

A photograph of three people in a control room, all wearing dark blue polo shirts. A man on the left is smiling broadly, a woman in the center is smiling and looking slightly to the right, and a man on the right is looking forward with a slight smile. The background shows computer monitors and office equipment. The image is overlaid with large, semi-transparent teal and yellow geometric shapes.

A workforce investment plan

for our energy networks

prospect.org.uk



A workforce investment plan for our energy networks	2
Networks under pressure	3
Our workforce investment plan	4
The skills challenge	4
Training	5
Workplace culture	6
Making jobs attractive	6
RIIO-2	9
Measures of success	10
Workforce Satisfaction	10
Workforce Development and Renewal	10
Workforce Diversity and Equality	11
Health and Safety	11



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A workforce investment plan for our energy networks



Energy networks are evolving. Major technological developments are rapidly changing the way we produce, transmit, distribute, and store energy.

The smart grids that we now need to accommodate a broader mix of energy sources require more active management by skilled staff.

Decarbonisation of our heating systems will stimulate a major increase in demand for electricity, as will the shift to electric vehicles.

The progress made to transform DNOs (Distribution Network Operator) into DSOs (Distribution System Operator) must accelerate to deliver the UK's net zero commitments.

Prospect has repeatedly called for a regulatory framework that holds companies accountable for investment in their net zero workforce. Important decisions on budgets for training and skills development, health and safety, and workforce diversity will, in the 2020s, shape companies' ability to respond quickly and effectively to the net zero challenge. To use Ofgem's terminology, we need to see a more vigorous and transparent approach to deliver 'workforce resilience'.

Prospect represents over 150,000 engineers, managers, professionals and specialists across the public and private sectors. We are the primary union for skilled specialists, engineers, and managers working in the UK energy supply industry. We continue to campaign on behalf of our members for a sensible, informed approach to critical energy questions.

Find out more at prospect.org.uk/about

Networks under pressure

The drive to net zero, combined with the pressures of Ofgem's RII0-2 price control review, place transmission and distribution networks under intense pressure.

Despite the positive feedback from the various customer engagement panels about the value of further investment to deliver low carbon and responsive networks, company submissions to Ofgem pose several threats:

- **The impact of diminished income on staffing levels:**

With strict new limits on investor returns, there is a

real risk that operational spending could fall even further as companies raid staffing budgets to maintain shareholder pay-outs. This will negatively impact customer service.

- **Increased competition:**

The commitment to competition has led to cherry-picking of connections work by third parties with lower standards of performance and employment. This has spread to new network development, undermining employment standards and

diminishing the network benefits that are key to making a success of the DSO model.

- **Talk about workforce resilience has failed to deliver action:**

Positive talk about workforce resilience hasn't translated into concrete plans of action or any firm or consistent targets.

“Positive talk about workforce resilience still fails to recognise the importance of investment in skills and evades any firm or consistent targets.”

Sue Ferns

Prospect senior deputy general secretary



Our workforce investment plan

While investment in infrastructure and technology is essential, the single biggest threat to net zero is not having a workforce capable of delivering it.

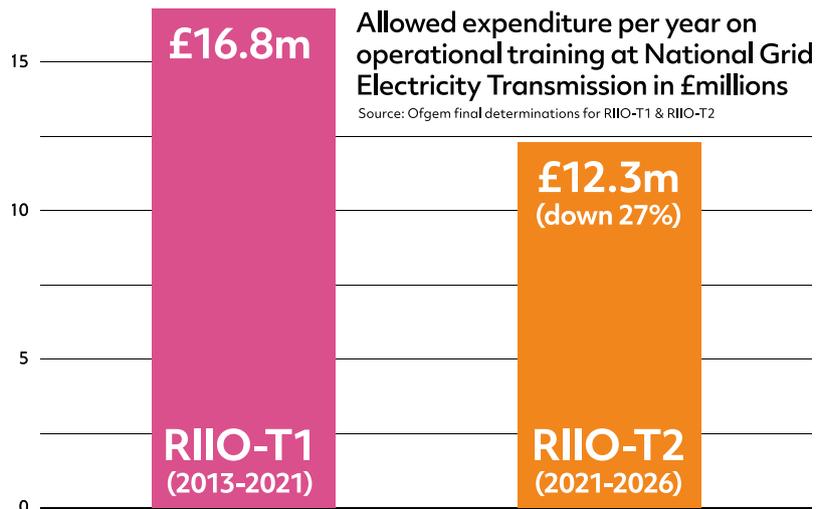
Only a twin-track approach of investing in infrastructure and people will achieve this goal. Investment in workforce resilience must underpin a good deal for customers.

This is not the time for a 'business as usual' settlement. The Committee on Climate Change has made clear that on current trends we will miss the emissions reduction targets for the Fourth and Fifth Carbon Budgets (covering the period 2023-2032) by a wide margin.

The skills challenge

Research commissioned by National Grid¹ estimates we will need to create a 400,000-strong skilled energy workforce over the next three decades to deliver net zero.

This net zero workforce will be needed to build and operate new clean energy infrastructure, to support the



roll-out of low-carbon heating technology, and to install tens of thousands of electric vehicle charging points.

Many of these roles will be in highly skilled STEM fields like electrical engineering and data science. However, there will also be a greater emphasis on skilled and knowledgeable customer support.

We face real challenges in creating this net zero workforce. A host of skills policy failures over the past decade mean that key sectors like energy are struggling to attract and retain the necessary numbers of skilled workers.

Some of the new jobs that will be important to decarbonising key sectors like energy will be in roles like data analytics (to help model and manage an increasingly complex energy system for example) that will not be unique to the green economy and which will be in high demand across a range of other sectors.

Electricity network operators are already facing challenges to attract and retain high quality candidates for roles in data analytics. New jobs will sit alongside existing roles that will continue to be essential for achieving

¹ Building the net zero energy workforce - <https://www.nationalgrid.com/stories/journey-to-net-zero/net-zero-energy-workforce>

net zero, for example, grid stability services and black start capability.

Training

Lack of clarity over career pathways is often demotivating. Evidence from the most recent iteration of the official Employer Skills Survey (published in October 2020) supports the contention that employers in the broader primary industries and utility sectors are, on average, training fewer of their staff each year than other economic sectors, while total training expenditure has declined in the last five years.²

Responsibility and accountability for training the next generation must be tightened. In this context it is deeply concerning that Ofgem's final determination for the transmission network price controls (RIIO-T2) has reduced National Grid's allowed annual expenditure on operational training by more than 25% compared to the previous price control.

² Dept. for Education (2020) 'Employer Skills Survey 2019' <https://www.gov.uk/government/collections/employer-skills-survey-2019>



Responsibility and accountability for training the next generation must be tightened.

Workplace culture

Making jobs attractive

Concrete thought also needs to be given to how to make green jobs attractive to a diverse range of people, and how to create decent, safe, and inclusive workplaces that a much broader demographic of workers will see as welcoming.

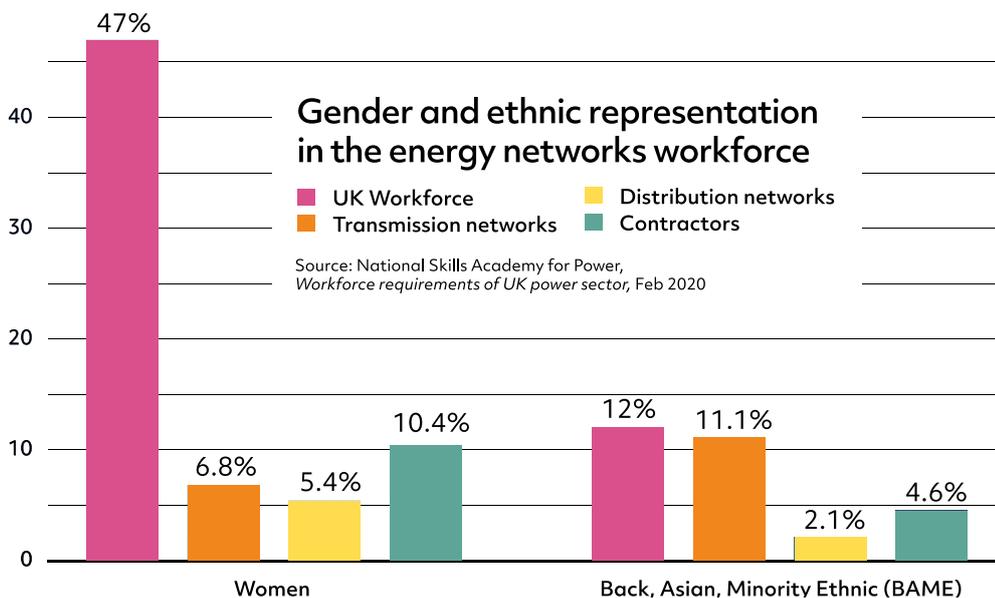
This will require a sustained effort to tackle a range of persistent problems, such as excessive workloads and long working hours, high levels of stress, lack of flexible working, opaque and unequal pay practices, and workplace bullying and harassment.

We have presented a range of evidence to Ofgem, in relation to both the transmission and distribution price reviews, that strongly suggests the networks workforce is under increasing pressure as workloads, stress, and mental ill-health increase, and morale declines.

It is worth noting that many of our concerns about workforce resilience are echoed in the 2019 Health and Safety Laboratory (HSL) report on the role of Senior Authorised Persons (SAPs) and Competent Persons (CPs) in the electricity networks.

The report highlights excessive workloads and understaffing as key barriers to SAPs and CPs performing their roles safely and effectively. The Energy Networks Association (ENA) subsequently established a working group to address the issues raised in the HSL report, which is an important step forward.

However, we remain concerned that the level of ambition is insufficient to yield improvements within a reasonable timeframe.





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RIIO-2



Prospect, along with our partner unions in the energy sector, has been engaging extensively with Ofgem over the shape of the next network price controls, known as RIIO-2, for the last three years.

We are therefore deeply disappointed that workforce resilience issues have not been given any significant place in the proposals for RIIO-2, with

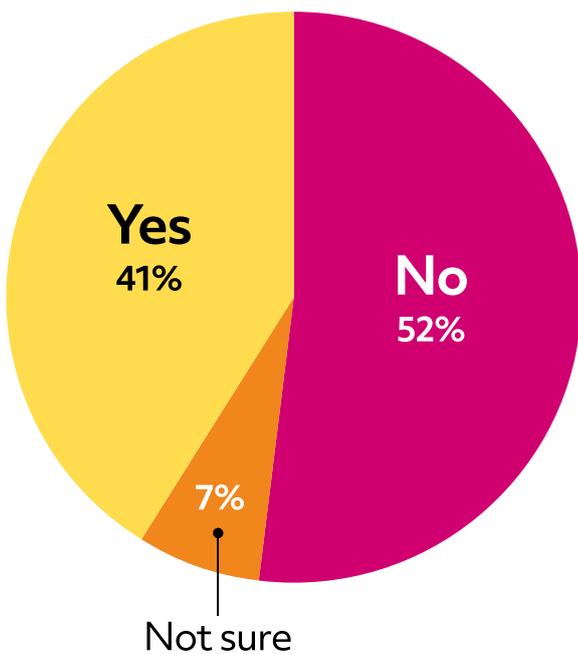
Ofgem apparently content to leave it to each company to develop their own plan absent of any overarching framework or targets. Nonetheless, there is still an opportunity in the period between submission of draft business plans and final determination to address this gap.

The networks workforce will have a critical role to play in

the RIIO-2 period in delivering UK decarbonisation targets while continuing to ensure that energy is delivered to homes and businesses safely and reliably.

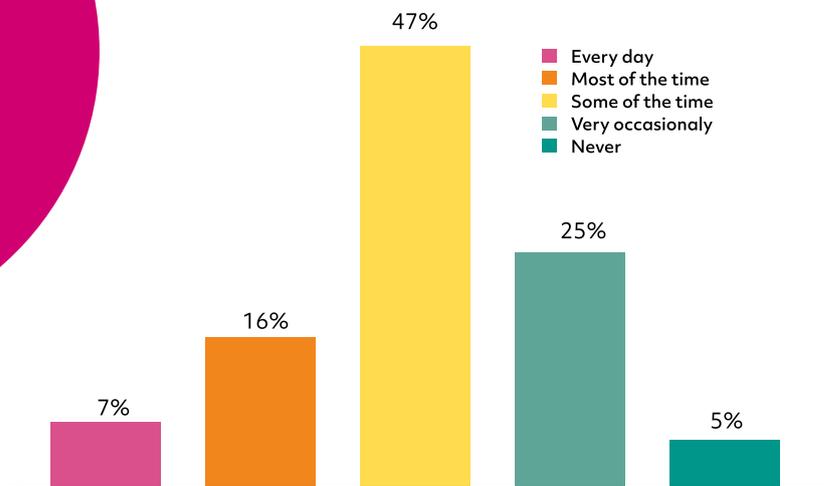
It is essential that the voices and perspectives of network employees must be properly heard.

Do you consider your team to be adequately staffed to carry out work safely?



Source: Prospect Energy Sector Workforce Survey, Nov 2020; results for energy networks respondents only (n=553)

How frequently would you say you feel overwhelmed or highly stressed at work?



Measures of success



Below we set out proposals for action in four key areas that would enhance workforce resilience. These proposals are intentionally scoped at a level that all employers should be able to satisfy through the RIIO-2 period. They provide a foundation to be built on through ongoing engagement with workforce representatives.

We want to work with employers to establish a culture of respect, as set out in our 'Charter for Dignity at Work in the Energy Sector'.³

As a minimum, RIIO-2 companies should be required to:

Workforce Satisfaction

Measure workforce satisfaction levels on an annual basis, using an appropriate workforce survey, and to discuss survey outcomes with union representatives with a view to developing and implementing strategies for improvement.

Rationale

Workforce surveys can vary in their value dependent on how the questions are framed.

There is some recognition that surveys designed to achieve high satisfaction scores are of limited practical value. We therefore propose that surveys should be drawn up in consultation with the relevant workforce representatives and should include a core of consistent questions, preferably independently benchmarked, to track progress over time.

Workforce Development and Renewal

Create a workforce development and renewal funding pot, to support skills training, recruitment and retention measures as well as other workforce development initiatives.

Rationale

Although Ofgem has expressed concerns that companies could use a funding pot inappropriately, it is worth noting that their own assessment of the ring-fenced funding provided for workforce renewal in a previous price control period (DPCR5) was that it had been a success and

that the money was generally used for the intended purposes. As indicated in the DPCR5 assessment report:

'The workforce renewal mechanism aimed to encourage DNOs to recruit and train new staff and upskill existing staff to replace leavers from the operational workforce. We consider the mechanism has been successful. Over the five years of DPCR5, 92% of the allowance was claimed... and all the DNOs developed comprehensive upskilling programs for existing staff.'

The RIIO-2 funding pot would be ring-fenced and provided on a 'use it or lose it' basis to incentivise proper use of the funds. Detailed proposals for how companies would use this funding for new starters and the existing workforce would be required, followed by annual reports on actual levels of spending. We would propose that metrics should include training provided to address identified skill gaps; apprentice starts and completions; and

³ <https://prospect.org.uk/get-involved/a-dignity-at-work-charter-for-the-energy-sector/>

time taken from induction to operation as a SAP or AP.

Workforce Diversity and Equality

Increase the proportion of women in the workforce to at least 40% and the proportion of minority ethnic workers to at least 10% by 2030.

Monitor the successful retention of under-represented groups of staff, including women, minority ethnic groups, LGBT+ and those with disabilities.

Reduce gender pay gaps progressively over the life span of RIIO-2 and report on the ethnicity pay gap.

Rationale

These are aspirational – though necessary - targets that are consistent in scope with those set across other parts of the energy sector and with Ofgem’s own Diversity and Inclusion Strategy.

A good approach would be for companies to augment the reporting they do to comply with the Gender Pay Gap Regula-

tions, by conducting an annual equality audit which would:

- determine the impact of existing company policies and practices on workers with protected characteristics, particularly with respect to pay and progression; and
- detail the concrete measures companies are taking to improve the diversity of the workforce.

Annual reporting will enable Ofgem to assess whether satisfactory rates of progress are being achieved.

Health and Safety

Reduce the rate of absence due to work-related stress and mental health problems by 10% by 2025.

Measure and report annually on working hours lost due to work-related accidents or illness. An initial baseline target should be proposed and justified at the start of the price control period, with a progressive target for reduction during RIIO-2.

Identify employees with roles that place them at risk of fatigue and work with union health and safety representatives to reduce that risk.

Rationale

Large and sophisticated employers that should be expected to out-perform the HSE’s generic improvement targets for work-related stress and mental health problems. Our own research and that of the HSL has identified that this is a key issue for the sector and therefore should be a primary focus for improvement, along with better management of fatigue⁴. Companies are already required to produce health and safety reports. Proposing and justifying a baseline and target for reduction should therefore be a ‘business as usual’ activity.

Given the recognised importance of worker involvement, achieving annual agreement from local company HESACs that company performance on health and safety has been adequate during the year should help to yield the benefits of a partnership approach.

4 See Prospect guidance on tackling fatigue – insert URL

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