

Skills England: Driving growth and widening opportunities

A response from Energy & Utility Skills

September 2024

Key Message

Energy & Utility Skills welcomes this first Skills England report and the associated announcements from the Prime Minister at the Labour Party Conference. Together they provide the building blocks of a change to the skills system that is urgently needed if we are to achieve Government ambitions for Net Zero and environmental improvement. But we need pace if we are to deliver the skills and workforce needed by 2030; Energy & Utility labour market intelligence (LMI) published last week identifies the need for over 200 000 *new* jobs in the sector in the next 5 years. Recognising the need to establish Skills England through legislation, time is against us and we need to act now.

Background

Energy & Utility Skills welcomes the report's recognition of the skills system as a critical enabler of economic growth. The report and the Prime Minister's recent speech at the Labour Party conference reflect the need for substantive changes to the skills system that Energy & Utility Skills has long advocated for on behalf of employers. For our sector, a skilled and sustainable workforce is vital to delivering this government's clean energy goals as we transition to net zero, as well as driving environmental improvements in the water industry.

We support Skills England's desire for a more demand-led and agile skills system and urge government to draw on existing and extensive LMI produced by industry skills bodies to inform an assessment of the country's skills needs. There is already a clear and granular understanding of the size and scale of the skills challenge in the sector that will deliver large elements of the UK's clean energy mission, and we need to be

focussed on solutions. Energy & Utility Skills is committed to work with Skills England, the Office for Clean Energy Jobs and Devolved Administrations to achieve this.

Our most recent research indicates that the utilities sector will need to attract more than 300,000 new workers by 2030 to support growth in the energy and water industries. These people will be required to fill the 205,500 new roles being created, as well as maintaining staffing levels as 106,800 workers are set to retire. This equates to a 32% increase to bring the total energy and utilities workforce to some 850,000 people. And our analysis also identifies the most ‘in demand’ roles in the next 5 years, allowing interventions to be targeted accurately. Our LMI reflects that over a half of new roles will be at qualification level 3 and below, which argues for an urgent review of the vocational education system that supports learners into quality jobs, informed by employer competency requirements.

Addressing barriers to creation of a high-performing skills system

Skills England’s first report identifies a number of challenges that must be overcome in order to deliver a high-performing skills system.

1. Analysis of national and local skills needs

The Skills England report notes the requirement for “authoritative analyses of national and local skills needs”. It notes the need to understand similarities and differences between regions and the requirement for greater clarity on which occupations and sectors are facing the most critical skills gaps (and whether we might expect these to become more acute in future).

Energy & Utility Skills completes this analysis regularly for our sector and will support Skills England in the creation of a cross-sector skills picture. Given the increasing devolution of skills to combined authorities and Local Skills Improvement Plans (LSIPs) we would also point to the need for coherence in the system. We need to ensure that there is “gearing” between regional skills priorities and national workforce imperatives. And we would also advocate strongly for a single common approach to producing new courses, to ensure consistency and quality of training and transferability of skills, rather than a proliferation of locally-derived solutions. This mechanism is already in place in

some sectors and we should expand and exploit the role of industry skills bodies as national standard-setting organisations in collaboration with employers to achieve this.

2. Under-supply of technical training

Energy & Utility Skills welcomes the report's recognition of the importance of a robust technical training offer but would advocate for a return of *vocational* training to the UK's skills taxonomy. The report rightly notes that some of the most persistent skills shortages are in skilled trades (such as technician roles) but our detailed analysis shows that a quarter of future roles needed to deliver net zero and environmental improvement are vocational and at level 2 and below.

This demand at level 2 and below should be viewed in the context of recent GCSE results that are now back to pre-pandemic levels. One-third of school leavers this year did not attain a pass in GCSE English and Maths, while the academic requirements of T levels currently preclude participation of around a half of school leavers. So, there is a compelling argument, from both a demand and supply perspective, for strengthening the vocational offer at these levels and investigating how unnecessary barriers to entry might be removed. This is all the more urgent since, as the report suggests, one-in-eight 16 to 24 year-olds are not in education, employment or training.

3. Growth & Skills Levy

The Prime Minister's speech at the party conference recognised the importance of flexibility in the investment of the new Growth and Skills Levy, the value of pre-apprenticeship provision, the potential for apprenticeships that may be shorter than the currently required one year minimum, and the importance of rebalancing the current system by moving funding support away from Level 7 apprenticeships and towards the Level 2 apprenticeships that offer high quality, industry-validated entry to good careers for young people. Energy & Utility Skills welcomes these changes, not least because employers in our sector typically recoup only half of the apprenticeship levy due to circumstances beyond their control such as supervisory requirements in safety critical roles.

Energy & Utility Skills has been calling for this re-focussed approach to a targeted, informed and agile skills system since the publication of the last FE whitepaper. Since then, we have worked with employers to identify gaps in routes to occupational

competence and collaborated to identify potential solutions. We strongly recommend that Skills England engages with industry skills bodies to leverage this work and explore the gamut of skills provision including apprenticeships, qualifications and employer-led industry schemes. We look forward to working with Skills England to ensure that the Growth & Skills Levy can deliver maximum impact in terms of high-value training in the energy and utilities sector. And given the need for urgent action, we would advocate for the establishment of funded pilots targeted at known skills shortfalls in priority sectors to both make early inroads and inform the development of Skills England policies

UK-wide engagement and collaboration

As a UK-wide sector skills body, we are reassured by Skills England's commitment to "work closely with...colleagues in the devolved nations to ensure that students and employers...have a seamless experience throughout the four nations". We remain committed to collaboration across the UK, including sharing data and insights, joint work to address UK skills system challenges, and relevant cross-border forums.

The establishment of Skills England, and an increasing focus on UK-wide collaboration provides an opportunity to secure greater consistency in training outcomes across devolved administrations and regions in England. It is important that credible and authoritative occupational standards are established and maintained for roles that operate across the UK to inform coherent and comparable skills interventions in national, regional and local skills provision. As a recognised standard setting body, Energy & Utility Skills convenes and collaborates with industry to ensure the development of occupational standards. Our ongoing work on occupational mapping ensures that routes to occupational competence are identified, understood and promoted, and that the training needed at any entry or progression point in a sector career – and the skills systems need to deliver that training – inform skills policy and implementation. We believe that this provides a blueprint for UK-wide collaboration.

Energy & Utility Skills looks forward to participating in this autumn's series of roundtables and webinars and contributing to the review of the initial assessment of skills needs provided in the report.