

Petroleum

The UK Petroleum industry (also referred to as the downstream sector) consists of refining and blending, storage, distribution and retail sale of petroleum products.

The industry is made up of over 200 companies (8,600 including retail forecourts). The main product of the downstream sector is transport fuel (aviation kerosene, diesel and unleaded petrol) which can amount to 60% of refinery output.

There are eight major crude oil refineries operating in the UK, which supply the bulk (little under 90%) of national demand for petroleum products. Companies range from large multinationals, two supermarket chains and independent retailers.

Headlines

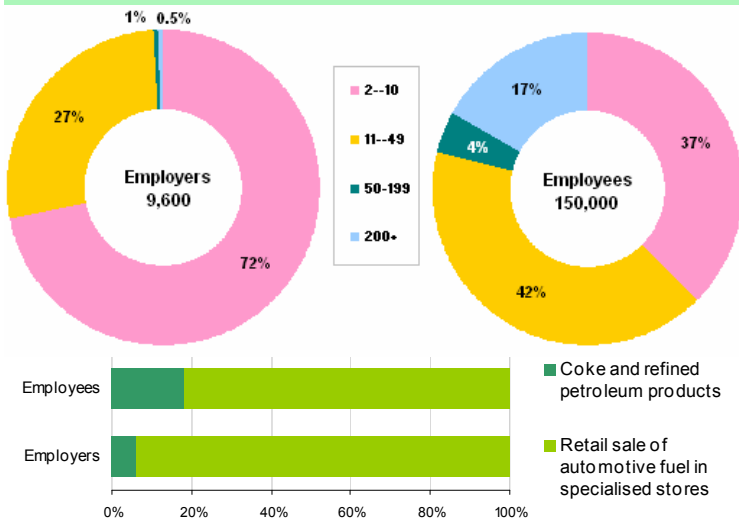
- The UK has the **4th largest total refining capacity in the EU** and some UK refineries are among the largest in Europe.
- The Petroleum industry invests around **£1bn on capital expenditure¹** and **£219m in research and development³** in the UK.
- Productivity in the industry has increased by 69%** over the last 10 years. Average annual growth rate for the Petroleum industry is 5.1%. The industry is forecast to reach a turnover of £56.8bn in 2015.
- The industry contributed **£1.2bn net contribution to the balance of trade** in 2009⁶ (down by 40% from 2000). Due to the growing demand for diesel and jet fuel (50% up from 1990), and the falling demand for petrol (30% down from 1990), has resulted in the UK becoming increasingly reliant on large-scale imports of diesel and jet fuel that had a significant effect the balance of trade over the last 5 years.

Economic Picture¹

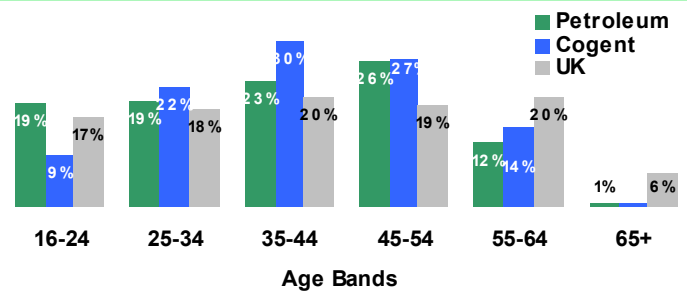
Industry	Turnover	GVA*	GVA per Employee
	£ / bn	£ / bn	£
Coke and refined petroleum products	39.68	1.54	154,600
Retail sale of automotive fuel in specialised stores	15.07	1.54	32,870
Overall	54.76	4.60	69,758

The Workforce

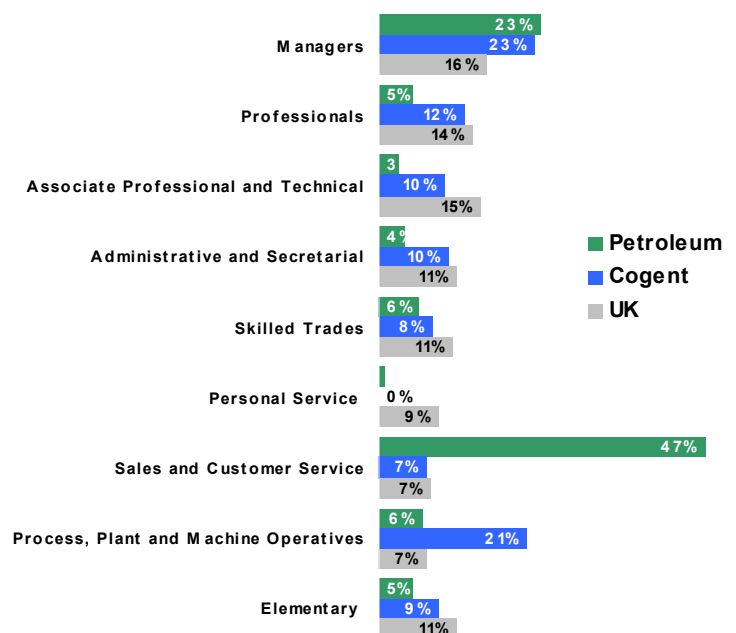
Employers and Employees by Size^{2,4}



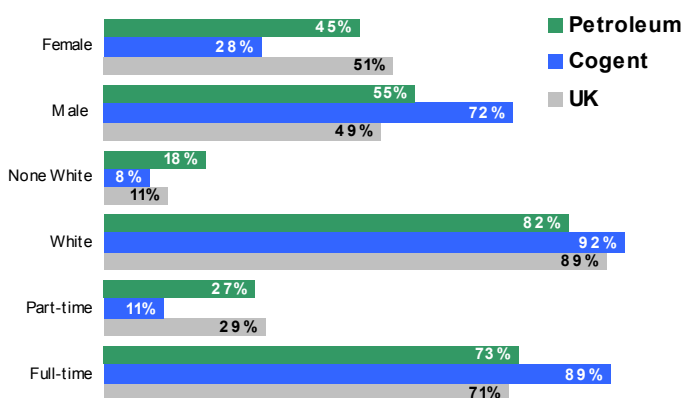
Age Profile³



Occupational Distribution³



Workforce Distribution— Gender¹, Ethnicity³ and Employment Profile³

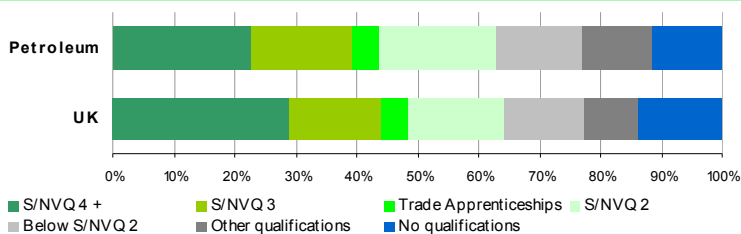


1. Annual Business Enquiry (ABI) 2008, Office of National Statistics (ONS) 2010
 2. National Employers Skills Survey (NESS) 2009, Cogent Industry Estimate
 3. Labour Force Survey (LFS) 2009, ESDS 2010
 4. Cogent Industry Estimate

5. UK Petroleum Industry Association (UKPIA) Statistical Review 2010
 * GVA - Gross value added (GVA) represents the amount that individual businesses, industries or sectors contribute to the economy.

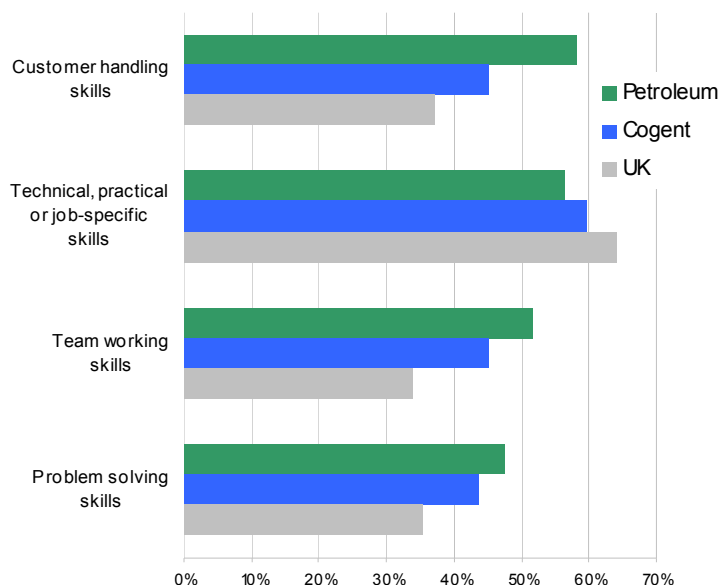
Skill level and Skills Needs

Skill Level³

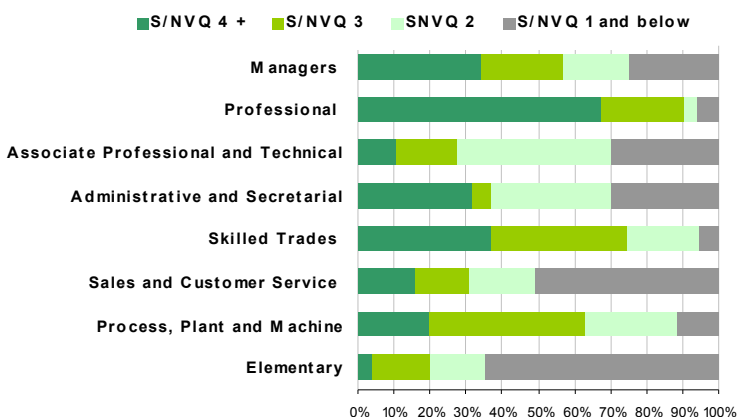


Skills Needs²

Top four skills that will need improving or updating in the next 12 months in all occupations, as reported by employers.



Skill Level by Occupation³



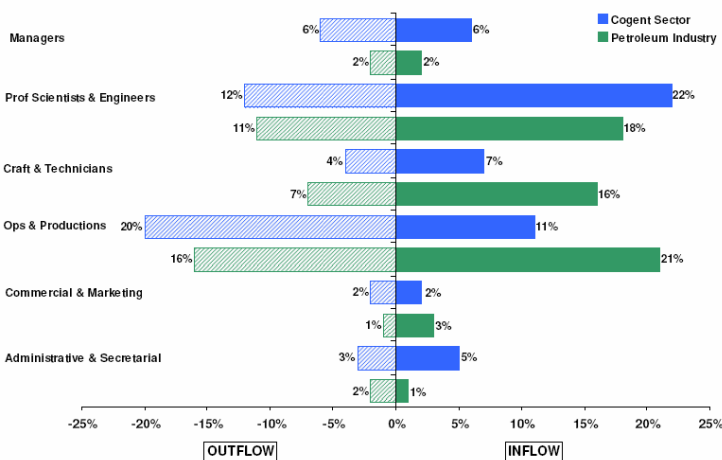
Skills Demand and Training²

- Vacancies for 'Sales and customer services' were reported by employers as the most 'hard to fill'.
- Employers expect the demand for competence based skills, leadership and management and technical level skills to increase in the next 12 months⁷.

	Petroleum	Cogent
Proportion of employers that expect staff will need to acquire new skills or knowledge in the next 12 months	61%	63%
Internal skills gap (proportion of employees that are not fully proficient at their jobs, as reported by employers)	19%	21%
Proportion of employers that provided training over the last 12 months	68%	66%
Number of staff trained as a proportion of employees (last 12 months)	53%	50%
Average annual training budgets per employee ⁷ (excludes cost of maintaining production while training the employee)	£1,170	£930

Employment and Workforce Distribution

Employment Turnover by Skill Level⁷



According to the Petroleum Skills Oracle, employment turnover for 2009 was 15%.

- The main recruitment routes were: 'Agency' (60%), 'Mature Entrants' (27%).
- The main departure routes were: 'other' (54%), the retirements (43%) and redundancies (3%).

Employment by Region and Nation¹

	Employees		Employers	
	n	%	n	%
East	5,135	10%	513	5%
East Midlands	2,921	5%	415	4%
London	4,140	8%	408	4%
North East	2,055	4%	189	2%
North West	6,044	11%	590	6%
South East	7,884	15%	649	7%
South West	4,101	8%	533	5%
West Midlands	3,472	7%	516	5%
Yorkshire and The Humber	5,360	10%	467	5%
England	41,110	77%	4,280	44%
Scotland	4,165	8%	510	5%
Wales	3,021	6%	357	4%
Northern Ireland ⁴	5,000	9%	270	3%
Total*	53,296	100%	9,697	100%

* Industry estimates can exceed ABI employee and employer data due to contractor workforce and SIC limitations. Cogent estimates an additional 97,000 employees for the Petroleum workforce.

6. Trade Statistics 2009, HM Revenue and Customs (HMRC) 2010

7. Skills Oracle 2010, Cogent SSC

8. Business Enterprise R & D (BERD) 2008 – released Dec 2009, ONS 2010