

## About Centrica

- Centrica is a FTSE 50 energy and services company, headquartered in the UK and employing around 36,500 full-time employees worldwide. Our business is focused on satisfying the changing needs of our customers across a number of international markets.
- We are shifting investment and focus towards our customer-facing activities and away from our asset businesses. We are concentrating our growth efforts in five key areas - Energy Supply, Services, the Connected Home, Distributed Energy & Power and Energy Marketing & Trading.
- We supply energy and services to around 28 million customer accounts mainly in the UK, Ireland and North America through strong brands such as British Gas, Direct Energy and Bord Gáis, supported by around 12,000 engineers and technicians.
- We are focused on delivering high levels of customer service, and improving customer engagement and loyalty. We are developing innovative products, offers and solutions, underpinned by investment in technology. British Gas, Centrica's energy and home brand in the UK, serves over 10 million homes.
- We are using new technology and innovation to meet the changing needs of customers. We are leading the smart meter roll-out in the UK, with around 4 million smart meters installed in homes and businesses so far, and we plan to invest £1.2bn in our Connected Home and Distributed Energy & Power businesses between 2015 and 2020. These investments will allow us to continue to roll out new products, offers and services to customers. We have over 500,000 Hive hub customers and more than 360,000 Hive Active Heating customers in the UK.
- We continue to develop solutions for business customers, including our Panoramic Power devices, which provide detailed insight into energy consumption, helping businesses manage their energy usage and save money.
- We have also recently announced a new £100m venture Centrica Innovations that will identify, incubate and accelerate new technologies and innovations.

- We maintain a presence in exploration and production, focused on the UK, Netherlands and Norway, and we operate a number of central power generation assets in the UK and have a 20% stake in the existing nuclear fleet.
- We employ around 1,800 people across Wales and are proud to be a Welsh Government Anchor Company. We make a key contribution to the economy through the British Gas contact centre in Cardiff, as well as our network of 400 engineers working around Wales. We operate the Learning Hub at Tredegar and Centrica Energy’s power station at Barry.

## Apprenticeships at Centrica

- Apprenticeships are paramount to the development of our workforce. We have a long and proud history of bringing people into the business and providing the foundations of long and fulfilling careers through this route - indeed many of our current leadership team joined the business as apprentices. Over the last decade we have invested more than £170m in training and currently employ over 1,100 apprentices. In 2016, 72 of these were based in Wales. We have previously recruited through Welsh Government employability programmes including Jobs Growth Wales.
- We internalise training delivery through our dedicated Learning Hub, to ensure the quality of the programmes meet with the high standards we require. This is of upmost importance in our safety critical and highly regulated industry. Our approach is viewed as best practice by peers, and Centrica is formally recognised by Ofsted as a “grade one outstanding” training provider.
- In March, Centrica became one of the first ever employer providers to be recognised through the new external quality benchmark provided through the Register of Apprenticeship Training Providers. This will allow us to access contributions to the Apprenticeship Levy in England.
- Centrica is committed to providing high quality learning and development opportunities for its employees in Wales, including recruitment through a growing range of apprenticeships. We anticipate a rise in the number of apprentices across Britain as a result of the Levy. Centrica expects to continue recruiting apprentice customer service advisors, smart meter installers and service and repair engineers in Wales – as well as

creating new opportunities across our business here. We are continuing to work with the Welsh Government on how best to collaborate on the apprenticeship and employability agendas.

- In this short response, we have concentrated on the points raised in the terms of reference where there is greatest overlap with the interests of our business.

### **Point 1 – To review progress since the 2012 report of the Enterprise and Business Committee; Apprenticeships in Wales**

- We have nothing to add here.

### **Point 2 – Including looking at the role of key players: the Regional Skills Partnerships; the Wales Employment and Skills Board (WESB); and Sector Skills Councils**

- Centrica has to date had no direct involvement with the Regional Skills Partnerships or the Wales Employment and Skills Board so we cannot comment on working with them.
- As we look to work with Welsh Government to deliver on the Specification of Apprenticeship Standards for Wales, we will continue to also be driven by our business requirement for a mobile workforce, trained to common programmes, irrespective of the geography. This workforce flexibility is crucial to the evolving needs of our customer base and for us to remain competitive in the market.
- Centrica has engaged extensively with Energy and Utility Skills, the Sector Skills Council for the energy and utility sector for many years and continues to support the work they facilitate through the Energy and Utilities Skills Partnership. A priority for this partnership is to increase the attractiveness of the sector to assist recruitment and increase the future talent pool.

### **Point 3 – To scrutinise the accessibility of independent careers advice on Apprenticeships and other vocational options?**

- We have nothing to add here.

#### **Point 4 – Particularly for young people in school, from Careers Wales, online or from other sources?**

- Centrica has been reaching out to young people in school to help raise awareness of apprenticeships. We have worked with Business in the Community's CareersLab to get our apprentices into schools to inspire more young people to consider future careers and to consider apprenticeships as viable alternatives to other forms of learning and employment. In each of the last two years, 50 of our female British Gas engineers went out into schools as part of CareersLab and other voluntary activity.
- Research carried out by British Gas in 2015 indicated a need for further work to be undertaken to promote engineering and apprenticeships as a career path, particularly for young women and girls of school age. This highlighted:
  - Almost two thirds of teenage girls surveyed said they had never considered a career in engineering.
  - Parents were twice as likely to advise their sons to take on an apprenticeship (22%) compared to their daughters (11%).
- Additionally, research released by British Gas to coincide with National Apprenticeship Week this year indicates that too many young people could be missing out on high-flying careers by dismissing apprenticeships, because they do not believe the training will set them up for a leadership position. Two thirds of people polled in the independent UK-wide survey (66%) said they do not view apprenticeships as the best starting point to reaching a senior position in their career<sup>1</sup>. The figure for Wales was 61%. More than two fifths (44%) believe university is the best start they can get. This dropped to 38% in Wales. This is in stark contrast with the experience of the 1,200 apprentices training at Learning Hubs operated by Centrica around the country, including Tredegar. When surveyed, 95% said their apprenticeship sets them up for a successful future.

#### **Point 5 – Is the Careers Wales' Apprenticeship Matching Service fit for purpose?**

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<sup>1</sup> The research was undertaken by Atomik Research between February 10 and 16 2017, on a sample of 3,542 UK respondents aged 18 and above, in accordance with MRS guidelines and regulations, Atomik Research is an independent creative market research agency that employs MRS certified researchers and abides to MRS codes.

- We have nothing to add here.

#### **Point 6 – How can parity of esteem between vocational and academic routes be achieved?**

- Our research mentioned above indicates that there is work to be done in persuading parents and careers advisors to encourage young people to consider apprenticeships. The 2017 research highlighted that seven in 10 (68%) of parents say they would be proud of their children if they were accepted on to a university course, compared to half as many (32%) who would feel the same if their child was accepted on to an apprenticeship scheme. In Wales, these figures were 64% and 36%. One in 10 people across the UK told us that they did not consider an apprenticeship when they left school because it was frowned upon by parents or teachers. This dropped to 8% in Wales.

#### **Point 7 –To investigate the main barriers to taking up apprenticeships?**

- As we anticipate a significant increase in the number and range of apprenticeships offered by Centrica, we are currently reviewing our own internal processes and procedures to increase take up of apprenticeships. This work is on-going.
- We believe there must be a focus on improving diversity in the UK workplace. At Centrica we strongly believe that diversity within a workforce leads to a successful organisation. We're committed to creating an inclusive working environment and we're committed to ensuring that our culture and working practices are fit for purpose to attract and retain the best talent, both male and female.

#### **Point 8 – How can people from the lowest income families be supported to take up Apprenticeships?**

- We have nothing to add here.

#### **Point 9 – What good practice exists and what more can be done to address gender stereotyping?**

- We want to promote apprenticeships as a viable career path for young women and school girls. We know that in 2016 only approximately 4% of our engineering apprentices

were women. We are setting a target of raising this to 10% by the end of 2017 – and then to 25% over the next two years across the group.

- We have specifically identified the need for further work to be undertaken to promote engineering roles and apprenticeships as a viable career path for women of all ages - we find that by encouraging our female engineers to be active in our schools outreach programmes, we can help to dispel myths about which career paths are, or are not, suitable for women and girls. At Westminster, we have worked closely with the All Party Parliamentary Group on Women and Work to address this subject.
  
- We have undertaken a number of activities to promote greater gender diversity within our company and believe that similar activities could be replicated across other businesses and sectors to provide high-quality jobs to people from diverse backgrounds:
  - Supporting Movement to Work and ensuring the employability programme reflects gender diversity. Last year we provided over 300 Movement to Work placements and we will offer a further 350 places in 2017. We have a successful CareersLab and schools programme showcasing a variety of job roles in the energy industry which people might not assume or recognise as being available, led by our female apprentices.
  - We support our current female engineers who were apprentices to take up media training opportunities and lead on the PR elements of our workforce engaging with the community.
  - We have a focus on second careers, post-maternity returners, and those individuals who have had their families and are looking for their next career step in the next phase of their life through our HitReturn returnship programme.
  
- In the longer term we will be undertaking further activities, to promote more diversity:
  - We will be opening up apprenticeship opportunities as part of our strategy to offer more ‘non-traditional’ apprenticeship roles such as those in HR, sales, management, project management and finance.
  - We will be scheduling more Movement to Work programmes through our Connected Homes business to open up career channels in to innovation and technology.
  - We are reviewing our recruitment intake targets for diversity and inclusion.

- We believe that a key enabler of diversity in our workplace are our employee networks which help bring people together, engage our leaders and improve our policies. The first of these was our Centrica Carer's Network, set up in 2005. This has been followed by Women's Network, Parent's Network, and Spectrum, our LGBT+ network. We are currently creating a Disability Network.
- We will continue to focus on ensuring that employment and training opportunities are available for all, and welcome the opportunity to share our experiences with politicians, organisations and other businesses and sectors to discuss best practice.
- This is one of the key reasons why we see it as crucial to gain the same recognition for our apprenticeship and training opportunities from the devolved administrations as we have achieved in England, which will remain the largest source of our labour supply.

**Point 10 – To scrutinise the development of higher level Apprenticeships, with the support of further and higher education institutions?**

- We have nothing to add here.

**Point 11– How effective is progression between work-based learning and Apprenticeships and between Levels 2, 3, 4 and above Apprenticeships?**

- Level 2 apprenticeships are critical to our business. To meet the requirements of the smart meter roll-out programme, a current priority is the recruitment of smart meter installers across Britain, which is being carried out through the Trailblazer model (Level 2).
- Apprenticeships have been and will continue to be a critical part of our succession planning to mitigate profiled skills shortages, ensure we have the skilled workforce to deliver against the requirements of our customer base, innovate to optimise new technologies and contribute to a competitive UK economy.
- Through the Centrica Academy, we are developing a ladder of learning with on-going professional development to ensure our apprentices joining at all levels can progress their careers.

### Point 12 – How can employer engagement with Apprenticeships be improved?

- From our experience as a UK-wide employer committed to making full use of the Apprenticeship Levy, we have seen how it is stimulating employer interest in apprenticeships across all sectors. We welcome the committee's intention to work with the Minister for Skills to review the impact of the Levy in Wales within a year of its recently completed inquiry.
- We suggest this review might also provide an opportunity to consider variations in employer engagement on apprenticeships – considering whether there are differences between those who are working to Welsh frameworks and those providing apprenticeships to the English standard. At the same time, an assessment should be made of the consequences for opportunities overall in Wales.
- For businesses like Centrica who operate across Britain, there will be a need for on-going engagement and understanding from Welsh Government on the consequences of the Levy across recruitment and skill development plans. While we welcome clarity from Welsh Government on its apprenticeship priorities as published since the committee's previous inquiry on this area, our continued dialogue has yet to establish a route for us to draw down any of Centrica's £268k allocation to Wales in 2017.
- We continue to seek further flexibility on the specification for the Welsh apprenticeship standard so that UK-wide employers have a standardised apprenticeship operation, irrespective of geography.
- We would urge the committee to consider an assessment of the availability of apprenticeships from UK-wide employers in Wales as part of any future review of the impact of the Levy.