

CASE STUDY

Oil & Gas Transition Training Fund, Scotland

After the closure of many facilities in the oil and gas sector, which consequently resulted in high and sudden unemployment rates, the Scottish government established a fund to help the affected workers re-skill and further train themselves in order to find employment again. The fund was supported by the national skills agency, which helped align the needs of the workers with that of the labour market, by directing them toward previously identified sectors in need of labour.

DESCRIPTION

Location: Scotland, UK

Type of action: Training support

Actors: Government, intermediary

Financing conditions: state aid



KEY POINTS



APPROACH

- A funding scheme and agency established by the government in order to help re-skill and train the workforce affected by the closure of facilities in the oil and gas sector.



CHALLENGES

- Lack of experience with high rates of unemployment in regions previously benefiting from the oil and gas industry.
- The sudden need to react resulting in severe administrative challenges.
- Unrealistic worker expectations regarding income levels in other sectors.



ENABLING CONDITIONS

- The experience of the national skills agency proved helpful.
- Additional financial support for travel and accommodation.



ACHIEVEMENTS

- Instead of the original aim of 3,000, the fund was able to support over 4,000 people, due to expenses being lower than anticipated.
- Having two training options available allowed workers more freedom.
- Directing workers toward sectors with high labour shortages proved successful.



THE OIL & GAS TASK FORCE

Scotland, where the oil and gas sector is concentrated, was most affected by this rapid, large reduction in employment following a drastic decrease in oil and gas wholesale prices. In reaction to the sectoral recession, the Scottish Government formed the Oil & Gas Task Force, which, among other priorities, aimed to tackle the employment challenges that resulted from the termination of industrial activities.

Introduction

A drastic decrease in oil and gas wholesale prices led to the closure of facilities in the Scottish oil and gas sector and the loss of a significant number of jobs – 150,000 jobs between 2014 and 2017 in the UK oil and gas sector. Scotland, where the industry is concentrated, was most affected by this rapid, large reduction in employment. In reaction to the sectoral recession, the Scottish Government formed the Oil & Gas Task Force, which, among other priorities, aimed to tackle the employment challenges that resulted from the termination of industrial activities. To do so, the Task Force called upon the national skills agency, Skills Development Scotland (SDS), to develop a proposition for the re-employment of the oil and gas sector's redundant workforce. The proposition was approved, and on 1 February 2016, the First Minister of Scotland announced the Oil and Gas Transition Training Fund (TTF). This fund made grants available for oil and gas workers who were either unemployed or under the threat of unemployment, to assist them in accessing skills retraining. The Scottish Government allocated £12 million (approximately €14 million) towards the Fund's priorities, to be used over three years (from 2016 to 2019), and tasked SDS with implementing and coordinating the programme.

The fund has offered training support to any resident who had worked in the Scottish oil and gas sector or its supply chain and lost their job since 2015, as well as any active workers at risk of being laid-off due to redundancy. Through the programme, workers access re-training and skills development either within the sector, or in another field.

The main objective of the programme was to re-employ at least a thousand redundant employees annually. Over the course of three years, it has surpassed this goal, and helped 4272 people. The application period to access support ended in March 2019.

The training fund offers two routes to support the vulnerable workforce:

1. Individual route

The fund aims to meet individuals' preferred training needs. Advisors provide guidance, and ensure individuals' training requests are both relevant to the labour market and can realistically lead to accessing job opportunities. Advisors also provide assistance in the process of applying for support.

2. Procured route

Trainings are available in fields where there are evident skills shortages and employment opportunities, such as:

- Railway engineering training
- Specialist welding training
- Wind turbine engineering training

One of the conditions of the Fund is that applicants must be proactive, contacting potential employers in their new field to collect information on whether the training is suitable and will enable them to be employed in their desired area.

An applicant is eligible for funding if the training programme in question is relevant to their employment prospects. After completing training, applicants may voluntarily provide data to SDS about their work experience in order to improve programme evaluation. SDS also has follow-up calls with funding recipients, gathering information on their employment statuses three months after training is completed.

A number of actions were undertaken to help workers overcome their inexperience in the new job market and steer them in the right direction as they were searching for alternative employment. This included:

- Assistance in updating their CVs,
- Teaching them how to network in the new labour market,
- Supporting senior employees in job search and identification.

The team of 12 people who coordinated the fund included professional career advisors. They handled tasks related to the application process and provided career consultancy services for applicants.

The programme took advantage of several marketing and press opportunities to advertise the fund, including:

- Radio and newspapers advertisements to mobilise employers who were dealing with workforce shortages, calling on those organisations that could provide employment for applicants after training,
- Attending job fairs and advertising the fund among job seekers,
- Sharing case studies on SDS's website about some applicants' experiences.

Although less than half of candidates were accepted into the programme (4272 out of the 10,500 applicants), those who were rejected were still able to receive the agency's career advisory service.

Since staff members' duties were not limited to the obligations of the Training Fund, the fund's administrative costs were not significant for the government: they only accounted for approximately £178,000 out of the £12 million spent over the three years.

Key challenges

In order to react to the sectoral employment challenges, the fund had to be implemented quickly; even before the operational guidance or computerised finance systems were in place. Since there was no notice period given to the implementing agency, SDS needed to act immediately, and the resulting administrative demands were challenging.

Originally, the SDS proposed to fund only with the 'procured route' that connects applicants to those fields where there are known workforce shortages. The government, however, insisted on providing the chance for the applicants to choose their own career paths individually, giving them more freedom.

Offering career prospects outside of the oil and gas sector that yield similarly high earnings has generally been difficult. Redundant employees who found themselves back in the labour market did not always have realistic expectations about what their income levels would be after transferring to new fields. This problem did not, however, extend to senior managers in the oil and gas sector who earned a relatively high income. Their high earnings and savings did not permit them to register as redundant, which is a condition for applying for the fund.

Aberdeen (Northern Scotland), where around half of the applicants were from, had been a wealthy area with prosperous economy for a long time thanks to oil and gas extraction. Closure of the facilities led the region to face a number of problems it had not encountered before. For instance, public authorities did not have any significant experience with tackling unemployment issues. In addition to redundancy support, public authorities also needed to provide ad-hoc assistance with challenges such as financial management, education, and housing for those who lost their properties. Furthermore, many workers had been working in their sector or position for decades and were not familiar with the process of searching for work in the modern labour market.

The fund directly covered the training costs, but no overhead costs, such as travel or subsistence; this could be a barrier for applicants with limited budgets. Furthermore, grants were only provided when training was completed. Therefore, the risk of applicants not finishing the training was borne entirely by the training providers.

There have been efforts to monitor and evaluate the impact of the fund. However, tracking applicants' careers has been challenging since, given the global scale of the oil and gas sector, a large number of applicants continued their careers internationally. Furthermore, supplying follow-up data was not stated as a condition of support. The evaluation of the programme would most likely have been more efficient if applicants had been obliged to provide data about their performance in the labour market after the trainings.

Enabling conditions

The allocation of the £12 million from the Scottish government enabled the affected workforce to re-skill and try to find new jobs.

The implementation and management of the fund was successful, in part, because the Scottish government could pull on the experience and capacities of the national skills agency (SDS).

Research was able to identify sectoral labour force shortages, and training organisations assisted with advertising the opportunities presented by the fund.

Although the training fund itself only covers the direct cost of education, there were additional options that could be used to finance other expenses. For instance, SDS partnered with the UK’s Department of Work and Pensions to offer support for costs such as travel and accommodation, in addition to some financial support from former employers.

The training fund was complementary to other initiatives that support workers facing redundancy, such as the PACE (Partnership Action for Continuing Employment) programme that provides free co-ordinated advice and support for employees who have been made redundant. The programme underpinned the fund’s work by, for example, providing career support to applicants.

A consulting company was involved in evaluating the outcomes of the programme. This ensured objectivity and neutrality in evaluation to achieve a more accurate and transparent assessment. The evaluation was enabled by data provided by some applicants about their positions in the labour market, and by the voluntary satisfaction survey.

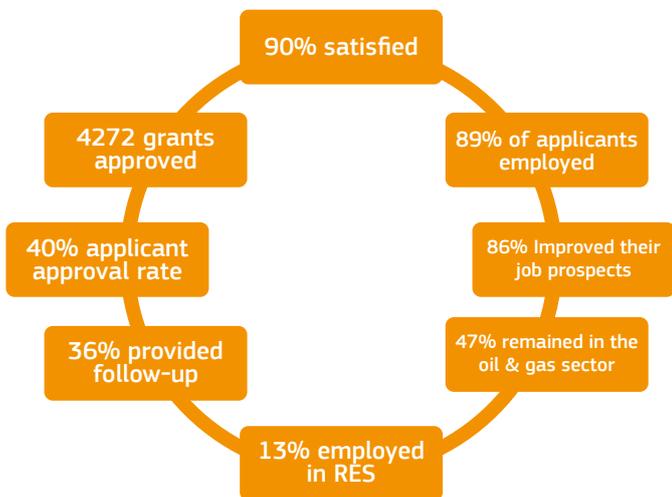
Achievements

The Scottish government reacted very quickly to the demand for re-skilling. The Oil and Gas Transition Training Fund (TTF) was allocated approximately €14 million, which supported reskilling and trainings for 4272 workers within its three-year lifetime. Instead of spending the initially estimated £4000 per person, only approximately £2400 was required for each participant. Therefore, a larger number of workers than initially expected were trained, and, most importantly, 89% of the participants found a job after completing the programme.

The fund was implemented rapidly and effectively by tasking the (already existing) national skills agency with its management and with reskilling activities. And, through the ‘procured training’ route, the fund managed to direct workers to those sectors where employment shortages were known, thus aligning training with the needs of the labour market.

”By the time some of the TTF (Transition Training Fund) candidates start the course, they have been out of work for quite a while and their self-esteem is quite low. When you see them going through the training, you start to see that their self-esteem is coming back as well. That’s a softer outcome but it is important.”

Training Provider



THE ACHIEVEMENTS OF THE FUND IN NUMBERS

89%

OF THE PARTICIPANTS FOUND EMPLOYMENT

Thanks to the Oil and Gas Transition Training Fund, a larger number of workers than initially expected were trained, and 89% of the participants found a job after completing the programme.

Further Reading

🔗 https://transitiontrainingfund.co.uk/docs/ttf-terms-and-conditions_v3.pdf

🔗 https://transitiontrainingfund.co.uk/images/TTF_Review_Summary_Final.pdf

Case studies of applicants:

🔗 <https://www.skillsdevelopmentscotland.co.uk/news-events/2017/january/douglas-updates-skills-thanks-to-transition-training-fund/>

🔗 <https://www.skillsdevelopmentscotland.co.uk/news-events/2018/june/nicky-launches-new-business-with-help-from-transition-training-fund/>

🔗 <https://www.skillsdevelopmentscotland.co.uk/news-events/2018/april/transition-training-fund-leads-to-career-change-for-kyle/>

🔗 <https://www.skillsdevelopmentscotland.co.uk/news-events/2017/april/greig-s-flying-high-following-career-change/>

The PACE programme:

🔗 <https://www.skillsdevelopmentscotland.co.uk/what-we-do/employability-skills/partnership-action-for-continuing-employment-pace/>

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IMPORTANT LEARNING POINTS

- A fast response to skilling needs is possible if the government is willing to swiftly step in with support and funding, and regional capacities and institutions already exist that have experience providing re-skilling and training services to workers.
- Offering two options for support – an ‘individual route’ in which workers choose their trainings, and a ‘procured route’ in which the fund offers trainings based on pre-assessed opportunities and needs of the labour market – accommodates a larger spectrum of workers’ needs.
- Programmes must build upon the valuable skills applicants already possess.
- Having career advisors in charge of the applications ensures a tailored combination of information provision and individual career advisory service. The delegation of decision-making to the skills agency ensured the flexibility necessary for training to meet individual needs.

Platform for Coal Regions in Transition

The Platform for Coal Regions in Transition is an initiative by the European Commission.

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