Energy Security and Net Zero Select Committee Inquiry: Workforce planning to deliver clean, secure energy

ACE/EIC Response – January 2025

1 Introduction

1.1 About us

1.1.1 The Association for Consultancy and Engineering (ACE) is the association for the UK's professional consultancies and engineering companies operating in the social and economic infrastructure sectors. We champion infrastructure and the built environment to government and other stakeholders, representing the views of around 400 members. Our members employ over 420,000 people, contributing more than £15 billion to the UK economy. The buildings they create actively contribute over £570 billion a year of GVA.

1.1.2 The Environmental Industries Commission (EIC) champions new environmental markets. We work to ensure environmental policies are thoughtful and progressive, regulations clear and enforced, innovation rewarded, and finance and export opportunities are available. We represent the views of around 70 members - companies, large and small, working in the environmental technologies and services sector. Multi-nationals, technology start- ups and consultancies can all be found within our broad membership base. EIC members have created £28 billion GVA over six years and contribute 3.9% to GDP. EIC members support around 349,000 jobs.

1.1.3 Together, our members provide insight and guidance on infrastructure projects at all scales and stages of development. Leveraging insight from global best practice, they bring innovation, cost effectiveness and challenge to infrastructure, transport, energy and the built environment across the UK.

1.1.4 ACE and EIC members have a significant role for 'UK Plc' in driving growth, sustainability and connectivity across the UK through the provision of infrastructure and environmental technology services.

1.1.5 Our members are already major contributors to green energy and environmental sustainability in the UK. They are ready to use their significant expertise and experience to aid the Government in driving the UK's transition to a cleaner, cheaper and more independent energy landscape that is more equitable for its users. As such, our members are invested in how resourcing and the workforce is recruited, upskilled and deployed to deliver clean, secure energy.

1.2 Key messages

1.2.1 The Government has recognised the scale of the challenge, however, more needs to be done in providing an industry skills action plan and proper recognition of the role of consultants in providing workforce and skills.

1.2.2 **Consultants, particularly those in the design engineering sector as represented in our membership, will play an important role in filling the skills and workforce gaps.** The Government needs to be careful that new policies on restricting consultancy spend do not add cost and delay – or worse damage both public project development and the sector.

1.2.3 **A funded pipeline of planned work across sectors is critical for our members to deliver quality results with a skilled workforce at the best price.** When resources can be planned, our members can upskill their staff and deploy them efficiently to projects making sure specialist skills are ready to help at the right time.

1.2.4 **Course content in Higher and Further Education programmes need to better reflect current and emerging changes** in environment, construction, technology and legislation underpinning these.

1.2.5 **The Government must be realistic that some of the required workforce – particularly experienced – will have to come from overseas.** Current immigration policies are adding cost to UK infrastructure projects as visa salary levels are higher than current market rates.

2 Responses

2.1 Does the Government have an appropriate understanding of the skill needs to deliver the Clean Energy Mission by 2030 as well as decarbonise homes and businesses?

2.1.1 The Government has acknowledged that 650,000 new jobs will be created in making the UK a. "green energy superpower".

2.1.2 We believe that the combination of Great British Energy (GBE), and the transition to net zero, requires hundreds of thousands of workers trained in green skills. Research has shown that the UK is currently experiencing a "green skills gap", with a shortfall of around 200,000 workers, meaning significant investment in training, upskilling and reskilling is required to ensure that long-term energy goals, including those of GBE, can be met.

2.1.3 It should be noted that skills shortages are wide-ranging, affecting the private sector but also government regulators and advisors. This is a systemic issue that requires significant new entry of skilled individuals to the sector.

2.1.4 ACE/EIC have previously called on the Government to develop an industry skills action plan including the assessment of skills gaps specific to net zero and environmental resilience, and an industry roadmap of new skills standards, frameworks and qualifications specific to the built and natural environment.

2.1.5 **The development of the Industrial Strategy should help address some of the workforce shortfall.** A key principle of the Industrial Strategy is that skills and knowledge can be shared and moved across sectors which can help significantly. Supportive subsectors can do this. For example, our members often have specialist or niche consulting skills and international experience that can be transferred when working with clients to expand their own capabilities.

2.1.6 **Consultants, particularly those in the design engineering sector as represented in our membership, will play an important role in filling the skills and workforce gaps.** The Government needs to be careful that new policies on restricting consultancy spend do not add cost and delay – or worse damage both public project development and the sector.

2.1.7 Our members' skills range from engineering, planning and cost control to environmental services (climate, ecology and air quality for example). UK engineering consultancy services are highly regarded internationally – and highly mobile. Mobility ensures the sector maintains its global cross sectoral expertise, supporting innovation and advising clients, the majority of whom may only have led one project, and for whom infrastructure and building is not their profession.

2.1.8 As such we believe that the Government has recognised the scale of the challenge and joined up policy making, such as with the Industrial Strategy, will go some way in helping this. An industry skills action plan will be an essential foundation stone in addressing the scale of the challenge. Furthermore, a recognition of the role of consultants in providing workforce and skills is essential.

2.2 To what extent can the Clean Energy Mission and the retrofitting of homes and businesses be carried out by the existing workforce and to what extent will it require new entrants to the workforce?

2.2.1 The increasing focus on green energy and net zero in addition to retrofit is going to require new entrants to the workforce across the board. Our members often do not silo skills in the way the question describes and will have greater flexibility in terms of what projects require resourcing.

2.3 How might the Government ensure that the job market in clean energy roles is sustainable enough to incentivise private sector investment in training for 2030 and beyond?

2.3.1 The Government make many different interventions to support a sustainable workforce and incentivise the private sector. We believe that a funded pipeline, modernisation of the apprenticeship levy, higher education courses and visa reviews are all important.

2.3.2 **Pipeline:** A funded pipeline of planned work across sectors is critical for our members to deliver quality results at the best price. When resources can be planned, our members can upskill their staff and deploy them efficiently to projects making sure specialist skills are ready to help at the right time. Not only is this is critical to providing clean energy roles, but also the success of 'UK PLC' projects and them delivering value for money.

2.3.3 **Apprenticeship levy:** We welcome the modernisation of the Apprenticeship Levy into a more flexible Growth and Skills Levy. We hope that this will help provide the skills required.

2.3.4 **Higher Education:** Course content in Higher and Further Education programmes need to better reflect current and emerging changes in environment, construction, technology and legislation underpinning these. We believe this will help graduates be better prepared for the workplace and roles in clean energy. Furthermore, we advocate for the reversal of the decline in spending per head on Further and Higher Education (both for skills and maintenance), to give education the resources it needs to upskill the sector.

2.3.5 **Visas:** The Government must be realistic that some of the required workforce – particularly experienced – will have to come from overseas. Current immigration policies are adding cost to UK infrastructure projects as visa salary levels are higher than current market rates. There are opportunities for Skills England to build on current ad hoc relationships between project clients (for example Hinkley and Sellafield) to ensure that we are continuing to build the skills for the future – supporting both UK infrastructure and buildings ambitions including the Government commitment to clean energy.

2.4 How can the new Office for Clean Energy jobs contribute to workforce planning in the energy sector?

2.4.1 Coordination across bodies in the energy space, such as GBE will be critical. However, it is also important to look further across all major infrastructure projects as often organisations are 'fishing in the same pool' for talent. There is a risk that without coordination there could be unnecessary inflationary pressures.

2.4.2 Clear, coordinated pipelines of funded works also help consultants and the private sector notice where these hotspots may occur.

2.5 What more can the Department for Energy Security and Net Zero do to ensure the workforce is in place to deliver the Clean Energy Mission and accelerate the retrofitting of homes and businesses?

2.5.1 Key barriers to the successful delivery of retrofitting homes and businesses, with the intention of decarbonising buildings, are a shortage skilled construction workers and lack of skills and capacity in planning authorities and building inspectors. According to the Federation of Master Builders 'UK is currently experiencing a construction skills crisis, and there are serious questions to be asked about [deliverability], without a long-term training and skills plan to ensure the workforce is in place'[1].

2.5.2 A study led by the London School of Economics[2], based on a survey of building companies, concluded that the government needs to:

- Invest in training programmes for construction workers and offer apprenticeships to address the skills shortage in the building industry; and
- Create new pathways for school leavers to enter the construction industry.

2.5.3 Celebrating the importance of hands-on technical skills should also be promoted in the education sector.

2.5.4 The LSE study also highlights the need to improve efficiency in the planning system. Part of the problem with planning efficiency, which will be required for many retrofit projects, is the lack of skills and capacity in planning departments. According to the Royal Town Planning Institute (RTPI) a '43% fall in resources to the planning system from Local Authorities since 2009/10 has led to a tangible and damaging impact on planning enforcement, creating major delays, and negatively affecting both officers and the public.'[3]

2.5.5 Many local authorities have had to cut their planning department capacity to deal with other obligations placed on them, such as social care, which can account for 70% of council budgets. To better enable an efficient and skilled planning process the government needs to at least double planning resource capacity to get back to 2010 levels. It may be necessary to triple current planning resources to enable the delivery of the Government's decarbonisation goals.

2.5.6 Some retrofit works, such as the installation or solar panels and heat pumps should be enabled without planning requirements, but other complex work should undergo planning reviews. Removing regulations would risk allowing unchecked proposals to proceed.

2.5.7 The construction sector also needs more skilled people to work in the building control process, which provides an important function in reviewing compliance and quality of retrofit works. The skills shortage in building control is exposed by the fact that less than two-thirds of the expected number of building inspectors had applied for new competence certification, earlier this year[4].

2.5.8 The Government could do more to attract people to building control roles, in local authorities and the private sector, and support training for building inspectors. Checking the competency and quality of building inspection also needs to improve to improve the quality of delivery.

3 Further information

3.1.1 For further information, please contact Laura Wright, Interim Policy Director, lwright@acenet.co.uk, 07973225501.

[1] Skills shortage risks slowing down Chancellor's ambition to get Britain building again, warns FMB | FMB, Federation of Master Builders
[2] Supporting SME Housebuilders: Challenges and Opportunities | FMB, Federation of Master Builders
[3] RTPI | New from the RTPI
[4] Scale of building inspector competence shortage revealed | Construction News