

News story: North Sea exploration funding announced

New exploration in the North Sea will be supported by a £5 million UK government fund for 2018/19, Philip Hammond announced today (25 September) during a visit to Aberdeen and Dundee. The funding will be used by the Oil and Gas Authority (OGA) to survey under-explored areas of the UK Continental Shelf to find potential new deposits.

The announcement came on the same day that the Oil & Gas Technology Centre in Aberdeen, which the Chancellor visited and is part-funded by the UK government, said its work with industry on new subsea technologies could help unlock 400 million additional barrels of oil and gas from the North Sea and £3 billion of additional value to the industry.

Chancellor of the Exchequer, Philip Hammond, said:

The oil and gas industry remains vital for the Scottish economy and the UK as a whole. The £5 million funding I am announcing will help exploration to find potential new deposits, and boost prospects for jobs in Aberdeen and the surrounding area. This continues the UK government's extensive package of tax and funding support for the industry and the wider Scottish economy.

I've seen today how Dundee has benefitted from our life sciences and creative sector funding. I now look forward to progress being made on the Tay Cities Deal, which will follow the £1 billion already committed by the UK to Scotland's City Deals so far.

This government will continue using the UK's broad shoulders to provide Scotland with the skills and support it needs to thrive in the future.

UK Energy Minister, Richard Harrington, said:

North Sea oil will continue to fuel growth and jobs across Scotland and the rest of the UK, with an estimated 10-20 billion barrels still remaining.

I was in Aberdeen last month and saw first-hand the work of the Oil and Gas Authority which we established to be a strong, independent regulator focused on maximising economic recovery.

The sector continues to have the full support of the UK government, confidence is returning, and today's announcement recognises there are great opportunities for further exploration.

Earlier in the day, the Chancellor met local businesses in Dundee to discuss how UK government tax support has helped them grow, including reducing corporation tax and introducing creative sector tax relief. The waterfront regeneration underway in Dundee includes the stunning new V&A museum currently under construction, supported by £5 million UK government funding.

Philip Hammond also visited Dundee University life sciences complex, which is a world leader in areas including drug discovery. It has received more than £20 million in UK government funding in recent years and is now ranked highly on global ratings for its scientific excellence and impact of its research.

In Aberdeen, he met oil and gas industry representatives to discuss how the £5 million funding could help employment and the economy in the region. The UK government has given substantial support to the oil and gas sector, including a £1.3 billion package of tax cuts at Budget 2015 and a further £1 billion package at Budget 2016.

The UK internal market is the most important for Scotland's economy. Scotland sells four times as much to the rest of the UK as it does to the entire EU, for example, and the UK is currently working to protect the benefits of this market, and provide continuity and certainty as we prepare to leave the EU.

The UK government is also backing plans to establish Aberdeen as a global leader in decommissioning, creating skilled jobs and exporting this advanced knowledge to other countries. Tax relief for decommissioning is in place, covering around 40% of the total cost for UK companies and forecast to be worth around £24 billion between now and the 2050s. The OGA has also committed to reduce the overall costs for industry.