

# Enterprise and Business Committee

APP21

## Inquiry into Apprenticeships

### Evidence from Energy & Utility Skills (Cymru)

#### Welsh Government Enterprise and Business Committee Inquiry into Apprenticeships

##### Introduction

1. We welcome the opportunity to provide written evidence to this inquiry to contribute to an increase in quality and employer engagement in the Apprenticeship programme.
2. This evidence is submitted by the Energy & Utility Skills (EU Skills) Group. Operating across England, Northern Ireland, Scotland and Wales, the group comprises EU Skills and, as a wholly owned subsidiary, the National Skills Academy for Power (the Skills Academy).
3. EU Skills is the Sector Skills Council (SSC) for the gas, power, waste management and water industries. EU Skills' purpose is to ensure that our industries have the skills they need now and in the future. As an employer-led organisation with a Board that demonstrates a wealth of experience in the sector, EU Skills has over 95 employer members with representation across the sector and its supply chain.

##### Background

4. The energy and utility sector is critical to the Welsh economy and has been identified as one of the priority sectors within the Economic Renewal Programme. Six employers from our sector have been identified as Anchor Companies under this programme, namely Centrica, Dŵr Cymru : Welsh Water, RWE Npower, Scottish and Southern Energy, Wales & West Utilities and Western Power Distribution.
5. As the UK is now a net importer of gas and with significant levels of electricity generating capacity due to close over the coming years, security of supply and affordability are critical to future economic growth. This situation, coupled with the continued drive towards a low carbon economy and higher than normal levels of retirements from the workforce expected over the next decade, presents a major challenge to employers - having to deliver huge capital investment programmes to ensure future energy demands can be met at the same time as the need for workforce renewal being, arguably, greater than ever.
6. Within Wales there are around 25,000 people working in the energy production and utilities sector, operating in approximately 900 businesses<sup>1</sup>. Total GVA generated by the sector in Wales in 2008 was £729million; representing 3.4% of the sector's total UK GVA and 1.6% of total GVA generated in Wales<sup>2</sup>.
7. The key drivers for skills development, and the employment of apprentice within the sector are:
  - a. Ageing Workforce - the sector is experiencing an ageing workforce which is forecast to worsen over the next 15 years. Subsequently, a skills deficit exists in craft and technical roles and significant extra investment in attracting and retaining skills, and the employment of apprentices to refresh the workforce.
  - b. Occupational Competence - given the safety critical nature of the sector.
  - c. Infrastructure and New Technologies – the replacement of ageing infrastructure and the introduction of new technologies is driving the need for significant investment and engineering and higher-level skills across the sector.
  - d. Regulatory Cycle - the five year regulatory cycle for the gas (transmission & distribution), power and water industries impacts on recruitment and skills development, with employers having to consider headcount targets over and above retention of key skills and expertise.
  - e. Carbon Emissions Reduction – the drive for a UK-wide reduction in carbon emissions to meet climate change commitments is impacting on the sector. The transition from burning gas and

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<sup>1</sup> Labour Force Survey 2010, ONS

<sup>2</sup> Regional Accounts, ONS, 2010

coal to generate power towards the increased use of renewable and low carbon technologies (including nuclear and advanced waste treatment technologies) are driving the capability profile of the sector's workforce.

8. The ambition and business imperative for the energy, utility and environmental sector is to recruit the estimated 94,000<sup>3</sup> new recruits needed in the next five years (over 15% of the current sector workforce) to replace an aging technical workforce and, crucially, to enable the rapid introduction of new energy technologies to fulfil society's expectation of a 'green economy'. At least 8,000 new trainees will be needed.
9. Apprenticeships at level 2 and 3 are historically, and continue to be, a key mechanism of recruitment and training in the gas, power and water industries. The importance of Apprenticeships to the sector is demonstrated by employers below:

*"At Welsh Water, our business is built on growing talent from within...bringing Apprentices into the workforce has enabled us to succession plan for the future and grow our workforce, ensuring our very best standards of service continue to be delivered to our customers." Welsh Water, 2011*

### **EU Skills' Role in Apprenticeships**

10. EU Skills is the designated Issuing Authority for Apprenticeships with regard to occupations in electricity, gas and water supply, and waste management (also includes gas utilisation, recycling and waste water collection and treatment).
11. Issuing Authorities issue Apprenticeship frameworks in their sector against statutory requirements and a quality assurance development process. However, issued Apprenticeships are then judged against additional criteria established by the National Apprenticeship Service which determine whether they are fundable.
12. EU Skills has a dedicated qualifications department, and an apprenticeship manager who is responsible for developing and evaluating the quality and effectiveness of our Apprenticeship frameworks, and measures their success in helping employers meet their workforce development needs. This evaluation feeds into EU Skills' Apprenticeship strategy and provides evidence to influence external Apprenticeship policy where required.
13. All EU Skills developed frameworks are designed in partnership with employers following a robust consultation process with all relevant stakeholders across England and Wales to ensure a high quality, fit for purpose framework that meets the needs of employers and Apprentices in the job role, whilst aligning with government policy.
14. EU Skills has a Skills Director based in Wales responsible for engaging with Welsh Government, employers and providers to promote skills development and apprenticeships.
15. EU Skills produces marketing materials for employers to promote apprenticeships and also utilises two websites to promote apprenticeship schemes – [www.euskills.co.uk](http://www.euskills.co.uk) and [www.thinkpowersector.co.uk](http://www.thinkpowersector.co.uk).

### **EU Skills' Apprenticeships**

16. EU Skills has developed apprenticeship frameworks, at different levels, for each of its industries, the schemes currently available are:
  - a) Gas
    - Level 2 Foundation Apprenticeship in Network Construction Operations (Gas)
    - Level 3 Apprenticeship in Gas Utilisation
  - b) Power
    - Level 2 Foundation Apprenticeship in Power Transmission and Distribution
    - Level 3 Apprenticeship in Wind Turbine Operations and Maintenance

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<sup>3</sup> Derived from EU Skills' Workforce Planning Model and Working for a Green Britain: volume 2 (EU Skills and Renewable UK, 2011)

- Level 3 Apprenticeship in Power Generation
  - Level 3 Apprenticeship in Power Transmission and Distribution
- c) Water
- Level 2 Foundation Apprenticeship in the Water Industry
  - Level 3 Apprenticeship in the Water Industry
  - Level 4 Higher Level Apprenticeship in Utilities Network Planning & Management
- d) Waste
- Level 2 Foundation Apprenticeship in Sustainable Resource Management
  - Level 3 Apprenticeship in Sustainable Resource Management

17. Employers in our sector, particularly the Anchor Companies actively utilise the apprenticeship frameworks developed by EU Skills. For example, Wales and West Utilities have employed 85 apprentices in the last 5 years. However some of these companies, such as Western Power Distribution, deliver the apprenticeships themselves internally and do not use the services of a Welsh Government contracted Work Based Learning provider, as a result they do not access Welsh Government funding to support the delivery of apprenticeships.

18. The most recent apprenticeships frameworks developed by EU Skills for the sector are those in Sustainable Resource Management and Wind Turbine Operation and Maintenance during 2011. In the region of 100 apprentices in the waste management and recycling industry have been enrolled on the Sustainable Resource Management scheme to date and there significant additional demand for this scheme which has had only had a limited number of funded places available to date. Our Skills Director in Wales is currently working with a number of employers to establish the first cohort to work through the Wind Turbine Operation and Maintenance apprenticeship in September 2012.

### **Supplementary Information**

19. EU Skills would be pleased to discuss our sector, the apprenticeship frameworks we have in place and the issues we have identified in relation to their delivery should the committee desire.

**Aled Davies**

Energy and Utility Skills Group