

**PRESBYTERY OF ABERDEEN
CHURCH AND SOCIETY COMMITTEE**

**A pastoral report on the impact of cutbacks in the UK oil and gas industry
on the North East economy and community.**

The Oil and Gas industry is currently experiencing its deepest downturn since at least the 1990s. A range of global factors have determined that the supply of oil currently exceeds demand and this has caused the price of oil to fall. The effects of this are acutely felt within the UK Oil and Gas Industry, because it is relatively expensive to extract oil and gas from offshore installations, when compared with onshore drilling or fracking. The low oil price poses a threat to the viability of the UK offshore industry, which is struggling to remain profitable.

The industry has responded by making cutbacks and at the present time it is estimated that 120,000 jobs have been lost across the UK. As a whole the industry has directly supported about 440,000 jobs, so about a quarter of all jobs have been lost. The offshore workforce only totals about 40,000 people and so the biggest cutbacks have been borne by firms in the supply chain. Nevertheless, the offshore workforce has also been cut and there have been significant alterations in shift patterns.

It is important to acknowledge that people from all over the UK work in the oil and gas industry and that this isn't just a local issue. However, the concentration of oil and gas activity in Aberdeen and the North East area has meant that there has been a significant impact on the local community and economy. The headline figures indicate that the unemployment rate is still lower in Aberdeen than across Scotland as a whole. However, it is the direction of travel which is significant and which has an immediate effect on many people's lives: while unemployment is rising in Aberdeen and the surrounding area, it has been falling in areas such as Edinburgh and Glasgow. Put simply, while people are tending to move into work in other parts of Scotland, here in the North East jobs are currently being lost.

Historically, the oil and gas industry has not always been popular. From an environmental perspective it is perceived as being a 'dirty industry' and our society's present need of oil and gas is sometimes rather grudgingly accepted. Furthermore, there is a perception that those who work in oil and gas have enjoyed exceptional financial rewards compared with many who have been employed in other fields. However, the latter is only partly true. As outlined above, the majority of workers are involved in the supply chain and don't command high 'offshore salaries'. Furthermore, many of those who do work offshore are employed by contracting firms and are engaged on zero-hours contracts. As a consequence, they are only paid for shifts that are worked and in times of recession they enjoy little job security.

In some ways the North East community is now experiencing a 'mini depression'. This has had a direct effect on the housing market where the annual change in residential property sales has been negative for the past two years. A knock-on effect of this is that many people now feel trapped, being unable to sell their homes in order to move to other areas in search of work. Moreover, where people have lost their jobs, they often cannot meet the mortgage payments on their homes. These were based on the high property prices that were themselves driven upwards by the previous oil boom.

Inevitably the recession in the oil and gas industry has a trickledown effect through the wider North East Community. All home-owners are affected by stagnation of the housing market. Likewise, there are negative effects in the retail and service industries. Where it was once hard to find a room in Aberdeen, many hotels now have vacancies. Similarly, many restaurants have fewer customers and the number of people travelling through Aberdeen

Airport has significantly declined. Some taxi drivers no longer work in the City due to the reduction in trade.

The downturn has inevitably had an impact on the health and wellbeing of local people. GPs have reported an increase in the numbers of patients presenting with mental health issues, especially stress, anxiety and depression. People who are still in work are anxious about the threat of possible redundancy and often face an increased workload due to other job losses. Those who have lost their jobs are anxious about meeting mortgage payments or selling their homes, and in addition often experience loss of confidence and self-esteem. For similar reasons there have been related referrals and admissions at the Royal Cornhill Hospital.

Figures show that, in Aberdeen and Aberdeenshire, there has been a significant increase in the number of people seeking Job Seeker's Allowance. The Citizens Advice Bureau has experienced a notable increase in the use of its services, with enquiries being made about money, benefits and redundancy procedures. In order to keep their jobs some people have had to accept significant reductions in wages, or changes in their working hours. Many students who had been following vocational courses in Aberdeen's two universities were hoping to complete placements, and ultimately to seek employment, in the oil and gas industry. Many such placements are now no longer on offer and neither are the employment opportunities.

Comments have been received from several foodbanks, which have connections with local congregations. Instant Neighbour has recorded that some food and furniture have been provided for people made redundant from the oil and gas industry. The Lighthouse has reported a general increase in people using its foodbank, but has indicated that such folk are largely trapped in poverty, or suffering long-term addiction issues, rather than being recently made redundant. It is important to acknowledge that poverty was already a reality for some local people before the recent downturn occurred. Ultimately such people may be disadvantaged further as a consequence of the trickledown effect.

Over the past few months the Oil and Gas Chaplaincy has experienced one of the busiest periods since its inception. The Rev Gordon Craig has been making an unprecedented number of visits to offshore installations, providing pastoral support in a community where morale is understandably suffering. The contacts made through such offshore visits invariably generate further onshore pastoral work.

This report is being written to promote pastoral awareness across the Presbytery about some of the issues that people are facing in our congregations and parishes. Whether within or beyond the oil and gas industry, many local people are experiencing difficult times. As those who share Christ's ministry of compassion, we need to be able to recognise and understand our neighbours' needs. We have a task of upholding people in prayer and showing gentleness and love to those whom we encounter.

If there is among you anyone in need, a member of your community in any of your towns within the land that the Lord your God is giving you, do not be hard-hearted or tight-fisted toward your needy neighbour. You should rather open your hand, willingly lending enough to meet the need, whatever it may be. (Deuteronomy chapter 15 verses 7 and 8.)

"Come to me, all you that are weary and are carrying heavy burdens, and I will give you rest. Take my yoke upon you, and learn from me; for I am gentle and humble in heart, and you will find rest for your souls. For my yoke is easy, and my burden is light. " (Matthew chapter 11 verses 28 to 30.)

December 2016