

Oil and gas contractors set to enjoy long-term demand in Scotland

Contractors in the oil and gas sector, and in areas such as IT and engineering that support the offshore industry, are set for a period of long-term stability. So says Derek Kelly, Group Technical Director of contractor umbrella company [Parasol Group](#), and director of contractor accountant [Quay Accounting](#).

Explaining the rationale behind a new Aberdeen office, which will jointly house the Parasol Group umbrella company and Quay Accounting operations, Kelly says: "Although we will see short-term fluctuations in demand for contractors, strategically the demand for energy has never been greater."

North Sea oil and gas reserves that have been uneconomical to exploit so far will become more financially viable, and highly skilled specialist contractors will be in constant demand as a result.

The Aberdeen 'Village'

"Aberdeen, which is the centre of oil and gas contracting activity in the UK and arguably Europe, employs around 20,000 onshore alone," explains Kelly. "It's a close-knit community where everybody knows everyone else. But to date there has been little choice of trading solutions for contractors based in the city."

With both Parasol offering umbrella company solutions and Quay Accounting's limited company solution, Aberdeen-based contractors will now have a much greater choice of local service providers.

"There are currently only a couple of firms offering contractors umbrella employment and accountancy solutions, and by basing our people locally, we'll be able to provide contractors with greater choice," says Kelly.

Strong underlying demand for contractors

Kelly says that not much has changed in oil and gas following the economic turbulence of the last and the onset of the current recession. "From what we've seen at Parasol – and remember we have thousands of oil and gas contractor clients – rates have been squeezed, but underlying demand for contractors is still strong."

The oil and gas business also employs a huge number of contractors from all the support disciplines onshore, so it's not just the workers on rigs, but also IT, engineering and other support contractors who benefit. This includes contractors from fields like health and safety, plus interim managers and executives.

Contractor compliance

Due to the international nature of many contracting projects in the oil and gas sector, it is thought that more contractors use trading solutions that are based offshore to reduce their tax bills. And Kelly believes that some of these offshore solutions could place contractors at the risk of investigation by HMRC.

As a result, he is confident that contractors will find Parasol and Quay Accounting attractive. "The issue of compliance is now rising on the agenda of many client organisations and agencies, with HR managers asking about potential liabilities, particularly under the Managed Services Company (MSC) legislation. Of course, contractors will be looking to minimise their tax liabilities, and they can still do this using the compliant solutions we offer."

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Kelly is bullish about the future and the potential for growth in Aberdeen and other markets: "It is inevitable that, as contractor numbers dip there will be some service providers that do not survive, and we are in a strong and stable position to provide contractors with the umbrella employment and accounting solutions they need to continue their careers."

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