioning, recycle and reuse of North Sea hardware which is no longer able to contribute to MER UK.

Businesses in the Highlands and Islands which have been operating in the sector for over 40 years, supporting over 15,000 jobs. With decades of experience to draw on, there is genuine strength in depth amongst the companies' workforce in the Highlands and Islands, along with a commitment to continue to train and develop the next generation of oil and gas workers.

Highlands and Islands Enterprise – supporting the Oil and Gas sector

We know that the industry in Scotland must adapt to meet current challenges. Highlands and Islands Enterprise has an important role to play in supporting supply chain companies across the region. Already we work with over 80 Oil and Gas companies in the area which have a significant proportion of their turn-over linked to the sector.

Highlands and Islands Enterprise supports key industries and provides expert advice to companies wishing to develop projects in the region or work with the range businesses which operate here.

- Bespoke support via the HIE account management system to grow your business.
- Focussed networking opportunities with the local supply chain and key industry partners.
- Expert advice from sector, innovation and internationalisation specialists.
- Access to the network of offices across HIE, Scottish Enterprise and Scottish Development International including the influential GlobalScot network.
- Support to improve business operation, practices and increase your efficiency through the Scottish Manufacturing Advisory Service.

INNOVATION SUPPORT

Innovation is the key that will allow companies in the Highlands and Islands to unlock the global opportunities in the current, new and emerging markets. Highlands and Islands Enterprise (HIE) seeks to back new ideas and support the growth of the region's businesses. HIE can offer access to finance, seed funding, the academic and business links and the marketing insight to make innovative ideas a reality. HIE will support a culture of change in the sector as businesses play their part in achieving a competitive cost base, improve production and increase profitability.

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