

Proposal for workforce resilience output measure in RIIO-2 framework

Joint submission by Prospect, GMB, Unite the Union, and
Unison to Ofgem

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Introduction

This submission is in response to Ofgem's invitation to propose outcome measures on workforce resilience. It is worth noting that many of our concerns about workforce resilience are echoed in a recent report commissioned by the Energy Networks Association (ENA) from the Health and Safety Laboratory (HSL) on the role of Senior Authorised Persons (SAPs) and Competent Persons (CPs) in the electricity networks. The report, which has yet to be published, highlights excessive workloads and understaffing as key barriers to SAPs and CPs performing their roles safely and effectively. It is also worth noting that the same factors that cause us to be concerned about electricity sector are also very evident in the both the gas distribution and transmission sectors and therefore the issues around workforce resilience have wider application.

Set out below are our four proposed themes and associated metrics.

Workforce Satisfaction

Companies will be required to measure workforce satisfaction levels on an annual basis, using an appropriate workforce survey.

Rationale

We are all aware that workforce surveys vary in their value dependent on how the questions are framed. Anecdotally, some companies are recognising 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 that they should include a core of consistent questions, preferably independently benchmarked, in order to benchmark changes over time.

Workforce Development and Renewal

Creation of a workforce development and renewal funding pot, to support skills training, recruitment and retention measures as well as other workforce development initiatives. The pot would be ring-fenced and provided on a 'use it or lose it' basis to incentivise proper use of the funds. Companies would be required to submit detailed proposals for how they would use this funding in their business plans, and report annually on actual levels of spending.

Rationale

Although concerns have been expressed that the DNOs could abuse such a provision, it is worth noting that Ofgem's own assessment of the ring-fenced funding provided for workforce renewal in DPCR5 was that it had been a success and that the money was, generally speaking, used for the intended purposes. As indicated in the DPCR5 assessment report:

'Ofgem, alongside the DNOs and Energy & Utility Skills, identified that a key challenge for DPCR5 would be an ageing workforce. We assumed that £213 million (2007/08 price base) in expenditure was needed for workforce renewal (WFR) in DPCR5. The WFR mechanism aimed to encourage DNOs to recruit and train new staff and upskill existing staff in order 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 by the 14 DNOs, at least 50% of all leavers were replaced with new recruits (according to full time equivalent figures) and all the DNOs developed comprehensive upskilling programs for existing staff.'

So there is clearly scope to develop a similar approach for ED2, covering development of the existing workforce as well as new starters, for example with companies reporting annually on training provision in relation to identified skill gaps; apprentice starts and completions; time taken from induction to operation as a SAP or AP.

Workforce Diversity & Equality

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

Monitor the successful retention of all distinct groups of staff, including women, BAME members of staff, LGBT+ staff, carers and staff with disabilities

Companies must commit to reducing their gender pay gaps progressively over the life span of RIIO-2.

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 Regulations, by conducting an annual equality audit which would a) determine the impact of existing company policies and practices on workers with protected characteristics, particularly with respect to pay and progression; and b) 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 more than the HSE's whole economy target of 5% by 2025.

Companies will be required to measure and report annually on working hours lost due to work-related accidents or illness. They will be required to propose,

and justify, an initial baseline target at the start of the price control period, with a progressive target for reduction during RII02.

Rationale

The DNOs are 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. 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.