



# Energising a green industrial strategy

Building a consensus for action

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## Building a consensus for action

Introduction	3
Policy clarity and co-ordination	6
Finance	7
Skills	8
Governance	9
Next steps	10



Prospect is the leading UK union for engineers, managers, and specialists.

We represent more than 156,000 workers across the public and private sectors, including thousands of members working in energy generation, transmission, distribution, and research roles around the UK.

## June 2024

Prospect, a leading energy trade union, convened a round table discussion, chaired by Professor John Fyfe and involving key players from across the clean power industry. Participants joined the round table on a non-attributable basis, ensuring that they could speak freely.

The round table built on Prospect's publication 'A green industrial strategy for West Cumbria', to consider how an agenda for regional or local action may apply in a national context – see **A green industrial strategy for West Cumbria**,<sup>1</sup> and continued the work in Prospect's reports **Delivering clean power: A mission for the energy sector**<sup>2</sup> and **Delivering good clean energy jobs**.<sup>3</sup>

The round table demonstrated a strong commitment to Labour's economic prosperity mission, recognising the opportunities that a change of government will bring to energise a green industrial strategy, and it displayed a consensus over actions needed for the UK to succeed.

Round table participants favoured a holistic approach, noting that policy and delivery frameworks pose inter-related challenges. There was no desire for government to duplicate actions already underway, nor to replace private sector investment where that is feasible.

It is recognised that there are both immediate and long-term challenges to deliver the clean power mission – but that both require early action for 2030 targets to be achieved and to get the UK on track for net zero by 2050.

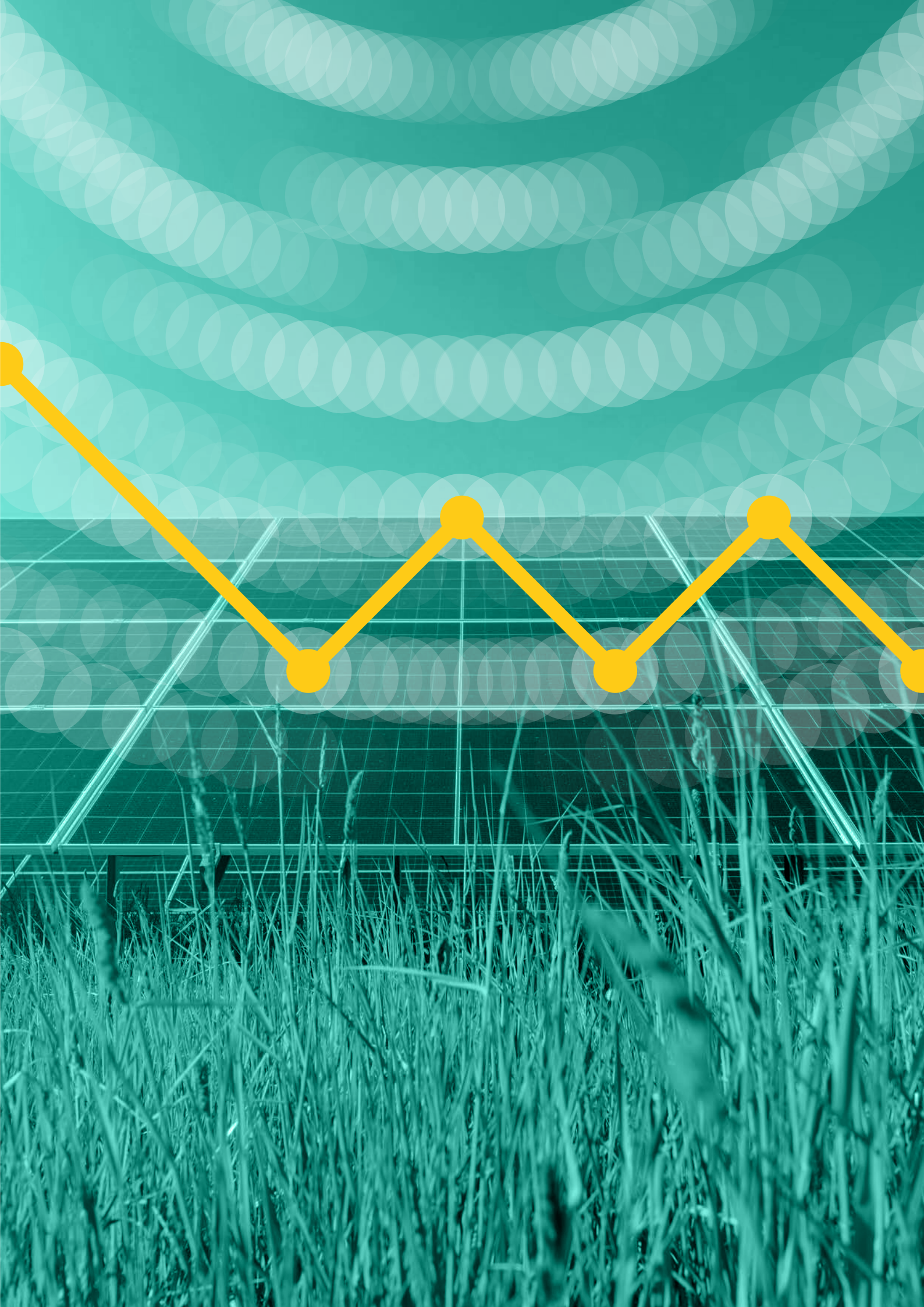
This is not a crude case of 'picking winners' for the energy sector but one requiring targeted support over different timelines for technologies at varying stages of maturity.

**There is a clear and pressing need for political leadership – to deliver in 2024 the Final Investment Decision for Sizewell C, ensure a successful AR6 auction round for offshore wind, and to progress tracks 1 and 2 carbon capture and storage projects.**

But the challenge is broader – to retain goodwill and build societal consensus for change it must demonstrate benefits for communities and individuals. The creation of good clean jobs will be key to this. It is essential in order to bring forward investment, that government gives a clear commitment on future intentions. The reality is that contractors, including those in the supply chain, need a firm assurance of future workstreams over a number of years to deliver investment in infrastructure and skills rather than importing to meet their requirements.

This briefing extrapolates the round table's discussion and sets out key enabling actions for the new government.





# Policy clarity and co-ordination



All present recognised Sir Patrick Vallance's view that context is all important. The current national debate about the consequences of climate change is inconsistent – failing to engage significant groups, both geographically and occupationally, and influenced by perceived shorter-term political pressures. **The challenge is one of national mobilisation – this will require a concerted effort led by government, but in partnership with the private sector and stakeholders at all levels.**

It will also require a greater level of attention to international relationships and opportunities, recognising both the need for collaboration across borders to deliver green technologies and the need to act at pace to ensure Britain's success amid international competition that will shape future economic success.

**Labour is rightly focused on meeting ambitious targets by 2030 but this must be seen as a stepping stone for sustained action to 2050 and beyond.** The story of our energy policy over recent decades is one of short-termism, aligned to political cycles that have held back investment and amplified the challenges we now face. Delivering clean energy must now become a priority for both economic recovery and development and meeting carbon reduction new zero targets.

# Finance



The fundamental test of policy clarity is to provide investment certainty – a factor that, despite positive initiatives, is currently missing.

The role of the Treasury will be crucial. **This requires a change in mindset, beyond budgetary and fiscal constraints to give far greater focus to the Treasury's role in long-term economic development.**

One option could be to establish an internal challenge function with an enhanced public value mandate and taking account also of the increased future cost of inaction.

Learning from experience, including from the USA, Sweden and other countries, assessment criteria should also include commitment to social dialogue and to a delivery pipeline of sufficient longevity to bring forward private sector investment in infrastructure and skills.

The price of energy to households and businesses is clearly also an important issue, but it is a mistake to assume that cost to consumers is synonymous with value. These are distinct concepts, posing challenges that require different solutions. The shameful extent of fuel poverty across the UK demonstrates both the need for a new, less regressive approach to pricing, such as a social tariff, and for strengthening the authority and powers of the economic regulator.

Meanwhile, wider economic considerations must be addressed, including the importance of R&D and investment as a driver for productivity growth and the development of UK supply chains to widen access to good jobs and to meet the top priority for business growth and other government policy aims.

There is no 'one size fits all' solution. **Financial support mechanisms need to be context specific.** For example, contracts for difference (CfDs) have worked well for offshore wind delivering consistent cost reductions from the initial 'first of a kind' tariffs and should be continued and enhanced. However there needs also to be a stronger focus on individual and community benefit, for example through more effective use of public procurement and practical delivery of social value.

It is worth remembering that the cost reductions for offshore wind have been delivered as the industry has matured – from around £120/MWh at the start CfDs have delivered transformational change in a relatively short timeframe. However, other **low carbon technologies are at earlier stages of development and will inevitably require greater support in their pathways to maturity.** There are lessons to be learned from across the different energy sectors and from international experience, for instance in Australia and Sweden.

# Skills



Ensuring an adequate supply and use of appropriately skilled workers is a huge ongoing area of concern. There are overlapping skills shortages across networks, renewables and the nuclear sector and challenges in attracting, progressing, and retaining the significantly expanded workforce needed to deliver net zero.

Employers, working in partnership with unions and government, have a key role to play – to improve the attractiveness of engineering jobs, support mid-career changers and under-represented groups, develop pre-apprenticeship programmes for communities and individuals from disadvantaged backgrounds, and ensure a just transition.

**Labour’s intended more flexible approach** around use of the apprenticeship levy for shorter and more flexible and targeted interventions is welcome but must extend beyond a demand-led model to one in which Skills England, and equivalent bodies in the devolved nations, **generate a much higher throughput of skilled workers ready to deploy as opportunities arise.** This, in turn, depends on sufficient policy clarity and longevity to stimulate and sustain supply chain activity.

Securing a fair transition for workers in high carbon industries is achievable, but takes time, planning and collaboration, including with unions, as recognised by the Green Jobs Task Force.



# Governance

# 4

The considerable progress towards decarbonising our energy supply over recent years, especially in the renewables sector, has been made in the absence of a coherent governance framework and therefore has been more challenging than it might have been. It has become difficult to identify sources and reasons for blockages to action and where responsibility lies to resolve such blockages. This poses a risk to informed and timely decision-making and prolongs uncertainty which, in turn, deters investment. These blockages need to be diagnosed and removed.

**Labour's mission-led approach to government means that clarity over institutional relationships will become** even more important. Great British Energy (GBE) will sit in an increasingly complex landscape of public bodies involved with energy including Ofgem, the Future System Operator, civil service departments (DESNZ, HMT, Department for Education, DHCLG, DSIT) and others. Clarity is needed over roles and responsibilities, as is effective partnering with the private sector. GBE will need authority and influence over other government bodies.

One option would be to use a strategy and policy statement or other mechanism to clarify the roles and responsibilities of these different organisations in delivering net zero, and to reform and strengthen them where appropriate. This could be overseen by a 'Clean Power Delivery Board' within government to ensure co-ordination between organisations on issues such as strategic planning, programme delivery, siting/land use, financing, skills, and supply chain development. This mechanism, or an alternative one, should also seek to achieve a level of cross-party consensus to move away from the stop-start nature of energy policy in recent years.

Effective governance must also be responsive to the need to build better understanding and public consent for change. Local authorities, metro mayors and the devolved nations have demonstrated their commitment to play a part in our net zero transition but are limited in their aspirations by opaque or non-existent governance hierarchies and a lack of understanding of their priority actions.

**It is essential to involve workers, their unions, and communities in developing and delivering local and regional energy plans.**

# Next steps

All participants in our round table shared an enthusiasm to work in partnership with government and with each other to deliver net zero in a way that supports wider economic development, civic regeneration, and the creation of good jobs. The election of a new government creates a timely and necessary opportunity to move from policy statement to investable delivery programmes. Valuable work already in development should not be discarded but used at pace to deliver investment for the next five years and beyond.

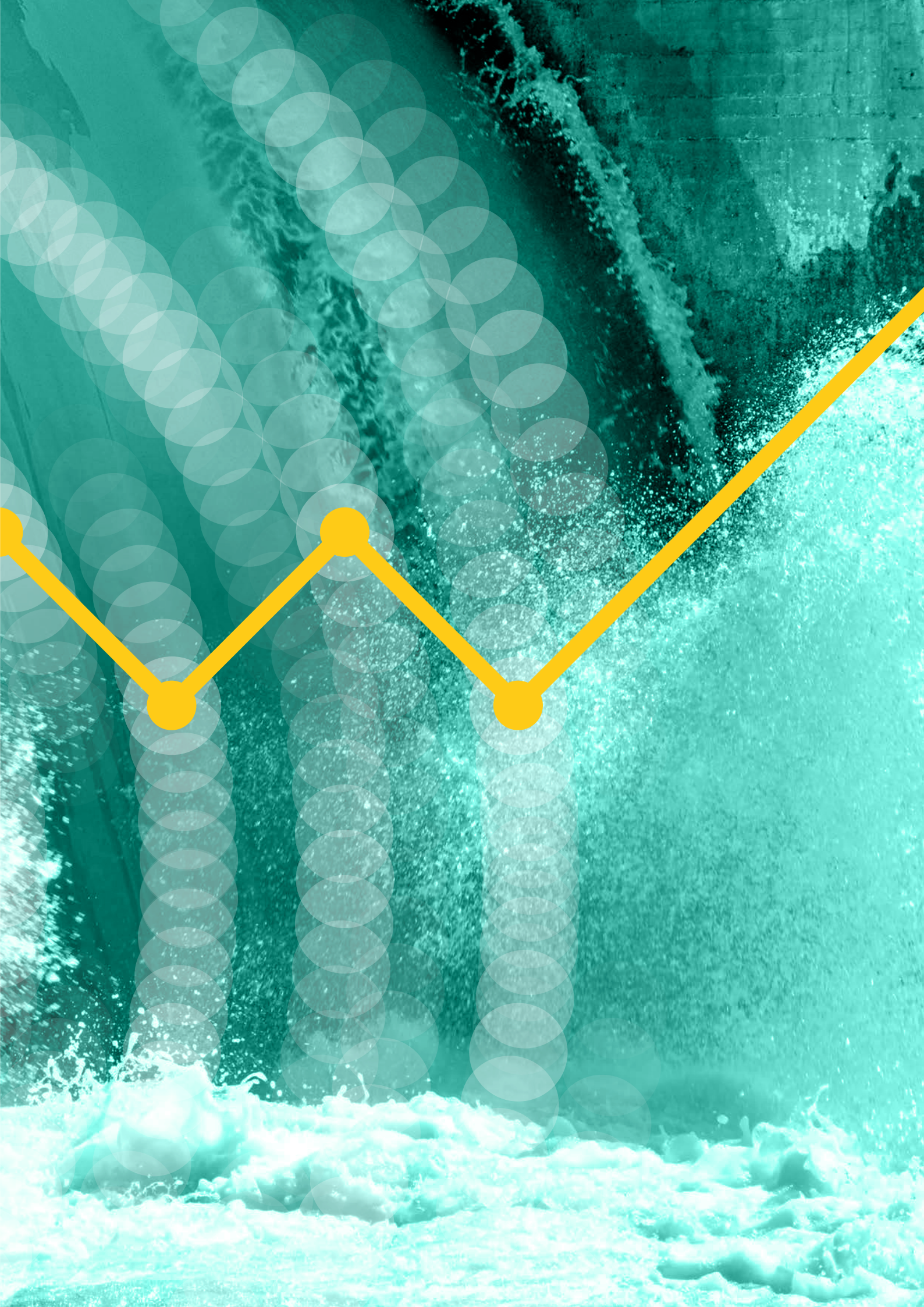
We encourage government to work with employers, unions and other stakeholders that seek to facilitate the transition and to use this collective expertise to take key investment decisions before the end of the year. We must take the opportunity to put energy policy at the heart of delivering business growth and as a major contributor to achieving net zero objectives.



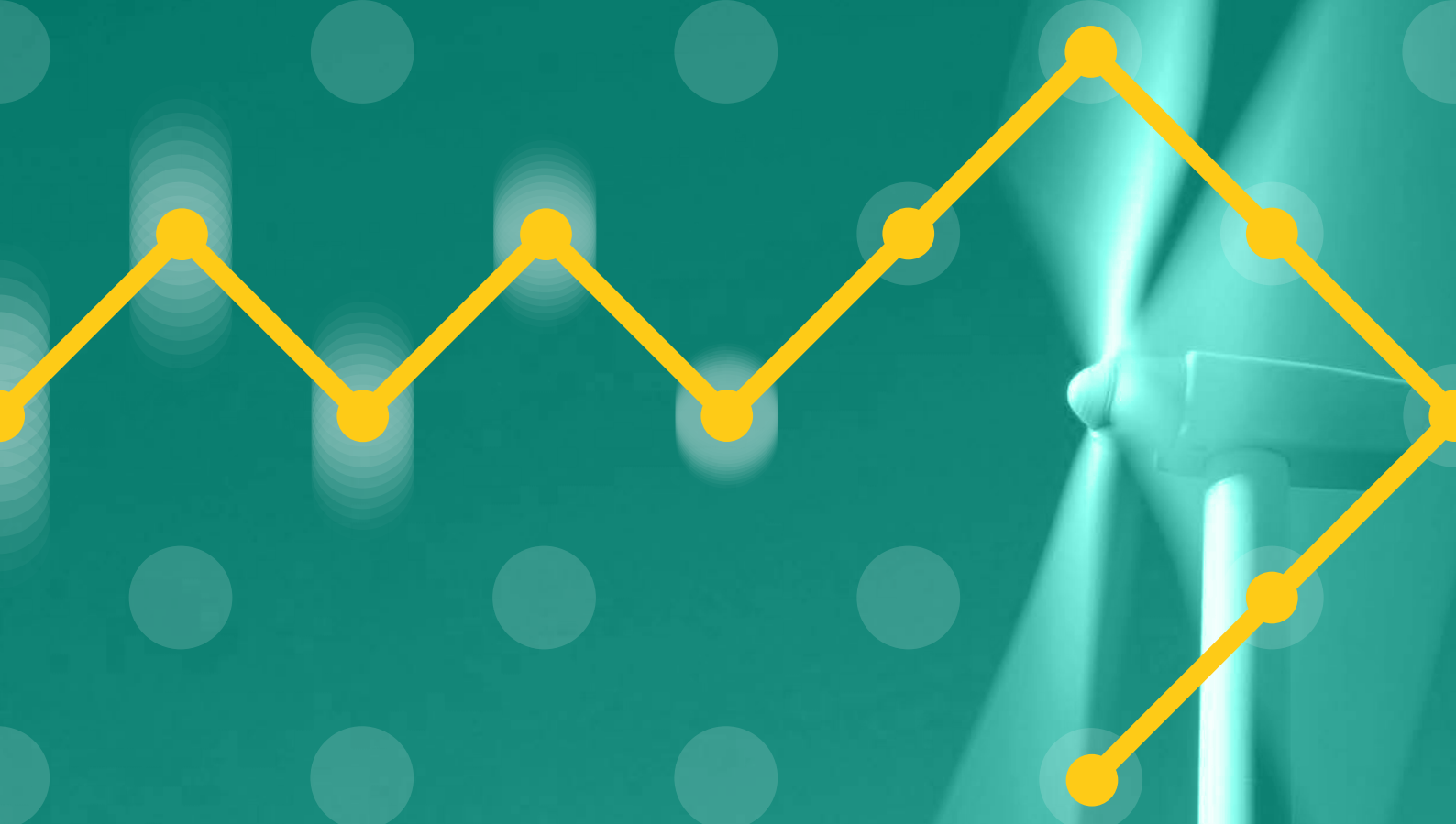
## See also:

- 1 **A green industrial strategy for West Cumbria**, <https://library.prospect.org.uk/download/2023/00990>
- 2 **Delivering clean power: A mission for the energy sector**, <https://library.prospect.org.uk/download/2023/00521>
- 3 **Delivering good clean energy jobs**, <https://prospect.org.uk/news/delivering-good-work-in-clean-energy-prospects-five-goals>









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Published by Prospect  
100 Rochester Row, London SW1P 1JP  
T 0300 600 1878  
© Prospect, July 2024  
24-0050/Jul24/DP-200