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# After the oil: Jobs and economic impacts from UK offshore decommissioning

## Executive Summary

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## Section 1: Key Findings

Safely removing old oil and gas infrastructure from UK waters can play a key role in supporting oil and gas workers and communities as production declines. Provided that the government ensures operators meet their legal obligations to decommission, and takes steps to relieve supply chain bottlenecks, we find that decommissioning the UK Continental Shelf (UKCS) can deliver the following benefits over the next decade:

### Benefits

- **Source of £25.6bn of investment:**

We estimate a baseline spend of £25.6bn on UKCS decommissioning.

- **More than 30,000 jobs supported annually:**

Decommissioning could deliver approximately 11,300 direct full-time equivalent jobs per year over the next decade, plus 13,500 indirect jobs and 6,000 induced jobs (30,800 total), with many roles in essential, skilled trades facing UK-wide shortages. Up to 25,000 of these roles would be in the UK under a high local content scenario.

- **Critical skills bridge for 15,000 workers:**

Over the next decade, the sector can extend careers for approximately 15,000 individuals transitioning from oil and gas production, avoiding a “cliff-edge” loss of jobs and skills and saving £350m in retraining costs. Approximately 5,500 decommissioning workers will be available to transition to offshore wind, Carbon Capture and Storage (CCS), and hydrogen sectors when decommissioning winds down in the early 2040s.

- **£6.8bn direct economic contribution to the UK:**

Under central local content assumptions, decommissioning could add £6.8bn in direct Gross Value Added (GVA) to the UK economy over the next decade, with a further £9bn in indirect and induced GVA (Total £15.8bn). Were all work to be undertaken locally, direct and indirect GVA could reach £20bn.

- **Opportunity for investment in innovation:**

We model Research and Development (R&D) investment in decommissioning at £470m over the next decade, driving innovation in subsea robotics, cutting technologies, and circular economy capabilities, such as steel recycling. At 7% of direct GVA, this compares favourably to other sectors.

However, these benefits are not guaranteed, and a shift in the government's approach – towards proactive planning, coordinated resource allocation, investment in infrastructure, and enforcement of operator liabilities – is critical. Without this, decommissioning activity could fall dramatically below forecasts while costs balloon. A status quo approach risks disrupting UK supply chains, eroding the skills base, and ultimately shifting clean-up liability onto taxpayers. Our analysis finds that the following challenges arise:

### Challenges

- **Systemic delays and major bottlenecks:**

500+ wells are currently overdue for decommissioning, due to an overly flexible regulatory framework, lack of enforcement powers, supply chain bottlenecks (particularly heavy lift vessels and rigs), and operator reluctance to invest. There is a risk of a 30-70% shortfall against forecast decommissioning activity over the next decade.

- **Local content challenge despite proximity advantage:**

While the North Sea Transition Authority (NSTA) reports that 90%+ of the value of decommissioning contracts go to UK-based organisations, we estimate actual UK content at 66%, despite UK ports being nearest to 91% of installations.

- **Ballooning costs post-2035:**

Delaying decommissioning by many years will create substantial additional costs: well degradation over time will push up well plugging and abandonment costs; structural deterioration on topsides and substructures will add costs from additional preparatory work, repairs, and sectional removal; and as workers retire or leave the sector, the loss of first-hand knowledge about specific structures, and loss of skills generally, will increase project time and costs.

## Section 2: Methodology

This report has been produced through a combination of qualitative and quantitative research, with assumptions shaped and validated through 35 structured interviews and engagement with key stakeholders (including supply chain companies, operators, regulators, trade unions, academia and civil society groups), undertaken through October 2025–January 2026. Full findings, detailed profiles of decommissioning hubs and key decommissioning roles, and a detailed methodology, are published alongside this Executive Summary.



## Section 3: Background

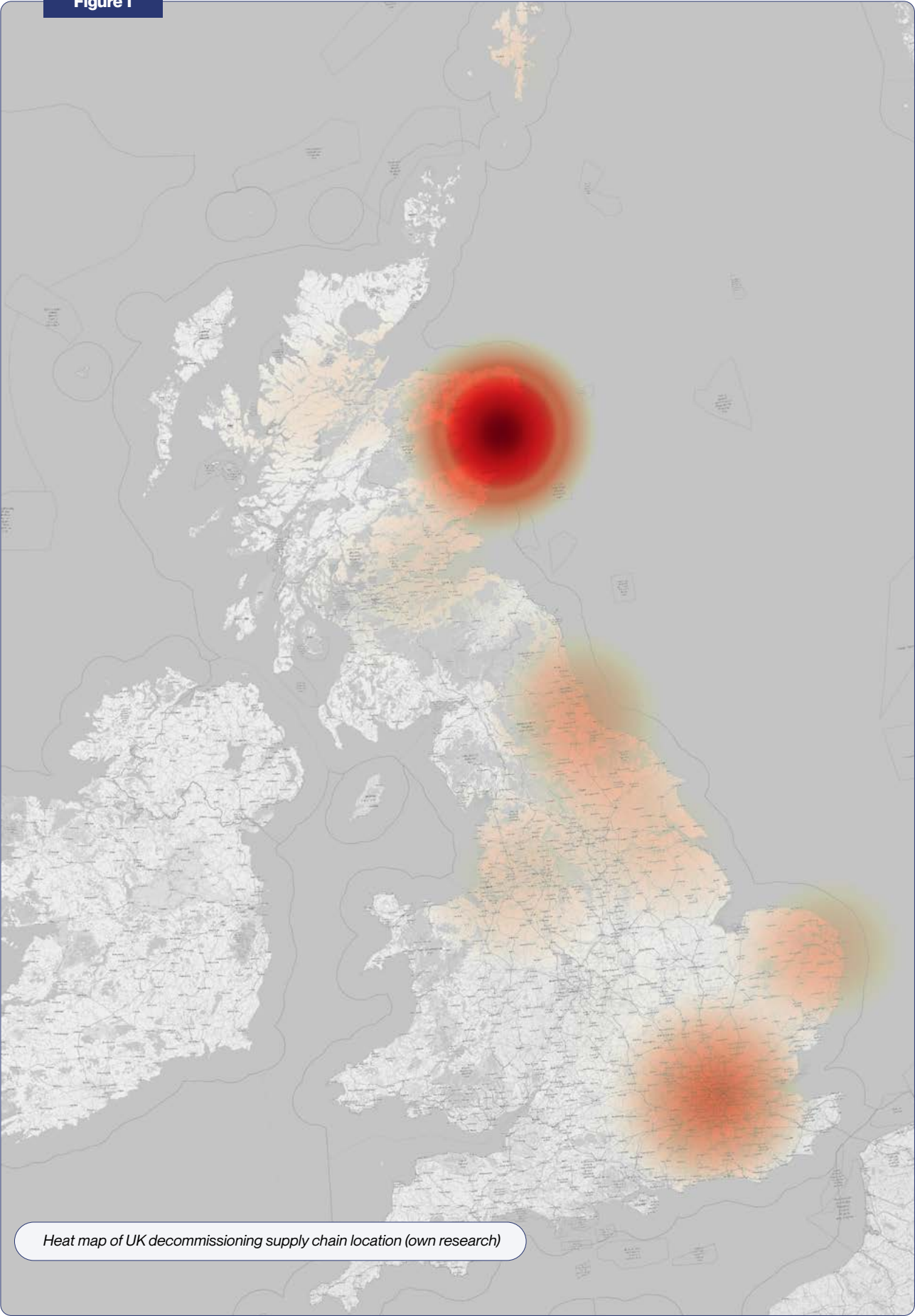
Shutting down and safely removing and disposing of old oil and gas infrastructure – referred to as decommissioning – is the final part of the oil and gas production lifecycle. It is necessary to ensure environmental protection (e.g. avoiding leaks and contamination), maritime safety, and seabed restoration and future use (e.g. fishing). Operators are legally obliged to decommission under both UK and international law. At the same time, decommissioning can play a key role in supporting oil and gas workers and communities as production declines. However, these potential social and economic benefits are currently jeopardised by the UK Government's hands-off approach to decommissioning, which lacks coordination, strategic investment and proper enforcement, allowing for operator delays. This report quantifies the potential scale and nature of economic benefits available to UK coastal communities from decommissioning, sets out the challenges facing the sector, and explores policy options to ensure benefits do materialise.

The UK's offshore oil and gas infrastructure, and the substantial wealth it generated, were built in industrial hubs concentrated along the east coasts of Scotland and England, particularly Aberdeen, Teesside, and the Humber. Yards in these regions constructed the rigs, platforms and other structures that formed the basis of world-class supply chains, supporting 100,000s of jobs across the UK. However, as North Sea production has declined from its 1999 peak, employment tied to production has become subject to boom-and-bust cycles driven by oil price volatility. As production declines still further, there is a risk that the skills and productivity vital to local communities will erode before the economic benefits of the next generation of offshore technologies arrive in earnest – a process referred to as a “cliff-edge”.

**£2 billion**  
forecast annually  
over the next decade

Decommissioning activity is forecast to reach **approximately £2 billion annually over the next decade.** Capturing these benefits locally presents an opportunity to support employment and maintain and transition regional capabilities as oil and gas production winds down.

Figure 1



Heat map of UK decommissioning supply chain location (own research)

**Table 1: Summary of localised opportunities at decommissioning hubs**

| Hub                         | Specialisms                                                                                                                                                    | Potential direct GVA/yr 2026-2035 | Potential direct & indirect jobs 2026-2035 | Specialist firms working in decommissioning |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------|---------------------------------------------|
| Aberdeen                    | Well Plugging and Abandonment (P&A), project management, engineering, supply-chain coordination, research, landing subsea infrastructure                       | £293m                             | 8500                                       | 100                                         |
| East Anglia                 | Landing, processing and dismantling smaller Southern North Sea (SNS) topsides/infrastructure, engineering and waste management                                 | £56m                              | 2000                                       | 25-50                                       |
| Teesside                    | Deep-water, heavy-lift capable port, extensive industrial land for laydown and dismantling, recycling and waste-processing facilities                          | £38m                              | 1000                                       | 10-25                                       |
| Tyneside and the North East | Subsea and high-tech components. Global centre for companies specialising in flexible pipe systems, umbilical manufacturing, and specialised subsea tooling    | £25m                              | 850                                        | 10-25                                       |
| Scotland                    | Has the UK's strongest quaysides, supporting the successful processing of multiple 10,000t topsides. Strategic investment planned for an ultra-deep-water quay | £359m                             | 12,000                                     | 200+                                        |

## Section 4: Localised opportunities

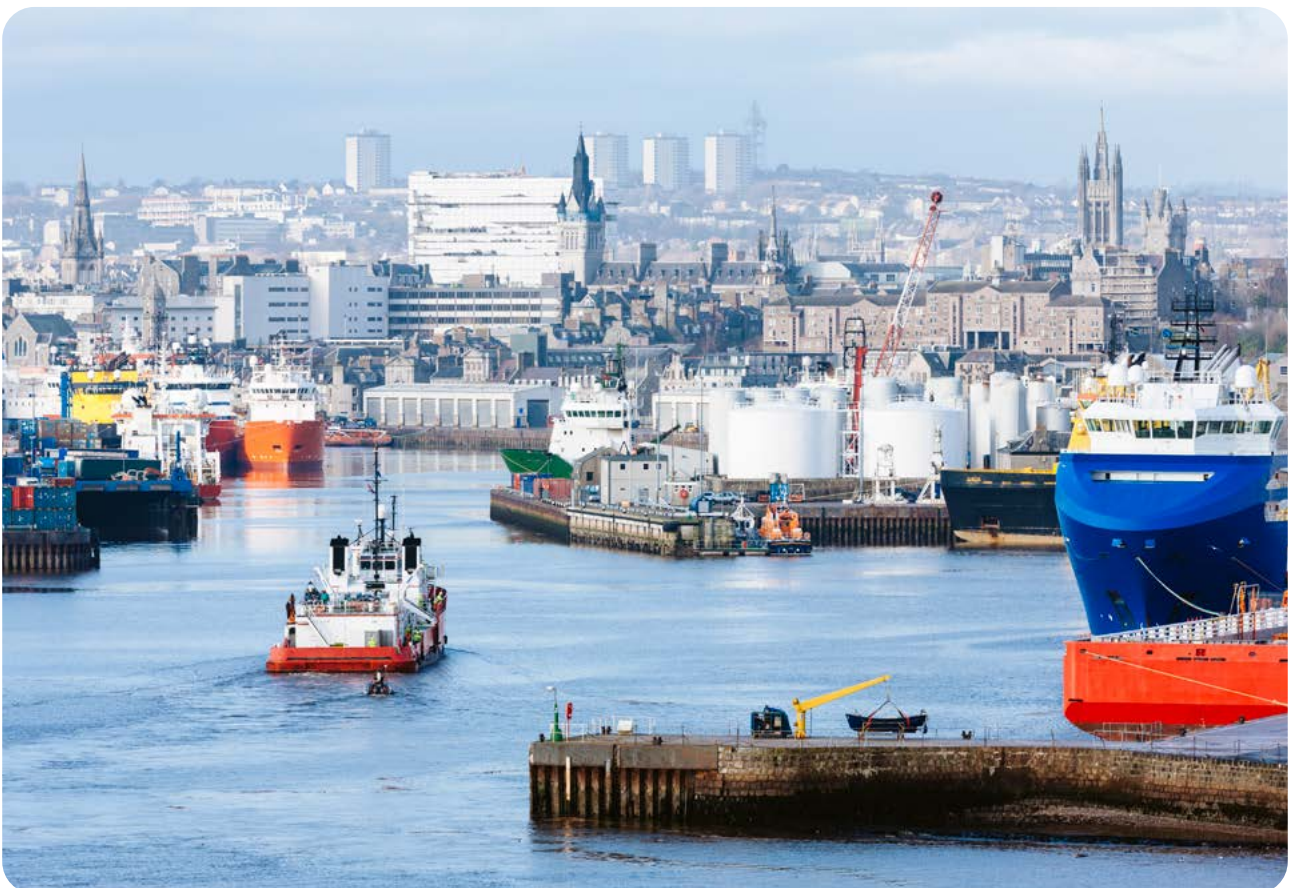
The economic impacts of decommissioning will be concentrated in key hubs across the UK. Scotland, which is home to approximately half of the UK's decommissioning supply chain, has multiple hubs including Aberdeen (the most significant), Fife, Cromarty Firth, Kishorn and Lerwick, with additional specialised facilities at Lyness, Montrose, Dundee and Wick. Key English decommissioning hubs include East Anglia (Great Yarmouth/Lowestoft/Norwich), Teesside, Tyneside and the wider North East. London is also a centre for services (financial, legal, administrative and some company HQs) supporting UKCS decommissioning.

The decommissioning sector is of relatively modest scale from a national perspective. However, the concentration of activity in hubs, combined with the fact that hubs are, with the exception of Aberdeen, located in areas with above-average levels of deprivation that have experienced historical underinvestment, makes the sector hugely significant locally as an engine of high-value skills, jobs, and supply chain investments. This effect is amplified in more remote decommissioning hubs such as Lerwick and Kishorn, which have limited alternative opportunities for employment.

In Great Yarmouth, located in close proximity to mature SNS fields in both UK and Dutch waters, decommissioning has great potential to contribute to ongoing diversification and development of higher value industries for example through skills spillover effects with the offshore wind sector.

In Aberdeen, which has been structurally tied to offshore oil and gas and therefore vulnerable to the boom-and-bust cycle of fossil fuel production, decommissioning can ease the transition to low carbon industries while partly supporting the city's core engineering and technical skills base.

In Teesside, one of the UK's most heavily industrialised areas, decommissioning can draw on a large pool of skilled manual, technical, and engineering labour, complementing anchor sectors linked to offshore energy and chemicals that pay above-average salaries for the region. Tyneside and the North East is recognised as a centre of excellence for advanced manufacturing and the development of subsea technologies, with capabilities feeding into robotic cutting systems, automated dismantling processes, and high-efficiency material handling. Decommissioning has the potential to strengthen the economic cluster that has developed in the North East, including the Ports of Tyne and Blyth, research centres like the Tyne Pressure Testing facility, Newcastle University's marine engineering department, and Energi Coast.



## Section 5: UK-wide opportunities, 2026–2035

Over the next decade, decommissioning the UK Continental Shelf (UKCS) has the potential to deliver approximately 11,300 direct full-time jobs per year. A large number of these jobs will be in essential occupations – technical and skilled trades that are critical to the functioning of the wider economy, in which the UK has shortages. These include welders, engineering technicians, crane drivers and riggers, marine and mechanical engineers, marine transport operatives, construction workers and industrial cleaning occupations. As well as being essential occupations, many of these roles are well paid, and have good long-term prospects with strong career progression opportunities (e.g. with clear pathways from trainee, to certified, to senior roles).

Using data on average worker age, and modelling retirement and other workforce attrition factors, we estimate that demand for 11,300 full time roles per year will extend the careers of circa 15,000 individuals leaving oil and gas production (who we expect to be the predominant source of decommissioning labour), as decommissioning workers retire and need replacing out to 2040. This will mitigate the cliff-edge effect on the UK offshore workforce of declining production, and will help to keep the UK's skills and capacity in the “goldilocks zone” during which the UK supply chain capacity and capability can be sustained, developed and invested in.<sup>1</sup> Tapping into an existing skills pool, rather than training an entirely new workforce, will save the government and the private sector approximately £350m.



Furthermore, as decommissioning winds down in the late 2030s and early 2040s (according to the baseline scenario) we model that circa 5,500 decommissioning workers will have 10 or more years left before average retirement age, representing a valuable skills base to support complementary sectors (offshore wind, CCS, hydrogen and power T&D networks). With the right support packages in place, many of these workers will be able to transition into other key sectors at relatively low cost and in relatively short time.

**Table 2: Sample of key job types needed for decommissioning**

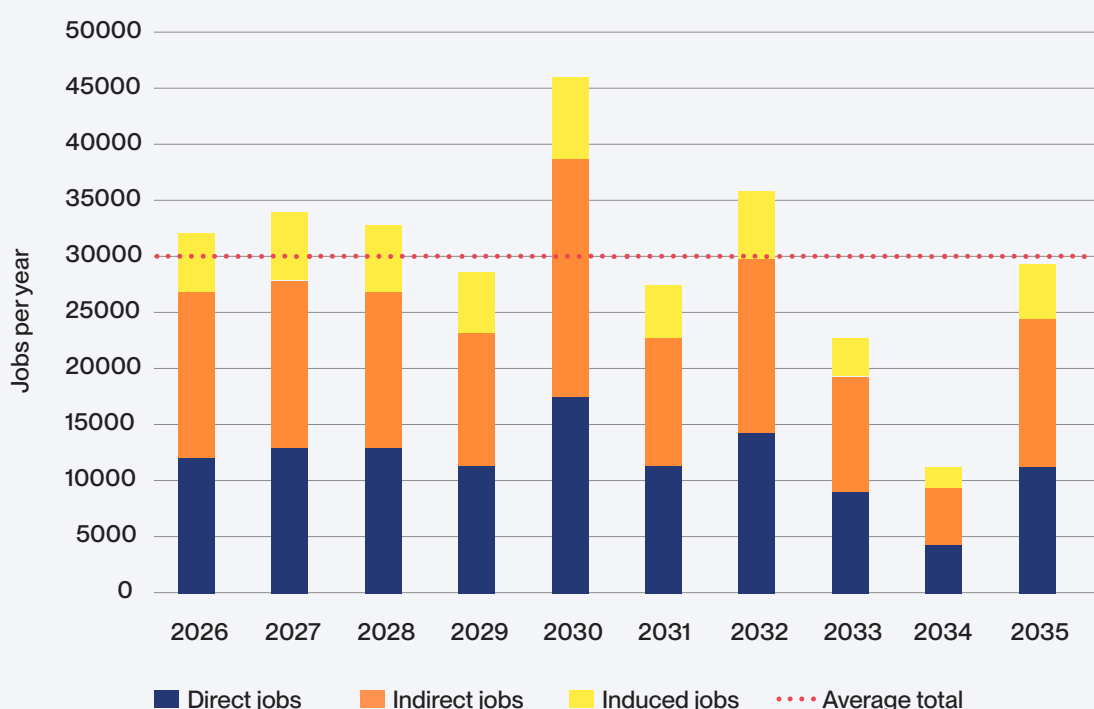
| <b>Job title(s)</b>                                                                                                                                   | <b>Potential roles per year, 2026-2035</b> | <b>Skill level</b> | <b>Salary range</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------|---------------------|
| <b>Welders</b>                                                                                                                                        | Circa 600                                  | Levels 2–4         | £20–70,000+         |
| <b>Engineering technicians</b>                                                                                                                        | 1000+                                      | Levels 3–5         | £20–65,000+         |
| <b>Offshore construction &amp; Lifting Operatives</b><br>(crane drivers, riggers (including Banksmen/Slingers), winch operators and lift supervisors) | 1000+                                      | Levels 2–4         | £20–65,000+         |
| <b>Offshore marine operatives</b><br>(deck crew, bridge and navigation crew, engine room/marine engineering crew, DPOs, catering/service crew)        | Circa 2000                                 | Levels 1–5         | £25–£100,000        |

Our analysis indicates that, notwithstanding uncertainty about the pace of technological development and AI, many of the jobs associated with decommissioning have limited to moderate exposure to automation, given the hands-on, complex nature of tasks and need for human judgement.

Therefore, while decommissioning is not of the scale or duration to “replace” offshore oil and gas production as a driver of jobs and wealth, it does have an important role to play as part of a wider industrial transition.

Alongside direct jobs, we model that decommissioning has the potential to support an additional 13,500 indirect jobs per year – jobs created in the wider supply chain such as equipment and technology providers, manufacturing and materials suppliers, and business support services. On top of this, a further 6,000 jobs will be supported through knock-on economic benefits of wages spent in local economies. We model that approximately two-thirds of these jobs will be UK-based under our central local content scenario, with the potential for a higher share with a more proactive industrial policy.

Based on a central estimate of local content, we model that decommissioning has the potential to add £6.8bn in direct GVA to the UK economy over the next decade, equivalent to £680m per year, with a further £9bn of indirect and induced GVA. Were all activity to be undertaken locally, direct and indirect GVA could reach £20bn. While 100% UK content is unlikely in practice due to the international nature of the sector, capturing a higher share of UKCS decommissioning opportunities would better position UK suppliers to access overseas opportunities.

**Figure 2**

*Baseline direct, indirect, and induced jobs supported by UKCS decommissioning, 2026–2035 (operator reports, ONS Employment multipliers and effects in the UK 2024, Scottish Government Supply, Use and Input-Output Tables, own calculations)*

Decommissioning will also drive innovation in the UK economy in areas such as subsea engineering, robotics and cutting technologies; we model £470m will be invested in R&D, which at 7% of direct GVA compares favourably to other sectors. We model the total size of the sector over the next decade (direct and indirect output generated from UKCS decommissioning) to be £32.98bn. As with employment, a more proactive industrial policy could see these numbers increase, with a higher share of the value chain captured by UK-based companies.

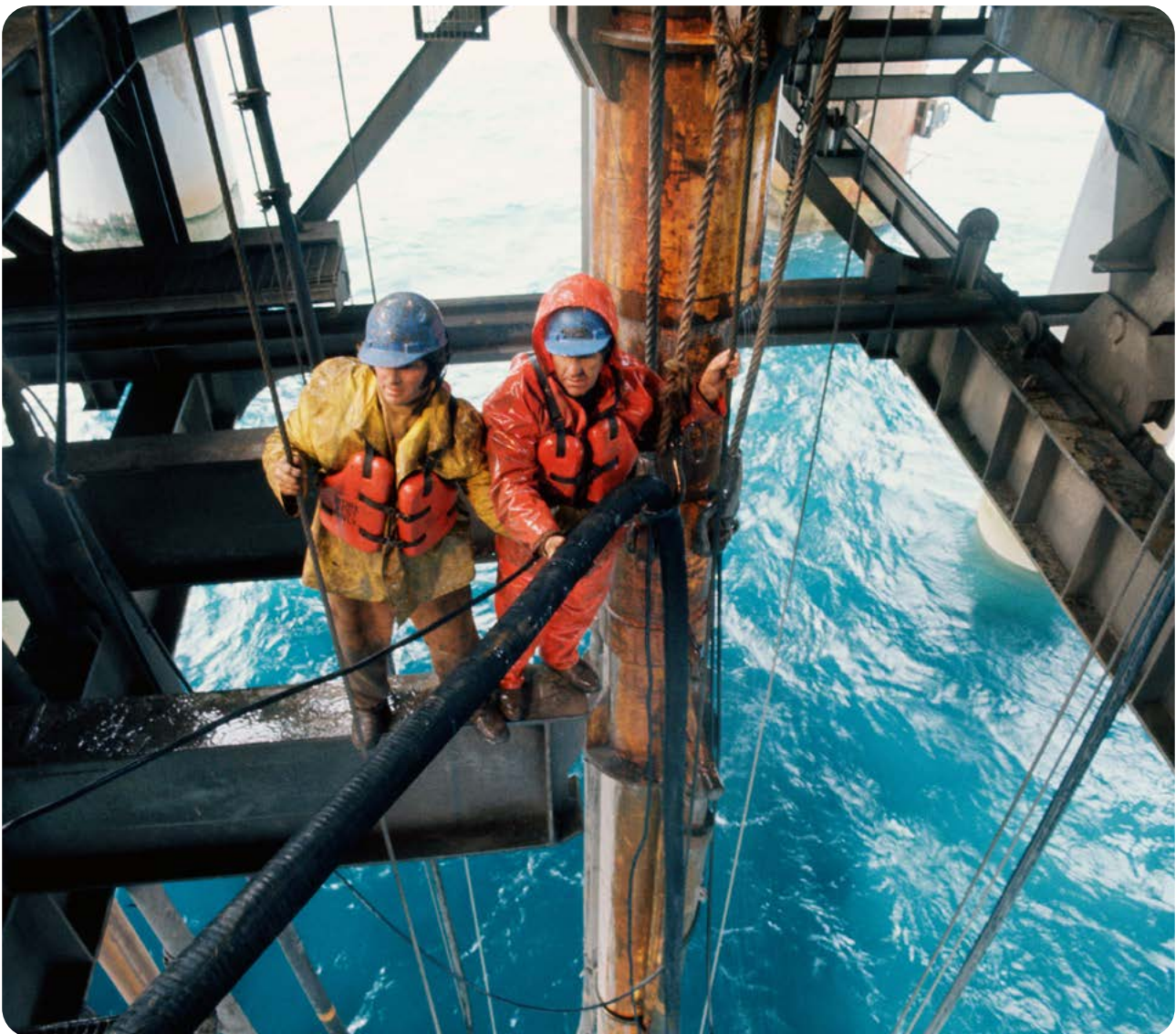
As a high innovation, industrial sector that drives investment in skills and infrastructure, we also expect decommissioning to deliver multiple spillover benefits to other sectors. We review the impact on six areas: ports and yards infrastructure, heavy-lift marine and logistics operations, subsea engineering and robotics, wells and reservoir integrity engineering, circular-economy recycling capacity, and the offshore workforce and training ecosystem. A strengthened decommissioning pipeline would deliver high impact across most capability areas, particularly accelerating advances in subsea robotics, well engineering and ports infrastructure. The boost would be medium-high for heavy-lift capabilities and circular-economy capacity, driving investment in equipment, technology, and industrial clusters. This sustained activity would prevent knowledge loss, encourage innovation, and create concentrated hubs of specialist expertise around key ports and industrial centres.

**£680m**  
per year in direct GVA  
to the UK economy

Decommissioning has the potential to add **£6.8bn** in direct GVA to the UK economy over the next decade, equivalent to **£680m** per year, with a further **£9bn** of indirect and induced GVA.



We see these effects directly benefitting the UK's energy transition sectors, with applications spanning floating wind assembly and inspection, CCS injection wells and monitoring, hydrogen storage and pipeline infrastructure, offshore grid installation, and large-scale metals recycling. Enhanced subsea robotics supports cable monitoring and leak detection, while improved ports and yards facilitate floating wind marshalling and CCS logistics. Workforce skills transfer will support wind operations and maintenance, while wells expertise enables well repurposing for carbon storage. The UK can leverage enhanced capabilities to capture international opportunities in port redevelopment expertise, subsea robotics exports, CCS integrity consultancy, and global training services. UK firms would be well positioned to provide decommissioning engineering services, environmental consulting, and robotics technology to emerging offshore energy markets worldwide. It is worth noting that while oil and gas decommissioning is a time-limited window, the decommissioning of offshore assets – both in the North Sea and internationally – will be an ongoing endeavour as offshore wind and other technologies age and need replacing or repowering.



## Section 6: Challenges to seizing opportunities

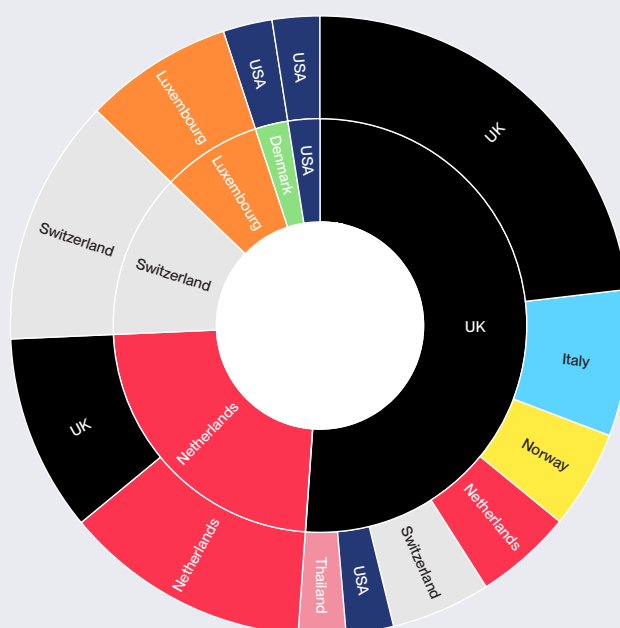
UKCS decommissioning faces major challenges, with mounting evidence of systemic delays across the basin. In December 2025, the North Sea Transition Authority published its first decommissioning deficit table, naming thirteen operators who have fallen behind in their obligations, resulting in 153 inactive wells in consent arrears.<sup>2</sup> This backlog is part of a larger problem: as wells miss their decommissioning deadlines a backlog of more than 500 wells has built up, leading to an over concentration of activity from the mid- to the late 2020s.<sup>3</sup> Frequently cited factors causing this delay include a combination of:

- **Rising costs caused by supply-chain bottlenecks**, in particular the availability of heavy lift vessels and rigs, as the bunching effect of well Plug and Abandonment (P&A) and competition with offshore wind pushes up prices. Rig owners relocating overseas to access a more reliable flow of contracts creates a vicious cycle of rising costs and low availability.
- **An overly flexible regulatory regime** that allows operators to push Cessation of Production dates (CoP) back.
- **The North Sea Transition Authority (NSTA) operating under competing objectives** of maximising economic recovery, achieving cost efficient decommissioning, and achieving timely decommissioning to meet environmental objectives, creating flexibility that can be used by operators to push CoP back.
- **The relevant regulators NSTA and OPRED (Offshore Petroleum Regulator for Environment and Decommissioning) lacking sufficient enforcement powers** to compel operator action e.g., maximum fines that are relatively low compared to decommissioning costs.
- **A regulatory culture which is over-collaborative**, based on dialogue and negotiated planning with operators, which can give operators flexibility in scheduling and executing decommissioning.
- **Operator reluctance to invest due to multiple factors**, including cost deferral and price speculation, lower investment in the North Sea basin due to declining production, the design of the Energy Profits Levy (which encourages operators to bring forward CoP, but does not include deductions for decommissioning investments), the financial capability of smaller operators, and policy speculation (deferral in the hope of a beneficial tax regime or laxer decommissioning requirements in the future).

The promise of large-scale activity, combined with the unpredictability of actual workflow and lower than expected contract volumes, presents huge challenges to the UK decommissioning supply chain – from port facilities to decommissioning yards to specialist engineering and service firms – which require long lead-in times and investment to gear up for delivery, and face significant losses if the work does not materialise. It also risks eroding the skills base in the UK's offshore energy hubs, as experienced offshore oil and gas workers move overseas or leave the sector entirely rather than rely on intermittent work. This effect is exacerbated by the fact that many decommissioning roles are project-based, offered on short-to medium-term contracts, often through agencies or on a self-employed basis, with a relatively low trade union presence. Therefore, while demand is high for decommissioning skills, the jobs themselves can be relatively insecure with high levels of flexibility required.

A further challenge has been the ability of the UK supply chain to access UKCS decommissioning contracts. The North Sea Transition Deal sets a voluntary industry target of 50% local UK content across the lifecycle for oil and gas decommissioning, and the NSTA has reported very high (up to 90%+) levels of contract value going to UK-based organisations over the last three years. Interviewees in the UK supply chain expressed surprise that these numbers do not match their experience of where contracts tend to go. One explanation for this is that the NSTA's definition of local services would allow a large project contracted through a small UK-based subsidiary of an international company to be reported as local content.

**Figure 3**



*Country of registration of firms awarded decommissioning contracts, as published on Energy Pathfinder database.  
Inner circle: country of contractor. Outer circle: country of contractor parent company*

We reviewed all awarded decommissioning contracts published on the NSTA's Energy Pathfinder database to assess location and characteristics of tier 1 contractors. We find that 20 of the 39 tier 1 contractors are UK-registered companies, but that 11 of these companies are UK subsidiaries of overseas entities.

To model central levels of local content, we estimated local content levels for each part of the decommissioning WBS based on interview feedback, desk research, and ONS data on the domestic share of content in equivalent industry categories. We then tested these estimates through a survey. Our final results are that approximately two-thirds of the value of decommissioning contracts are delivered by the UK supply chain. Our estimate is much higher for some WBS elements (project management and post-decommissioning monitoring at over 90%) than others (topside removal at 35%).

Distance to port is a key factor for operators in determining which yards to use, as vessels are the largest single cost component, and the greater the distance, the more vessel days are required. We calculate that UK ports are almost always the closest option for UKCS offshore installations with Aberdeen and Dales Voe (Lerwick), particularly well placed. Indeed, a Scottish port will be the closest facility for 78% of installations in UK waters, with a further 13% closest to a facility in England. However, the distance advantage is not sufficient to be decisive in most cases.



Interviewees noted that the UK lacks the ultra-deep-water heavy-lift quays found in Norway that enable single lifts of topsides onto the quayside (noting that the Dales Voe facility in Lerwick is developing this capacity), and that bringing topsides to shore using barges and then skidding onto the quayside is more time consuming and expensive. It was noted that other than Aberdeen, the UK lacks integrated decommissioning hubs capable of dismantling, treatment, processing, and recycling close to the yard, similar to facilities found in Rotterdam or Frederikshavn, Denmark, leading to additional onshore transport and logistics costs in the UK. Interviewees noted that facilities like Able Seaton Port, which has secured a steady flow of topside decommissioning, are the exception rather than the rule, and that ports like Great Yarmouth (which has struggled to secure a steady flow of contracts) and the Fife CessCon Decom yard (which closed in 2025 due to a lack of contracts) are more representative. An additional challenge to increasing local content is the small number of ultra-heavy-lift vessels with ownership concentrated in Dutch, Norwegian, Swiss and US entities. Interviewees observed that HLV owners tend to subcontract through pre-existing supply chains which makes accessing new opportunities challenging. Others pointed to poor health and safety practices and substandard conditions for migrant workers at overseas ports, enabling those facilities to undercut UK facilities on price.<sup>5</sup>



Figure 4

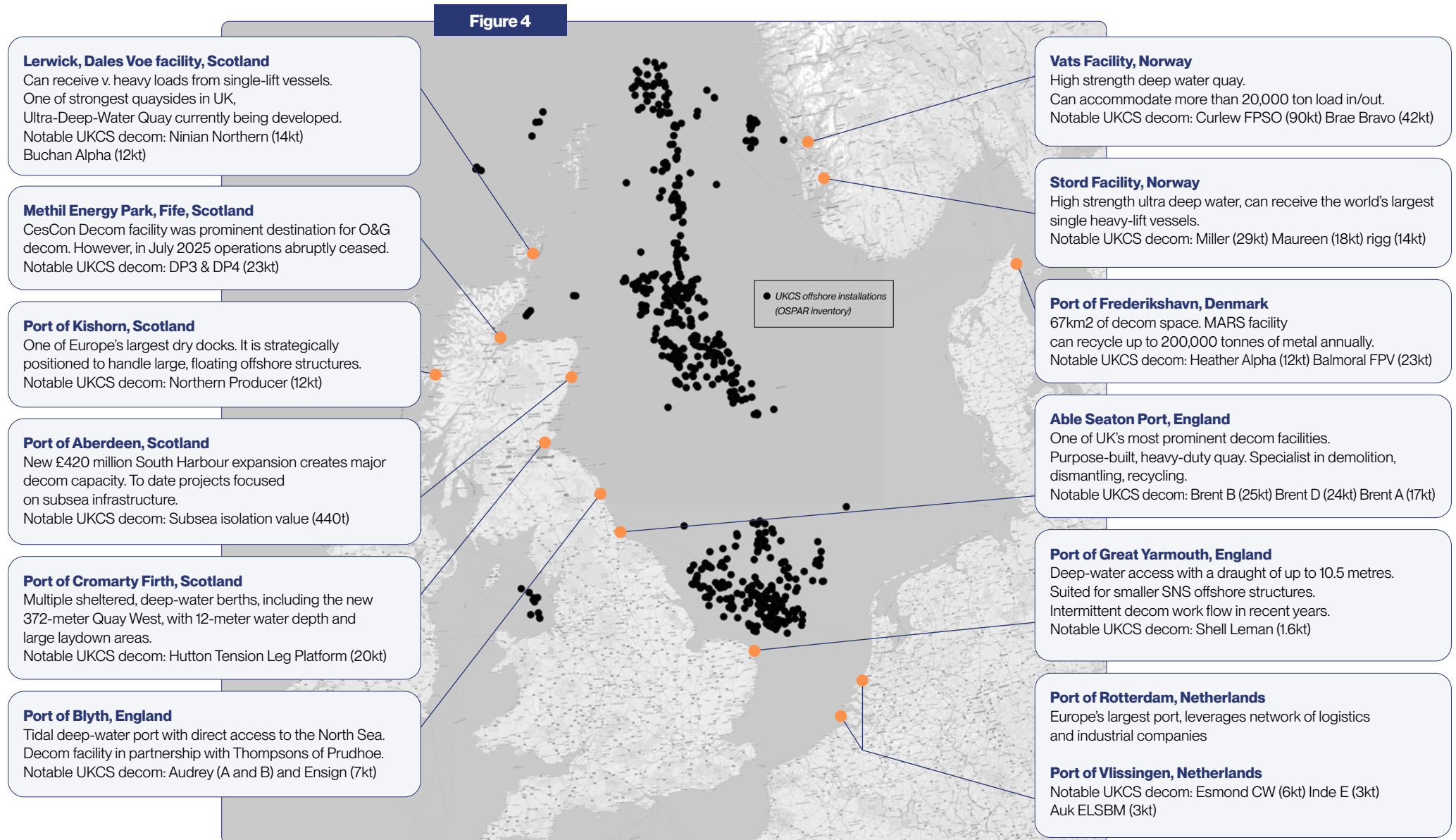
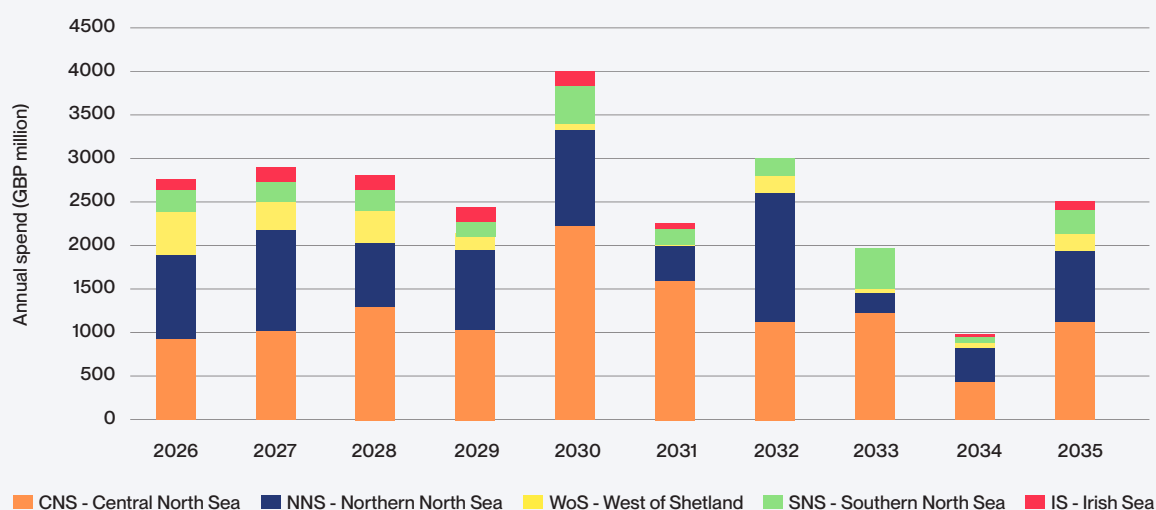


Figure 4: Major onshore decommissioning locations (orange) for UKCS offshore installations (black) (Ospar Inventory, own research)

## Section 7: Decommissioning scenarios for 2026–2035

In order to forecast decommissioning scenarios over the next decade, we create a baseline level of activity and investment according to current operator and regulator stated expectations. This takes into account liabilities published by operators for their UKCS assets, NSTA cost forecasts, our own calculations based on levels of offshore infrastructure to be decommissioned and NSTA benchmarked cost estimates, and international comparisons. Through this approach we model baseline 2026–2035 operator spend of £25.6bn, broken down by UKCS region according to Figure 5.

**Figure 5**



Forecast decommissioning spend by region (GBP millions, 2024 prices) (NSTA, OGA, OEUK, ONS, operator annual reports, own calculations)

Based on interview feedback and desk research, we model the potential effects on baseline costs of two general cost pressures (operator optimism bias; age of wells at decommissioning), and a set of supply and demand cost pressures (increased competition for heavy lift vessels for removals; increased competition for rigs for well P&A; increased competition for non-vessel decommissioning inputs). We then develop six scenarios to understand how cost pressures could play out. The scenarios are structured around two variables: the degree of regulatory forcing on operators to decommission in line with forecasts (no measures/limited measures/strong measures), and steps taken by the government to mitigate supply/demand pressures facing the offshore sector.<sup>6</sup>

Scenario descriptions and results are summarised in Table 3 below. Our results indicate a great deal of price sensitivity to the policy context, with decommissioning investment across the decade modelled in a £16–40bn range, and removals and well P&A rates falling below forecast levels by up to 70% and 30%, respectively.

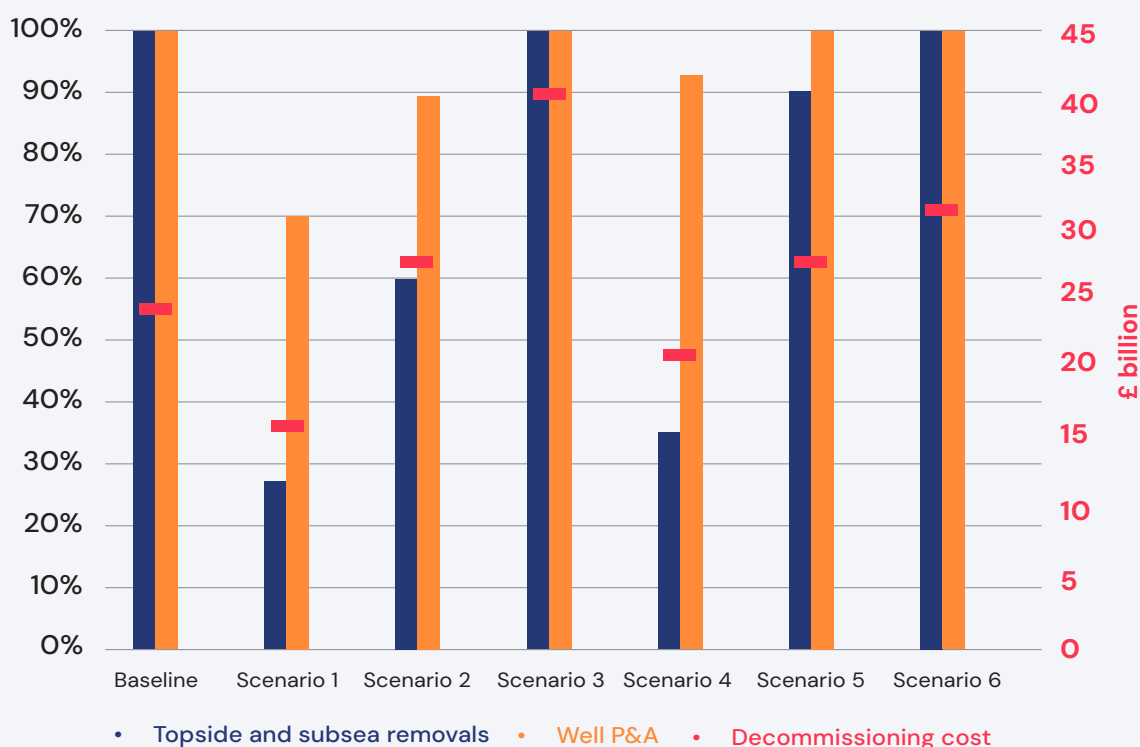
**Table 3: Summary of decommissioning scenarios, 2026–2035**

|                                                                              | No new measures to incentivise/compel decommissioning timetable                                                                                                                                                                                                                                                                                                | Limited measures to incentivise decommissioning timetable                                                                                                                                                                                                                                                                           | Strong measures to compel decommissioning timetable                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                              | Scenario 1                                                                                                                                                                                                                                                                                                                                                     | Scenario 2                                                                                                                                                                                                                                                                                                                          | Scenario 3                                                                                                                                                                                                                                                                                                                                           |
| <b>No or limited measures introduced to mitigate supply/demand pressures</b> | <p><b>“Major delays”</b></p> <p>The status quo scenario in which supply bottlenecks push up prices, with operators significantly delaying decommissioning in response.</p> <p><b>Well P&amp;A:</b> 30% below forecast<br/> <b>Removals:</b> 73% below forecast<br/> <b>Difference to baseline:</b> £9.2bn<br/> <b>Total cost:</b> £16.35bn</p>                 | <p><b>“Pay more for less”</b></p> <p>The regular takes some measures to incentivise performance, but these are weighed by operators against rising costs.</p> <p><b>Well P&amp;A:</b> 11% below forecast<br/> <b>Removals:</b> 39% below forecast<br/> <b>Added cost to baseline:</b> +£2.56bn<br/> <b>Total cost:</b> £28.11bn</p> | <p><b>“Highest cost good progress”</b></p> <p>Despite very high costs from supply crunch, it is more cost effective for operators to decommission rather than face penalties for delay.</p> <p><b>Well P&amp;A:</b> As forecast<br/> <b>Removals:</b> As forecast<br/> <b>Added cost to baseline:</b> +£14.82bn<br/> <b>Total cost:</b> £40.37bn</p> |
|                                                                              | Scenario 4                                                                                                                                                                                                                                                                                                                                                     | Scenario 5                                                                                                                                                                                                                                                                                                                          | Scenario 6                                                                                                                                                                                                                                                                                                                                           |
| <b>Measures introduced to mitigate supply/demand pressures</b>               | <p><b>“Lower cost slowing pace”</b></p> <p>Reducing supply pressures without compelling performance leads to low costs – through costs remain above baseline causing operator delays.</p> <p><b>Well P&amp;A:</b> 7% below forecast<br/> <b>Removals:</b> 64% below forecast<br/> <b>Added cost to baseline:</b> –£4.09bn<br/> <b>Total cost:</b> £21.46bn</p> | <p><b>“Moderate cost steady progress”</b></p> <p>Moderate measures to incentivise operators balance with measures to reduce costs.</p> <p><b>Well P&amp;A:</b> As forecast.<br/> <b>Removals:</b> 9% delays<br/> <b>Added cost to baseline:</b> +£2.56bn<br/> <b>Total cost:</b> £28.11bn</p>                                       | <p><b>“Higher cost good progress”</b></p> <p>Regulatory forcing on timetable pushes up prices, but these are somewhat mitigated by measures to reduce supply pressures.</p> <p><b>Well P&amp;A:</b> As forecast<br/> <b>Removals:</b> As forecast<br/> <b>Added cost to baseline:</b> +£6.39bn<br/> <b>Total cost:</b> £31.94bn</p>                  |

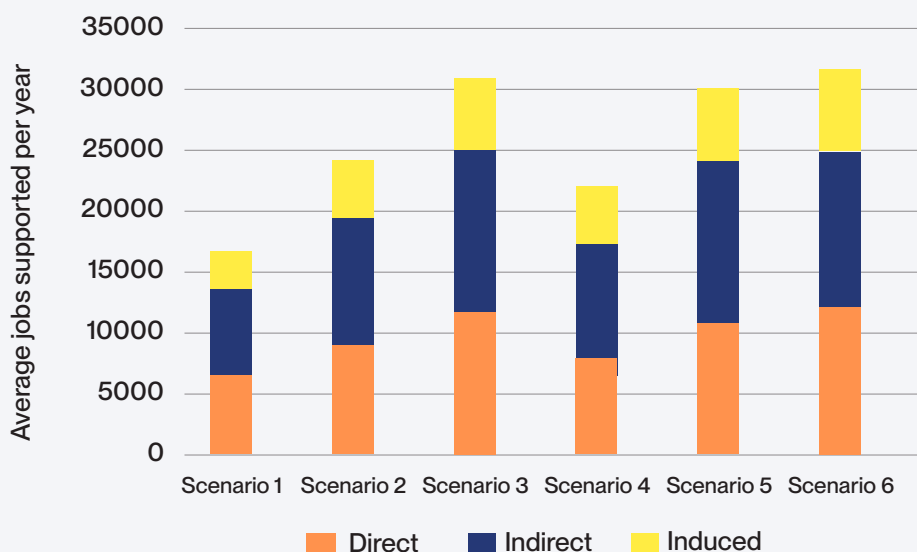
Lower levels of regulatory forcing (e.g. Scenarios 1 and 4) lead to lower levels of activity and lower levels of total spend between 2026 and 2035, as operators are unwilling to pay above baseline costs (it should be noted that decommissioning costs are not avoided, they are pushed out into the future, and will increase over time due to factors described below). Higher levels of regulatory forcing lead to higher unit costs. For example, Scenario 3 has the same level of activity as the baseline forecast, but comes at an additional cost of £14.8bn. It is important to note that where supply-side pressures increase unit costs, the economic benefits of investment (e.g. job creation, ripple effects through the economy) per pound spent are reduced. For example, under Scenario 2, an additional £2.56bn is invested compared to the baseline scenario, but job creation is 20% lower and total GVA is also lower, as operators pay more to do less.

Introducing measures to mitigate supply and demand pressures reduces the unit costs of decommissioning (e.g. Scenario 2 and Scenario 5 have the same level of investment over the decade, but higher levels of activity under Scenario 5). However, in none of the scenarios do we model baseline levels of decommissioning activity being achieved with baseline costs (i.e. in line with NSTA and operator forecasts). This reflects an anticipated supply-side crunch, as decommissioning activity is expected to ramp up alongside a massive, planned rollout of offshore wind and continuing oil and gas activity internationally.

Figure 6



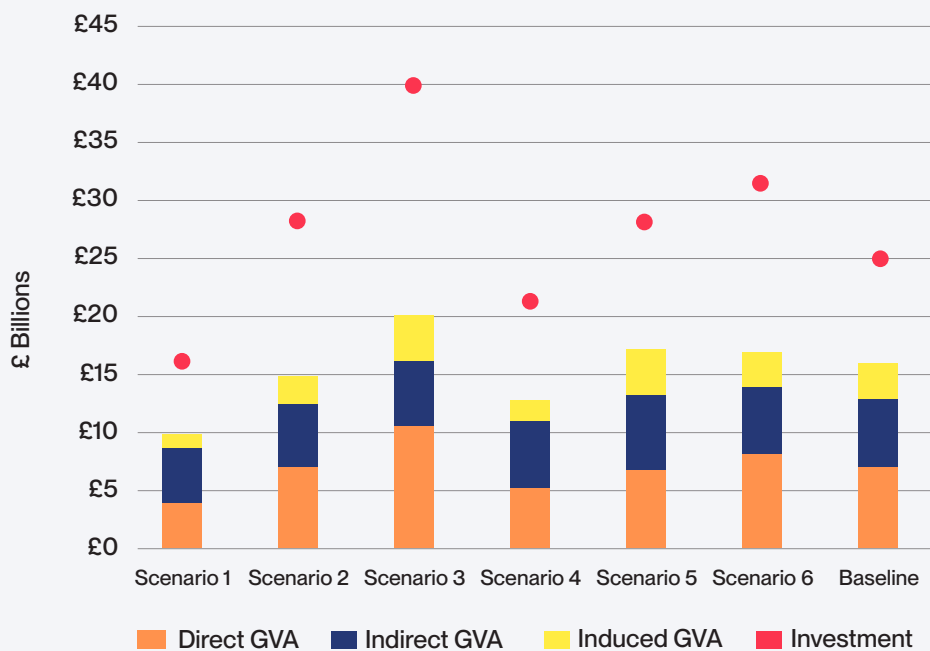
Summary of scenario modelling results (multiple sources and own calculations)

**Figure 7**

*Direct, indirect, and induced jobs supported by UKCS decommissioning, 2026–2035 under multiple scenarios (operator reports, ONS employment multipliers and effects in the UK 2024, Scottish Government Supply, Use and Input-Output Tables, own calculations)*

### Key risks evident from our scenario modelling are that:

- The status quo approach of providing operators with maximum flexibility to determine decommissioning timetables will lead to a steep fall-off in activity, disrupting UK supply chain development and reducing opportunities to extend North Sea careers and preserve the UK's offshore skills base. Decommissioning will still have to take place due to legal and environmental imperatives – but at greater cost due to delays<sup>7</sup>, with lower societal benefits and with greater risk that the taxpayer has to pick up costs if an operator goes insolvent or fails to perform the work.
- Strong regulator action to compel operators to meet decommissioning timetables, without concerted government action to mitigate supply bottlenecks, will lead to a huge increase in decommissioning unit costs.
- Government effort to mitigate supply bottlenecks without regulator action to incentivise or compel operators to meet decommissioning timetables, is unlikely to achieve forecast levels of decommissioning activity, as the economics of the North Sea and realities of decommissioning from the operator perspective (a pure cost with no offsetting revenue) will incentivise operators to defer costs.

**Figure 8**

*Direct, indirect, and induced GVA under multiple scenarios, 2026–2035 (ONS Supply and Use tables for 2022, released October 2025, ONS Input-Output Analytical Tables, 2022, released Feb 2025, own calculations)*

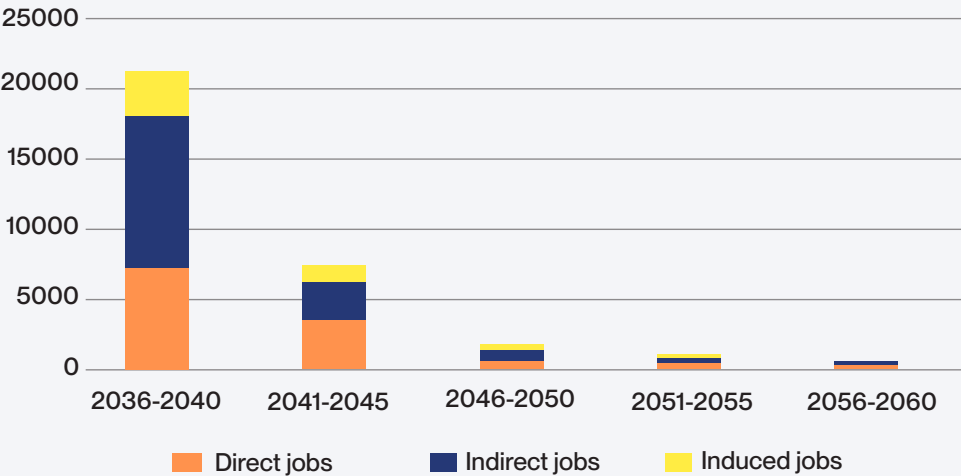
## Section 8: Modelling decommissioning delivery beyond 2035

Forecasting job creation and economic impacts from decommissioning out to the 2060s is subject to significant uncertainty due to unknowns about available technology, regulatory frameworks and market dynamics decades into the future. We model three automation scenarios (no net effect, medium and high sensitivity) for each of the circa 150 role types associated with decommissioning. While our analysis indicates decommissioning roles have comparatively limited exposure to automation-induced redundancy compared to other areas of the economy, these results remain speculative. Therefore, the figures we present here are indicative, taking NSTA published forecasts on well decommissioning for each year to 2060 as a proxy for total UKCS decommissioning activity, and assuming our job and value creation multipliers for 2026–2035 apply for 2036–2060.

According to our baseline scenario, the decommissioning workforce will peak in the next decade, and then between 2036 and 2045, begin to transition into other key sectors (offshore wind, CCS, hydrogen, power T&D networks) as the decommissioning workload begins to ramp down. Between 2046 and 2060 we model that the decommissioning workforce will decline to below 1,000 direct FTE roles. Given the low volumes of work undertaken in these years, decommissioning will likely be undertaken by a small number of niche service providers, and as a non-core service by supply chain companies focused on other sectors.

The economic contribution of decommissioning to the UK economy will also begin to decline after the late 2030s, as indicated below. It should be noted that this analysis is a projection of our baseline scenario. In scenarios where decommissioning between 2026–2035 is significantly delayed, decommissioning activity will be spread more evenly over the next two decades. As discussed above, where decommissioning is significantly delayed this decade, post-2035 costs are likely to be significantly higher, though challenging to model due to unknowns about the cost impacts of the degradation of offshore infrastructure.

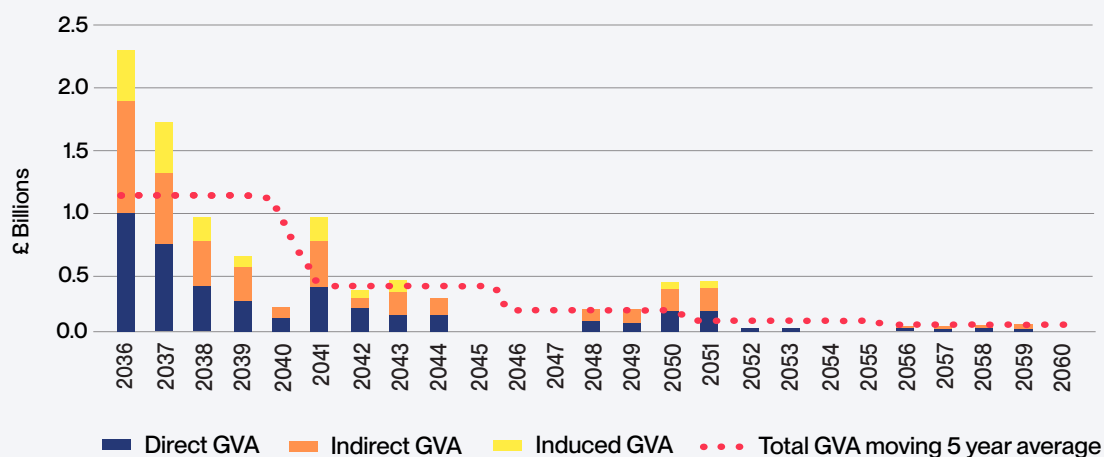
Figure 9



*Jobs supported by UKCS decommissioning from 2036–2060, baseline scenario assuming no net effect from automation (own calculations)*



Figure 10



Annual direct, indirect, and induced GVA, 2036–2060 (NSTA Wells Insights Report (2025), own calculations)

## Section 9: Future policy framework

The North Sea combines declining industries and growth industries, environmental hazards and environmental opportunities, skills shortages in some areas and job shortages in others. This complexity creates the potential for a resilient economy – diversified businesses, the pooling of skills and resources between sectors, and sharing of costs – that supports workers and communities through transition. However, complexity also creates the risk of fragmentation and market failure, where sectors compete over a limited pool of resources, pushing up costs and where declining activity in one area is steeper than growth in another, causing job losses and economic dislocation as supply chains and skills, once dispersed, are hard to rebuild. Getting the outcome right will require proactive government action to drive and direct investment, coordinate activity, and buffer potential impacts on individuals and communities through strong social and labour protections. Decommissioning has a key role to play in that process, and therefore should be approached as part of a joined-up strategy for the North Sea, not left largely to operators to shape, as is currently the case.

The North Sea Future Plan, published alongside the November 2025 Budget, indicates that the government intends to take a tougher line with operators that do not meet their commitments. Firstly, the NSTA's maximum financial penalty will be increased from £1 million to £5 million, with the potential to increase this to £10 million. Secondly, the government will provide the NSTA with new powers to impose enforceable well decommissioning milestones, and to extend the NSTA's ability to take financial security to subsea wells drilled before 2009 and against failure to meet the enforceable well decommissioning milestones (i.e. require operators to put up financial guarantees for older wells previously outside its remit, and as assurance against missing the new mandatory milestones).

While these proposed changes are welcome initial steps, we suggest that a more proactive regulator and more ambitious industrial strategy are required to harness the benefits and avoid the risks of UKCS decommissioning. We recommend that additional measures are introduced to address the six challenges below:

### **1. Decommissioning delays due to operator strategic deferral**

Quick wins could include formalised timetables for decommissioning programme submissions, with minimum lead-in times and binding intermediate deadlines, and the introduction of escalating financial penalties so that, over time, the cost of decommissioning is lower than the cost of non-compliance. More systemic interventions could include the regulator taking a greater role (even commissioning parts of) decommissioning programmes, and requiring operators to pre-fund a portion of estimated decommissioning costs through escrow accounts, trusts, or phased security postings that increase over time.

### **2. Spikes and lulls in decommissioning activity**

Quick wins could include mandating operators to coordinate decommissioning plans at a regional or infrastructure-cluster level, and introducing incentives for off-peak vessel use. More systemic interventions could include mandatory decommissioning pacing, where the regulator sets annual/two-year windows with minimum and maximum decommissioning activity, and measures to limit vessel hire in the lowest-risk summer months to the highest-risk projects.

### **3. Supply chain and workforce insecurity from the lumpiness of decommissioning**

Regulations introduced under the Employment Rights Act, and commitments by the current Secretary of State to extend all rights at work to the UK Continental Shelf, should go some way to addressing workforce insecurity in decommissioning. The government could also consider extending the North Sea Jobs Service remit, currently under design, to include tailored welfare and training for decommissioning workers in the periods between contracts, or facilitating formal agreements between companies across sectors (decommissioning, wind, CCUS, ports, defence for example) to allow structured secondments or temporary transfers of staff during decommissioning gaps. More systemic interventions could include establishing a sector-wide, non-governmental pooled employment vehicle that employs a direct, permanent workforce, sitting alongside the decommissioning supply chain, and establishing a public sector body, funded through operator contributions, that undertakes labour-intensive, capital-light “buffer” projects during decommissioning lulls.

#### 4. Supply-side bottlenecks that push up costs

Quick wins could include a government-led coordination group to explore voluntary peak reduction options, and the introduction of a government-backed bond or guarantee scheme to support the financing of strategic decommissioning vessels and offshore assets to increase supply. More systemic interventions could include establishing a government-controlled (not owned) limited strategic offshore vessel capacity to mitigate systemic bottlenecks (such as long-term chartering or availability contracts, which could be coordinated with other key jurisdictions), or government (also in collaboration with other jurisdictions) commissioning a limited number of strategically critical offshore vessels with priority call-off rights for UKCS decommissioning, following the example of how emergency tow vessels and icebreakers are funded in some jurisdictions.

#### 5. Achieving higher levels of UK content

Quick wins could include the introduction of weighted criteria in the decommissioning programme consent process that rewards higher environmental standards or contribution to supply chain resilience, or tightening existing NSTA local content reporting requirements so that operators must collate and report across their supply chain. More systemic interventions could include strategic public investment through the National Wealth Fund in port and decommissioning yard capacity or government co-investment (via equity grants or concessional loans) in heavy lift vessels or conversion of existing vessels to decommissioning use, conditioned on the investment project meeting regional development objectives.

#### 6. Supporting workforce transition from oil and gas production to decommissioning

Quick wins could include requiring operators to submit a workforce transition plan 5 years before forecast CoP date, the development of a decommissioning workforce plan (building on the workforce planning in the Clean Energy Jobs Plan produced by DESNZ's Office for Clean Energy Jobs) with rolling demand forecasts mapped against skills availability, and strengthening the offshore skills passport process by creating a regulatory presumption of equivalence between oil & gas offshore roles and decommissioning roles, unless evidence is provided to rebut the presumption. More systemic interventions could include a government grant to individuals working in offshore oil and gas production that transition into decommissioning roles, time-bound (6–12 months) income protection for offshore oil and gas workers who take up decommissioning contracts, and providing workers on late-life assets the right of first refusal on decommissioning roles on the same asset or within the same basin. A formal role should be created for trade unions in designing transition policies and decommissioning jobs frameworks, to increase quality, trust, and take-up.

## Section 10: Conclusion

Safely removing ageing oil and gas infrastructure from UK waters presents a significant economic and industrial opportunity as production from the UKCS declines. If managed effectively, decommissioning can support a major programme of investment over the next decade, with the potential to sustain thousands of jobs. While decommissioning is not a silver bullet to address the economic fallout on communities from declining offshore oil and gas production, the sector can provide a bridge for a sizeable number of experienced oil and gas workers, helping retain critical skills within the UK economy. As decommissioning winds down in the early 2040s, some of these workers will be well placed to transition into growing sectors such as offshore wind, carbon capture and storage, and hydrogen.

However, these benefits are far from guaranteed. More than 500 wells are already overdue for decommissioning, reflecting systemic challenges including supply-chain bottlenecks, an overly flexible regulatory framework, limited enforcement powers, and operator reluctance to commit investment. Without stronger government action — including clearer planning, improved coordination of rigs and heavy-lift vessels, investment in infrastructure, and robust enforcement of operator liabilities — decommissioning activity could fall far below forecast levels while costs escalate sharply. Delays will increase technical complexity, erode the UK's skills base, and ultimately risk shifting greater clean-up costs onto taxpayers. A more proactive approach is therefore essential to ensure that decommissioning delivers both environmental responsibility and lasting economic value for the UK.



## Section 11: Endnotes (References)

Sources and references are set out in full in the Methodology and Findings document published alongside this executive summary.

1. <https://www.rgu.ac.uk/news/news-2025/8232-uk-offshore-energy-industry-faces-grangemouth-scale-redundancies-every-fortnight-without-intervention-warns-new-rgu-report>
2. <https://www.nstauthority.co.uk/news-publications/new-decom-table-highlights-named-operators-performance/>
3. <https://www.nstauthority.co.uk/regulatory-information/decommissioning/cost-estimate>
4. The Petroleum Act 1998 does not establish binding conditions for CoP or decommissioning timetables post-CoP.  
CoP dates are treated as estimates or planning forecasts based on economic and operational modelling rather than fixed deadlines, so can be updated as circumstances change.
5. [https://www.theaustralian.com.au/subscribe/news/1/?sourceCode=TAWEB\\_WRE170\\_a\\_GGL&dest=https%3A%2F%2Fwww.theaustralian.com.au%2Fnation%2Fnorthern-endeavour-sent-to-scandalplagued-danish-shipyard%2Fnews-story%2Fdbb2d49f8eb08bc96b024b1a27ee70&memtype=anonymous&mode=premium&v21=GROUPA-Segment-1-NOSCORE](https://www.theaustralian.com.au/subscribe/news/1/?sourceCode=TAWEB_WRE170_a_GGL&dest=https%3A%2F%2Fwww.theaustralian.com.au%2Fnation%2Fnorthern-endeavour-sent-to-scandalplagued-danish-shipyard%2Fnews-story%2Fdbb2d49f8eb08bc96b024b1a27ee70&memtype=anonymous&mode=premium&v21=GROUPA-Segment-1-NOSCORE)
6. A higher oil price will encourage operators to delay CoP as declining fields become economically viable again, and a sustained price dip will encourage operators to bring CoP forward. At the same time, interviewees noted that a lower oil price reduces cash flow, and therefore operator appetite to invest in decommissioning, whereas others noted that a higher oil price increases competition for a limited pool of workers/vessels etc. Given these complexities, and the fact that 2026–2035 is likely to have periods of relatively high and low oil prices, we omit oil price from our scenario formation. Many interviewees noted that decommissioning expenditure is not deductible under the EPL, creating an incentive for operators to delay decommissioning until the EPL is removed or the tax regime changes. Others noted that the EPL could bring forward decommissioning by making investments to extend smaller or marginal fields less viable, and therefore accelerating CoP. One interviewee observed that operators already receive decommissioning tax relief through deductions against the Ring Fence Corporation Tax and Supplementary Charge, and that allowing a deduction against the EPL – designed to target windfall profits – would be self-defeating, enabling operators to use windfall profits to cover existing liabilities for which they already receive tax relief. Given the divergent effects of the EPL, and complex policy background, we do not model for different EPL scenarios, assuming the tax regime remains unchanged.
7. We model a 0.5% cost uplift per year of delay for well P&A due to degradation and reductions in well integrity. There are likely to be equivalent or higher costs of delay for the removal of topsides and substructures due to structural deterioration as
  - 1) more preparatory work will be required,
  - 2) major repairs may be required before dismantling and
  - 3) there will be more reliance on costly sectional removal rather than single lifts.
 As noted elsewhere, delay will also push up personnel costs, as experienced engineers and workers with asset-specific knowledge retire, leading to loss of expertise, greater engineering uncertainty, and the need to train a new workforce.
8. <https://assets.publishing.service.gov.uk/media/6926dede345e31ab14ecf507/north-sea-future-plan-government-response.pdf>

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