



Industry Forum

Business Excellence Through Inspired People

October 2013

# Higher Education's Leading Role in the UK Offshore Wind Sector Strategy

About 5.7 million people are currently employed in the renewable energy sector globally, with a growth rate since 2010 of over 15% per annum. Some estimates anticipate that global employment in 2020 might reach 15 million. In the UK this rate of expansion is evident in the market for jobs in offshore wind, particularly for experienced graduates. Offshore wind employers are also actively recruiting staff from the stream of military leavers resulting from the defence cuts, as their experience and attitude are often in tune with employers' needs.

This Summer the Coalition launched the UK Offshore Wind Industrial Strategy. The strategy is based on the commitment by Industry and Government to work together to build a competitive and innovative UK supply chain that delivers and sustains jobs, exports and economic benefits for the UK.

The strategy vision is to secure:

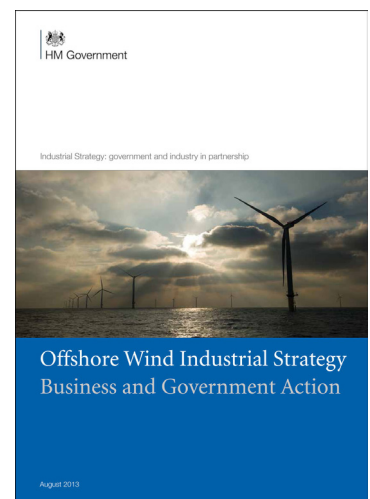
- economic growth creating tens of thousands of long term UK jobs
- a clear and sustainable project pipeline
- major manufacturing facilities in the UK
- the development of a competitive UK-based supply chain
- a cost-competitive low carbon technology

The achievement of these goals depends on the availability of suitable skills but overall the UK labour market in the energy sector has the following skills challenges:

- meeting the current and future need for engineering and technician skills
- insufficient management skills
- competition for talent in the domestic and global labour market
- an ageing workforce
- reliance on other sectors for a skilled workforce

The strategy also warns that there are other challenges if the UK supply chain is to benefit significantly from future offshore wind deployment as there is well-established competition in other countries. The UK must:

- increase the visibility of the pipeline of future projects and the likely size and timing of future market demand, particularly past 2020
- ensure potential inward investors understand the benefit of locating manufacturing facilities in the UK so that tier one equipment suppliers, particularly turbine manufacturers, set up operations in the UK
- enable UK supply chain companies to develop the capability to meet the requirements of developers and top tier manufacturers
- compete globally on cost and quality and overcome barriers to development and of the next generation of turbines, foundations and components which are needed to drive down costs



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The top tier of the existing supply chain is mostly owned by overseas companies and so inward investment in production and installation facilities and the wider supply chain is key to achieving the strategy vision. The new Offshore Wind Investment Office will focus on this.



There will also be a £20m three year programme to build the competitiveness of the supply chain in England. The MAS Offshore Wind Supply Chain Growth Programme is a new service delivered by the Manufacturing Advisory Service with Grant Thornton, Renewable UK and the Advanced Manufacturing Research Centre, supported by the Regional Growth Fund. It will focus on SMEs already in the sector looking to increase capacity and those with the capability to enter the offshore wind manufacturing supply chain and provide them with market insight into customer needs. Support will be tailored and could take the form to improve positioning for new contract opportunities, an innovative design project or access to investment finance.

Overall this is a very ambitious strategy and to meet its goals it will have to be followed consistently over the medium and longer term. This requirement will be subject to various political risks.

Last month the Coalition published a volume of analytical insights from the 11 sector strategies. The analysis found that there is significant current and potential future demand for skills across many of the sectors due to retirement, and in some cases, strong sector growth. The current low level of skills shortages in the UK is impacting on firm performance and the economy's overall competitiveness, and this is increasingly likely to do so as demand for skills grows. The analysis finds lack of supply partly reflects unsuitable qualifications and courses where education has not kept pace with developments in the industry.

It is suggested that attracting sufficient numbers of suitably qualified individuals will mean that firms must think more strategically about their skills resources, improving the level of management skills to ensure that the best use is made of existing skills. This is unlikely to be taken up by the UK offshore wind sector where most firms are too small to adopt such an approach.

The new analysis emphasises that many sectors need to do more to improve their appeal to a wider section of society, particularly in terms of gender and socio-economic background.



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This will mean a more concerted and co-ordinated effort to change the image of their sector and to engage with potential sources of talent, some of which will not be from traditional sources. This certainly does apply to offshore wind.

The analysis admits that in the offshore wind sector and nuclear where demand has until recently been at a low level, significant skills needs could become apparent in a very short time if further investments are forthcoming. In the civil nuclear sector a large scale programme is already in place to understand what shape future skills demand might take but there is nothing similar for offshore wind.

This all poses the question of how at national level the offshore wind sector can develop its talent strategy as part of the agreed strategy in a way to attract the interest of global majors in investing in the UK. One answer is suggested by the recent news that DONG energy is to co-operate with three leading universities – Oxford, Imperial and University College Dublin. The aim is to solve various problems concerning turbine foundations.

This project is being run under the framework of the Carbon Trust Offshore Wind Accelerator. It also involves RWE, Statoil, Statkraft, SSE, Scottish Power and Vattenfall. DONG have said that this project has a major potential for helping achieve the goal of reducing the price of offshore wind electricity by 35-40% by 2020.

Perhaps the strongest UK asset for building dynamic relationships with global offshore wind majors is through the capabilities of our leading technological universities via R&D projects, short courses and masters levels degrees. This could also help foster global excellence in technician training. However there will need to be effective national co-ordination to make progress in this way.

Utilising knowledge and expertise developed through automotive and aerospace supply chain activities, Industry Forum is active in this sector through companies such as Vestas. Industry Forum's global reach and continuing relationships with our founding supporters including General Motors, Honda, Nissan, Toyota and Volkswagen ensure we have the capability and culture to welcome and work with inward investors to the UK. Industry Forum is working in partnership with other bodies and government departments to develop engineering and manufacturing talent, capability and capacity at a national level to support this inward investment.

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