

Written evidence from SSE plc (SFF0011)

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A UK FTSE-100 company, SSE is headquartered in Perth, Scotland - and has a growing presence in international markets. SSE's purpose is to provide the energy needed today while building a better world of energy for tomorrow. We do this by developing, building, operating and investing in world-class electricity infrastructure that is vital to the clean energy transition, including onshore and offshore wind, hydro power, electricity transmission and distribution networks, power stations, carbon capture and hydrogen storage, solar and batteries, as well as providing energy products and services for businesses and customers. We have a planned programme of capital investment in clean energy infrastructure to £20.5bn by 2027 and could invest more than £40bn over the decade to 2032 assuming a supportive policy environment.

SSE employs c.14,000 colleagues and provides apprenticeship schemes ranging from technical craft jointing and overhead line programmes through to project management and cyber security. In the year 2023/24 we had 345 colleagues on apprenticeship programmes.

1. What kinds of skills do you think will be needed for the future of the UK economy? Is the UK's skills and training system capable of equipping increasing numbers of people with these skills?

There are a huge number of skills required but the main ones for a utility-based energy infrastructure company like SSE would be Engineering, Craft, Technician, Project Management, Data, and Analysis skills.

We do see a shortage of specialist staff within FE environments, and it appears that recruitment activity within these environments is becoming harder. Employers rely on skills providers, and it is therefore important that this area is addressed.

2. Is it clear to everyone involved in the skills system what the respective roles of the Government, employers, individuals and institutions are within that system?

It can be quite difficult to navigate and there is certainly room to ensure that focus is given to simplifying apprenticeships in general. Larger employers who invest resource into running successful apprenticeship schemes have the skills and knowledge to navigate a complex landscape

and understand who does what – the same cannot be said for small to medium organisations. It is perhaps this complexity that turns some smaller employers against the apprenticeship landscape.

3. What is the appropriate level of government intervention in the development of skills policies? How can government best add value in this area?

By ensuring that the right industry bodies are consulted and negotiated with and by involving employers who are critical to the success of apprenticeships.

4. Are current Government policies on skills, particularly apprenticeships and training, sufficiently clear? Have policies and the institutional set-up been sufficiently consistent over time? If not, what changes or reforms would you recommend?

Recent policy and funding rule updates have presented challenges. For example, the active learning policy & the re-introduction of rules around the frequency of progress reviews and stipulation around what these should cover leads to resource being poured into admin heavy tasks rather than improving the quality of provision as a whole.

The requirements placed on providers continues to grow, however, funding and government resource seems to be declining. Resource reductions within organisations such as the Education and Skills Funding Agency (ESFA) have led providers bearing the cost of activities such as external audits previously undertaken by the ESFA. Funding rules are not consistent. Rule changes are frequent without consideration to impact on providers. There is also a feeling of “one size fits all” regardless of the type of provider that you are. There should be consideration given to the role of Employer Providers and an opportunity for a deep dive into understanding the key differences between FE provision, private TP’s and an employer provider.

5. Are the right institutions in place to ensure an effective skills system for the future? Should co-ordinating institutions be national, regional or sectoral, or a mixture of each?

As an organisation that works across Great Britain, Northern Ireland and Republic of Ireland, we would encourage co-ordination between national governments to promote a more consistent approach to national skills, particularly apprenticeships. As a large employer we find it difficult to ensure a consistent approach to skills for the future due to the differences

in offers, availability of programmes and funding. There are positives and negatives across all apprenticeship systems – if we take the positives and bring a strong national approach to help employers, particularly levy payers, address skill shortages and workforce planning for the future. At present we would struggle to see how regional institutions would work and how they would benefit employers and learners. It would allow for even more inconsistency than there currently is.

6. Concerns have been raised over the operation of the Apprenticeship Levy, particularly in relation to the decline in young people taking on apprenticeships. Is there a case for reforming the levy, for example by ring-fencing more levy funding for training for younger apprentices?

SSE don't think ring fencing funding is the answer as this is reverting back to an old policy that focussed far too much on the age of an individual to maximise funding income and not their employability. Funding allocations are driven by age in Scotland and, as a levy payer, this is an area that causes concern. Smaller employers would simply not have the budget to support apprenticeships top-up costs and there is a risk that older learners will be penalised. SSE is aware that companies are using the levy to upskill existing staff rather than using it to recruit and train apprentices in new roles – one option could be tighter guidelines in terms of how long someone has been in their role. It is also unclear to us as a company how much schools do to promote apprenticeships. The move to apprenticeships being advertised on UCAS may change this. The decline in young people taking up apprenticeships will be for wider reasons than the apprenticeship levy – our experience is that many young people are totally unaware of the apprenticeship landscape.

7. What should the role of business be in encouraging the development of skills in the UK? Should business be a consumer, funder, trainer or co-designer of skills provision?

We speak as an employer who embraces all four of these areas and has done for many years. We see no reason for change apart from the national inconsistencies with the use of apprenticeship levy.

8. In a more mobile, flexible labour market, what incentives do employers have to provide training for their employees? Why do you think that employer investment in training has declined in recent decades?

We haven't seen a decline in the training we provide over the years, in fact quite the opposite.

9. Should further incentives be put in place to reverse the decline in employer investment in training, and if so, what form should these incentives take?

The apprenticeship landscape should be simpler, less complex and consistent on a national scale. This would undoubtedly address those employers who simply do not have the time to navigate through a landscape that can be difficult to understand.

10. What incentives do individuals have to involve themselves in apprenticeships and training? Is the system available and attractive enough to encourage individuals to seek training, and if not, what can be done to improve this?

See above comments in relation to career advice in schools.

11. How does the UK's approach to skills and training compare to those of other countries? Are there examples of good practice that the UK should be learning from?

There are lessons for the UK to be taken from Germany:

Half of German school leavers (15-18) move on to vocational training, with one-third contracting to do apprenticeships, compared with only 6 per cent of English school leavers (16-18). Germany's involvement of SMEs in the system is better too, 98 per cent there against 41 per cent here. And although Germany measure completions slightly differently, their rate is about 87 per cent compared to our 54 per cent. Finally, Germany's proportion of apprenticeship starts relative to population is 0.6 per cent. Ours is 0.4 per cent at levels 2 and 3.

What we do have more of is organisations. Our apprenticeships system is fragmented, with skills policy controlled by DfE through ESFA, IfATE and Ofqual and trade and professional bodies dealing with IfATE. In Germany, there is a single organisation, with 630 staff. Independent of ministers, it is driven by industry requirements through collaboration with regional and national chambers of industry, commerce and crafts.

The German government funds formal training, while employers cover costs of the apprentices. There is no complex, inflexible apprenticeship levy, which seems to result in greater employer engagement at all levels.

Whilst our FE system is still seen by many as secondary to the 'preferred' academic route, German technical occupations are the only route for employees to find work and for employers to find skilled workers. The importance of occupational training is embedded in the systems from age 11, giving credibility and encouraging engagement.

It is also clear that it will not be possible to lift and shift the German system to England. Its very structured approach makes it too rigid for that, and in any case hampers its ability to adapt to the agile requirements needed for net zero and digitisation.

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