

FROM SKILLS GAPS TO GROWTH OPPORTUNITIES

Water urgently needs more people. British Water is stepping up to coordinate collaboration across the sector, and has already established the need for a positive narrative.

The water sector has urgent skills and competencies requirements. The challenge is long-standing, but has been escalated and accelerated by the size of the AMP8 (and major project) programme, and by the Government's growth agenda.

Energy & Utility Skills has identified a requirement for 44,000 new water company recruits by 2030: 12,000 to fill the shoes of those who will retire; and 30,000 brand new roles (a 35% increase on the current 85,000-strong workforce) given AMP8 expansion. The 44,000 is split equally between blue and white collar roles. Supply chain gaps are in addition to these numbers.

Other sources have evidenced a lack of diversity in the sector and – alarmingly – high proportions of women and minority ethnic groups leaving. This suggests behavioural

and cultural issues also need consideration.

This is a shared and critical challenge across water sector stakeholders, but doesn't attract the profile or collaboration needed to address the challenge at the speed required. Key players including British Water, the Institute of Water, CIWEM and Energy & Utility Skills undertook some initial work to understand the issues and to work together on a plan of action in 2023 (see box).

Now PR24 is complete and AMP8 requirements clear, this work needs to be picked up and re-energised – and we need serious oomph behind the effort.

British Water convened a Skills Roundtable on 22 May, to assess the appetite to work together and to restart the conversation about a plan of action. Participants included professional development organisations, recruitment experts, human resources specialists and foundational players including Defra, Water UK and MOSL. This article summarises themes and ideas arising.

A critical next step will be the Skills Summit to be hosted by Water UK on 15 July. After that, the roundtable participants agreed that firmly establishing a forum for ongoing collaboration must be a priority, to progress the ideas shared.

SKILLS COLLABORATION: THE STORY SO FAR

In 2023, British Water and partners organised a Skills Gap conference to explore what the industry could do collectively to ensure we have the necessary people and skills to deliver future water requirements. Among the key takeaways was the fact that sector-wide collaboration would be beneficial.

The Institute of Water subsequently organised a Skills Summit at the end of 2023. This resulted in a report, *Addressing the Skills Gap*. The report identified the gaps we have; suggested why we have them; and moved on to making a range of suggestions on how to develop the people we have and create an environment that recruits and retains talent. It also looks at what is stopping the sector making the necessary changes.

Among the key themes identified were:

- Collaboration – water sector stakeholders compete for skills, when it would be better to work together to nurture more. This requires cultural change; a national effort to champion the
- breadth of career opportunity that water offers; and making a virtue out of heightened public awareness of the industry (borne of negative media narratives). Common job descriptions and language use across the sector would also help.
- The need for supporting policy and regulation – Skills need to be higher up the policy and regulation agendas. Initiatives such as Ofwat's Innovation Fund have not particularly supported people innovation. People issues get less attention than areas that have hard metrics attached. More widely, rigid five-year cycles lead to feast and famine and make the industry less attractive as a secure work destination.
- Culture change – To stem huge losses of talent from the sector, and to attract more people in the first place, the sector needs to become more flexible; offer strong work/life balance opportunities; be innovation-willing; and champion professional development and individual learning.

HIGH LEVEL MESSAGES FROM THE ROUNDTABLE

1. Collaboration will be essential

The roundtable agreed there is a need for key parties such as those represented at the meeting to collaborate on this agenda. In fact, one said we have “no option but to collaborate” or we will be outcompeted by other sectors – especially those like tech which are surrounded by a positive, exciting narrative.

The collaboration could in fact be widened to also include:

- A broader related recruiter group (for instance, involving other infrastructure sectors, environmental employers and those specialising in sustainability in industry)
- Those vulnerable to the broader impact of water work not being delivered because of people shortages – for instance: investors, customer bodies, environmental groups and the business community.

2. Build a stronger evidence base

We need a clear diagnosis of the problems based on robust and commonly shared data.

A key activity which the roundtable participants supported in principle is to map:

- Proactive training and development initiatives already underway throughout sector – who is doing what, where, at what skill levels?
- Specific skills gaps (these should be articulated as ‘growth opportunities’, see point 3).

There was also interest in collecting data from those who quit the industry; potential joiners who choose to work elsewhere; and groups underrepresented in the water workforce.

It was noted that the mapping exercise would also enable positive stories to be showcased (for instance, on the number of apprentices or ecologists in

the sector) and expose organisations that are not pulling their weight (some have, for instance, cut their graduate schemes).

3. Use appropriate language and terminology

- Specific items raised here were: steering a positive rather than negative narrative to promote engagement and support – crucially, this includes labelling ‘skills gaps’ as ‘growth or development opportunities’; and referring to competency gaps or development gaps in preference to skills gaps – given skill requirements evolve all the time.
- Water was described by a participant not in the sector as a “self-licking lollipop”. She observed that the focus of the discussion had been all about the water sector, with little thought for the citizen or customer. She threw down some challenges to the room: What do you need the 44,000 people for? What roles will they play? How will these roles change/improve anything? All of these things need articulating, and communications will need to be approached from a citizen/customer centric place.
- Individual water companies also need to think about what they want to be famous for, and craft more distinct identities. Some energy companies have high levels of brand recognition; this is not replicated (positively at least) in water.

4. Elevate skills issues on decision-makers' agendas

Few outside the sector have any idea about the skills issues in water. Within the sector, it is not a priority item; for regulators and politicians, for instance, it trails well behind affordability, investability and environmental performance. This needs to change.

A core recommendation is to move beyond discussing skill and talent requirements as purely a ‘people problem’, and instead to emphasise that human capital shortages are also in fact:

- A problem for the economy – hindering growth, prosperity and industrial development.
- A problem for investment – increasing risk and making water less attractive to investors/more expensive to finance.
- A problem for customers – if delivery of service priorities is delayed, of poor quality, or under delivered.
- A problem for the environment – if desired environmental outcomes are delayed, of poor quality, or under delivered.

These are all powerful stakeholder voices which could be coopted to exert pressure on policy makers and regulators to put more focus on skills.

If it remains quiet on skills risk, the sector leaves itself open to accusations of deceit and untrustworthiness. Better to be on the front foot and raise the alarm than leave it for others to do that (as happened with storm overflow discharges).

5. Work up a set of ‘asks and offers’ for government

- Ministers and MPs want to see positive outcomes in water. It would surely be a poor outcome for them for the sector to under-deliver despite substantive policy interventions. They should therefore be open to widely supported good ideas that are backed by robust evidence.
- The aggressive political narrative about water is profoundly unhelpful in terms of attracting and retaining talent. Roundtable participants noted that it is counter-productive to say the skills gap must be closed and that water leaders are all criminals in the same breath. Can politicians be persuaded to temper their narrative?
- Water should engage more with bodies like Skills England and NISTA, and champion water becoming part of the Green Skills Council remit.
- DESNZ has set up the Office of Clean Energy Jobs to ensure the workforce is there to deliver the clean energy mission. This is supported by Energy UK and Energy & Utility Skills, and has rigour. Could a water equivalent be founded?

6. Approach skills challenges from a ‘hearts and minds’ perspective.

- Pair practical solutions – such as on pay, professional development, procurement practices, terms and conditions, flexible working, wellbeing, inclusion...with
- A fundamental rethink about how to ‘sell’ the sector...This must be citizen-centric and explain what the roles needed are for and what difference they will make. Options include tapping into the purpose of water (a vocation not a job); the potential to improve the environment; and selling the challenge of turning the sector around/being part of the solution.

7. Consider what can be achieved by when

The sector needs people immediately – for AMP8 and AMP9 – but some challenges are long-term. The roundtable heard the change needed falls loosely into three buckets:

- Find and fix – specific problems or issues that can be identified and addressed without significant delay – for example, standardising core role descriptions to support mobility. This idea has been done successfully in energy, where National Grid, Scottish Power and SSE have standardised the descriptions of three core roles. Hence this can be done and “is not some mythical unicorn,” one participant remarked.
- Deliver better – find new and better ways to approach core practices – for instance, hiring and procurement practices. Some of these are exclusionary and do not consider the reality of the available labour pool. For instance, of the c22,000 blue collar gaps, half do not need university-level education, meaning there are ample opportunities for young people out of work or training, ex-military personnel and other ‘hidden talents’.
- Fit for the future – these are tougher nuts to crack that will require long-term commitment – such as repairing the sector's reputation.

8. Be vigilant about gaps between theory and reality

Policies on paper do not always match with lived experience. The sector needs to deliver at both levels. Leaders may say (and actually mean) they are investing in culture and brand but on the ground, this often plays out differently.

