



16. We are ready and able to deliver

What you can find in this chapter

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Our plan is ambitious but the checks we have made as part of our business planning processes confirm this is deliverable.

We will continue to carry out checks as our plan is updated to reflect stakeholder engagement, to ensure our plans remain deliverable and can flex with the uncertainty in the energy landscape.

There are four key areas that we assess our plans against; people (including future workforce resilience), supply chain, delivery model and system access. We have more control over the first three of these areas and are confident in the approaches and strategies we have in place to deliver our plan. System access requires a different approach as this involves a range of interfaces where we are working collaboratively across the industry to take a whole system approach.

Our people are key to delivering our ambitious plans. We have long term plans to make sure we have a resilient, diverse, technically skilled and highly engaged workforce that is fit for the future.

We have a robust supply chain with access to a wide market to buy the goods and services we need and are utilising existing approaches and strategies to deliver efficiently and on time to ensure we are delivering at lowest cost to consumers.

Within the T1 period we implemented a flexible delivery model to adapt to the uncertainties that we

were facing with such a rapid change in the energy landscape. This model continues to be the most appropriate given the challenges that continue. This model will ensure we deliver the work at the right time and in the most efficient way to ensure we deliver on our outputs, our commitments and deliver the consumer value that is expected.

We are working collaboratively across the industry to consider a whole system approach to system access to ensure we deliver the most optimal consumer outcomes.



1. We are building a plan that is deliverable

Building a truly stakeholder-led plan means our plan is ambitious and challenging; ambitious because this plan includes a range of priorities that will deliver future benefits for consumers and challenging because the uncertainties that exist will impact what gets delivered and when. Our draft plans have identified that we have a significant investment programme to deliver with a range of uncertainties to manage.

We have a strong track record in delivery as shown in our T1 performance Annex - ET.04 and are confident that we can deliver this plan, because we have a highly skilled, engaged workforce which is encouraged to find better ways to deliver through innovative ways of working. We have access to a wide market of goods and services through our supply chain and a flexible delivery model. We also challenge our plans through regular deliverability checks as a standard part of our business planning processes.

We are committed to delivering the future energy system for you and these checks ensure we have robust, future looking and sustainable delivery plan in place. Initial assessments conducted have acknowledged that whilst our plan is challenging and ambitious, it is deliverable.

The combination of activities that need to be delivered, combined with the workload we have forecasted, whilst interfacing to identify the most beneficial whole system approach for consumers, will inevitably result in challenges that we will need to address and we will need to ensure we have robust processes in place prior to the final submission of our plans. Our stakeholder engagement is ongoing which is likely to result in further plan changes in our October and December submissions. We will continue to conduct our deliverability checks throughout, interfacing across the industry with the Electricity System Operator (ESO) and Distribution Network Operators (DNO), and we will provide details of how we have assessed our plans in the December submission.

2. Our people are key to delivering our plans

Our most important assets are undoubtedly our people because it is our people who are building

and delivering our plans. We cannot deliver our challenging and ambitious plans without them. Our success at delivering is built on our sustained ability to attract, recruit, train, motivate, and engage our people. We see workforce resilience as being about having the right number of people, who have the right skills, a healthy mindset, work life balance, and reflecting the communities we serve.

In this draft business plan, we have outlined the outputs that have been delivered in the T1 period and how we have delivered innovative designs or approaches for the benefit of the consumer. This is because we have great people who are challenging how we work and want us to succeed. Through the high-quality work of our people, we will achieve our vision, adapt to uncertainties, deliver our stakeholder priorities and create a competitive advantage.

We already take steps to ensure our workforce is skilled, engaged and diverse. Through the T1 period our employee engagement has been at or near high performing norm levels; on key diversity metrics, we do better than the wider UK engineering sector.

We invest heavily in our people to ensure that we have a technically skilled, inclusive and highly engaged workforce who are engaged in what we need to achieve, can thrive and feel enabled to deliver to the best of their abilities. The aim of which is to provide our business with the resilience it needs to deliver for consumers now and in the future.

We are proud of the activities we already undertake to ensure the resilience of our workforce. Since 2016, we have invested in a strategic workforce planning capability in our Human Resources function. Each year, the team drives a process to forecast our workforce over a 10-year period so that we can understand how workforce changes and the future needs of the business will interact, helping us to plan to ensure we will have enough roles to run a safe and resilient electricity network in the future. Our proactive planning to manage emerging workforce resilience gaps has meant that we have been able to attract and retain a resilient workforce whilst keeping our pay and remuneration in line with our industry peers.

We know from our employee and industry stakeholders that we do well in engaging and



motivating our people and are leading the industry with our skills training and our safety record, and our focus on these will continue for the T2 period.

But we recognise there is more to do as we face significant challenges. Entrants to Science, Technology, Engineering and Mathematics (STEM) careers (from which we would expect to replace our workforce) are becoming increasingly scarce. EU Skills predict a demand over the next decade of 221,000 STEM qualified entrants into the sector, to support the National Infrastructure Plan. In parallel, UK education system changes are having an impact on the number of people who pursue STEM careers. UCAS have reported a drop-in university applications by 4.7% in 2017 and another 1% in 2018. At the same time, we are forecasting that 14% of our workforce will retire by the end of the T3 period, and we also expect non-retirement attrition to increase as fewer employees have pension benefits linked to length of service.

We recognise that we will need to work harder than ever to attract and retain people with the skills we need for the future. We also recognise our workforce does not yet represent the full diversity of the communities it serves. The focus for us as we head into the T2 period, is on:

Workforce capacity

Our academy training site, based in Eakring, Nottinghamshire delivers operational training to our new and existing workforce. Over the T1 period we have brought in around 40 apprentices and trainees each year, and across our workforce we typically deliver 4,500 training days each year. The academy has received an Ofsted Outstanding rating for the past three inspections and we are the first UK provider of apprenticeships to achieve this milestone. Through our membership of Energy & Utility Skills (EU Skills) and the associated National Skills Academy for Power (NSAP), we collaborate with other networks and suppliers to raise the profile of the utilities sector as a key employer of talent in the UK and share best practice around training the skills needed in our industry.

Within the T1 period we also implemented training in lean techniques across our operational and office based workforce. This

continuous improvement approach is used in many industries to eliminate waste activities from business processes so that we focus on doing more of what our customers value from us.

Our ability to deliver relies on the availability of suitably skilled people, particularly in critical roles such as Advanced Commissioning Engineers (ACEs), Senior Authorised Persons (SAPs), Power System Engineers and cyber expertise. We are proposing to recruit and train approximately 165 people into our critical roles in the T2 period to replace retirees and leavers. In doing this, we can maintain the resilience of our networks, contribute to the UK STEM talent pool and protect consumers from having to fund premium labour costs in the future.

We will look to minimise the impact of retirement and attrition on our skills base by exploring alternative resourcing models, for example “gig” working for people who are approaching retirement, allowing them to continue working on a part-time basis so that our business can continue to benefit from their experience, mentoring and subject matter expertise. We will expand our current alumni contact pilot which helps us keep in touch with ex-employees, providing an opportunity to bring skills back into the business within a shorter period than it typically takes to recruit and train up someone who is new to our business.

Workforce capability

We are focussing our existing STEM activities by working alongside a small number of partners, all of whom are seeking to grow the UK talent pool in STEM by engaging with young people. Our STEM strategy has two arms: firstly, a “Grow” set of activities, led by our Chief Engineer, which partners with organisations on their STEM awareness campaigns, for example we are partnering with the Royal Academy of Engineering for the “This IS Engineering” campaign. Secondly, a HR-led “Attract” group of activities, which seek to raise our profile as a STEM employer through gaining professional accreditations and engineering awards.

Diversity and social responsibility

We value inclusion and diversity as we know this stimulates new ways of working and innovation. There is significant evidence around the benefits of fostering diverse perspectives, such as



improved creativity, innovation, problem solving, decision making, attraction, engagement and – ultimately – efficiency. We believe we have a moral responsibility as a large employer in the UK to support and develop our workforce, not just for the benefits that it brings to our business and consumers, but also in being part of a more equal society.

We are committed to building a workforce that reflects the communities we serve and take our responsibilities as a large employer in the UK seriously. In the last year, we have been recognised as one of the Best UK Employers for Race by Business in the Community (BITC), Top 50 Social Mobility Employers by the Social Mobility Foundation, and the Times Top 50 Employers for Women. We have established Employee Resource Groups which recognise and celebrate people for their faith, race/ethnicity, sexual orientation and gender. Externally, we collaborate with Stonewall, the Business Disability Forum and Inclusive Employers.

We measure key diversity statistics and report these each year alongside our financial performance, so that we can be transparent about how our actions are impacting representation of diversity in our workforce. In line with other UK employers of over 250 people, from 2017 we reported our gender pay gap; our latest UK wide data shows that our female employees were paid on average 4.4% less than males this was significantly lower than the 15% gap reported on average across the utilities sector.

We define the critical workforce as workers in our electrical maintenance & construction and engineering job groups. Out of 1,917 people within Electricity Transmission, 1,534 are classified as critical workforce. Our latest diversity statistics show that 4% of our critical workforce is female, and 10% identify as being from a Black, Asian, and Minority Ethnic (BAME) background. This compares to the UK engineering sector, which has around 12% female and 8% BAME representation, however across all areas of the UK workforce around 14% identify as being from a Black, Asian and Minority Ethnic (BAME) background, and data from the CIPD shows that by 2030 it is expected that the proportion will be closer to 20%. Our ambition is to have an inclusive

culture and diverse team which is representative of the communities we serve.

We will enhance our existing Inclusion and Diversity activities. Our diversity metrics show that we are performing better than the utility industry average, but we still have further to go to truly claim to reflect the communities we serve. We continue to champion our Employee Resource Groups, which have a pivotal role in supporting people with diverse experiences and raising the profile of different groups across our business, helping to attract diverse talent to come and work with us.

Alongside this, we want to better support how we communicate to our own people, and to people outside our organisation so that we promote our culture of inclusion. Through our HR community we can learn and implement best practice through membership of forums and networks, and by having access to the latest research so that we can continue to challenge ourselves on how we create inclusivity for all our people.

Our Chief Engineer, who is our diversity and STEM champion, has a stretching ambition to increase gender diversity in STEM and engineering disciplines. We have a multi-disciplined working group established to develop a proposal to achieve this ambition including sharing of best practice such as Royal Academy of Engineering (RAE), working with external organisations, and working much closer with schools and colleges to create a STEM pipeline much earlier. This proposal will include how we will become an employer of choice to this demographic through recruitment for example, advert wording and placement, ensuring role flexibility and diverse panels.

We will continue to report on our progress around improving the diversity of our workforce, and on our employee engagement scores in our annual performance reports so that our stakeholders, including our own people, can hold us to account for our progress in these areas.

Wellbeing

The wellbeing of our people is important to us, particularly as we operate in more uncertain times. Our immediate risk profile is mental wellbeing, musculoskeletal injury prevention



and occupational health risk exposure mitigation. We provide all our employees with access to a 24-hour employee assistance programme, offering emotional and practical support for work-related or personal issues. And we work with various Government bodies on wellbeing, helping us to better understand what we can do to support the wellbeing of our own people, as well as supporting smaller organisations with their own efforts. We are aiming to:

1. Create and embed a culture that enables everyone to perform to the best of their abilities knowing they are cared for and can talk openly about their health and wellbeing.
2. Build a workforce where healthy, engaged and supportive employees can succeed and thrive.
3. Be recognised as an employer that leads in employee wellbeing and will enable us to attract and retain the best talent.

3. Engaging and motivating our people

Culture is key to driving our plans forward because it promotes openness and debate, is part of doing good business and something we want to embed within our business. We have started this journey by embracing our values of 'do the right thing; and 'finding a better way'. 'Do the right thing' pulls together our foundational values of keeping each other and the public safe; complying with all the relevant rules, regulation, and policies, respecting our colleagues, customers and communities and saying what we think and challenging constructively. 'Find a better way' challenges us to focus on performance and continuous improvement. Our board are passionate about this, we want to ensure our people are all driving in the same direction.

We listen to our people. The annual employee engagement survey (conducted by a third party) provides great insight into the areas we need to change and improve to help our people deliver to the best of their ability and have an enhanced sense of their wellbeing. The survey tracks different dimensions of engagement (the intent to perform) and enablement (the ability to perform) and helps us to compare with high performing companies and identify opportunities for improvement, as well as measuring whether we are improving over time.

Our survey results show that our workforce engagement is consistently close to or above the high performing norm. We monitor the survey results against external benchmarks and provide resources that allow action plans to be built and implemented - listening and then acting.

Ahead of our T2 plans, we have increased the level of engagement across the business and ensured our people have been involved in our external engagement activities. We want our people to have a clear understanding of what we need to achieve and why so they are motivated to deliver for our stakeholders, leading to consumer benefits.

As was covered in our '*We will be transparent about our performance*' chapter, our short-term bonus plans incentivise the delivery of financial, strategic and operational measures and the demonstration of our leadership qualities and living our values; measures are subject to change to ensure we reflect the right focus on our priorities. There is a clear line of sight between individual performance and delivery of our business strategy. On an annual basis, every department within our business has a mandate to deliver a set of targets which are focused on what the business must deliver and how they deliver. These targets will be updated to ensure we deliver the outputs and commitments outlined in this plan. These are monitored on a quarterly basis to ensure we are on track to deliver both in the shorter and longer term.

4. We are confident in our supply chain

Access to a wide market of goods and services is vital in ensuring we can deliver on time and within our forecasted expenditure. We are confident that we have robust processes, strategies and contracts in place that demonstrate we are ready and able to deliver.

Our strategic sourcing strategy is an established process that can be flexed to support our requirements dependant on the sourcing need. It looks to leverage the scale of each category by identifying demand and supply levers.

We also conduct category management that is a strategic approach that focuses on specific areas of spend. This approach is fully embedded within our procurement processes where we continually review business need, identifying key features of the supply market, future trends and looking at



how maximum value can be delivered through initiatives or levers.

Our in-house capability for contract management will ensure our contracts perform to a high standard and that the value that we expect is realised.

We have made significant developments during the T1 period and we will continue to build on this for the T2 period. These include:

- Development of a capable supplier pool at multiple tiers with direct access to all market disciplines to ensure a 'fit for purpose' approach
- intelligent contracting that seeks to ensure a tailored efficient delivery approach on a project by project basis by utilising flexible frameworks to enable a blend of call off options from full competitive tendering, 'best for task' and direct allocation to match the delivery and programme requirements of our projects
- established long term strategic partnerships
- development of our in-house capability in procurement, estimating, risk management, contract management and project management disciplines
- development of forecasted driven sourcing plans to inform the supply chain and identify opportunities such as bundling packages of work.

5. Our flexible delivery model can adapt in an uncertain future

Prior to the T1 period, we adopted an alliance-based delivery model for our capital investment programme to ensure contractor delivery capacity was there to meet rising customer-related investment needs and to address poor contractor safety performance. This involved entering six geographic partnerships with suppliers and working closely with them over the years, including locating our people into 'alliance' offices. Partnering with leading engineering firms across a range of sectors offered access to increasingly scarce engineering skills along with the scalability to deliver future investment levels.

As we entered the T1 period in 2013 and customer requirements changed, it became clear that this level of delivery capacity was no longer required and that the core costs of alliances were not

economic against a reducing portfolio of work. We therefore revamped our entire contracting strategy and capital delivery model, standing down the alliances, adapting to the way the industry was changing.

Managing a portfolio of major and small capital investment projects with multi-year timelines, changing requirements and complex challenges comes with inherent uncertainties that can affect cost, schedule and quality (such as obtaining specialist resources and changing customer requirements) These uncertainties drive changes into the workplan. We are therefore focused on having a flexible contracting model, flexible operating model and resourcing approach and robust processes for managing change.

We are confident that our current flexible delivery model can deliver all the elements of our plan, these include our capital investment programme, maintenance, faults and network events.

For delivery of our capital investment we use three major routes;

1. Major projects – such as the Hinkley project have a dedicated team of resources who can navigate the challenges of getting the relevant consents for the project, co-ordinate multiple contractors during construction to deliver a multi-year programme.
2. Electricity construction function – during the T1 period we implemented a structure that allocated delivery accountabilities regionally. This enables more local decision making to support delivery for our customers.
3. Operations – our field force can deliver small capital projects alongside maintenance, repairs and network events. These types of projects include small single replacements such as refurbishment of circuit breakers. We leverage our internal capability where appropriate to drive efficiency and improve resilience.

The flexibility of our contracting model and approach to resourcing allows us to ramp up and ramp down

The flexibility of our contracting model allows us to ramp up and ramp down the work we allocate to contractors depending on customer need. We have established a suite of frameworks designed to enable a blend of call-off options from a range of



suppliers. The options range from fully competitive tendering, 'best for task' and direct allocation to match the variable delivery and programme requirements of each project.

The frameworks comprise both equipment supply, install only and supply & install options, facilitating a flexible approach to meet the requirements of each project and deliver value. The frameworks are awarded to ensure that we contract with a portfolio of suppliers that can be flexible to meet our needs if customer workload increases. There is, however, no promise of work in these frameworks, this protects consumers if the level of capital investment reduces.

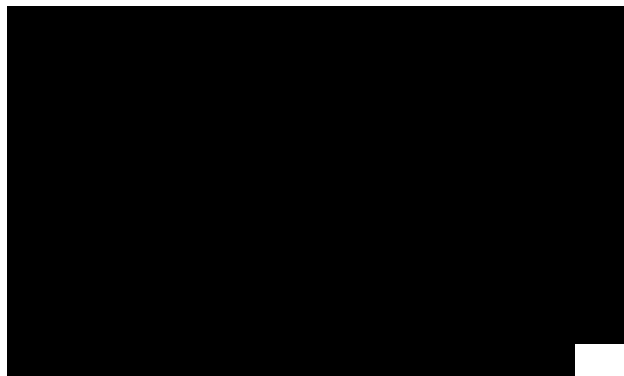


Figure 16.1 

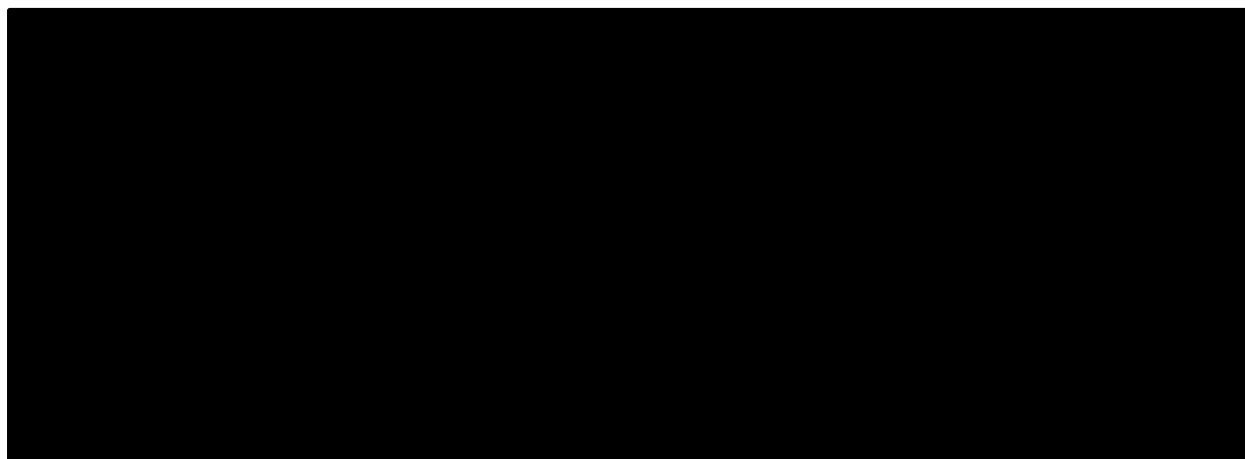
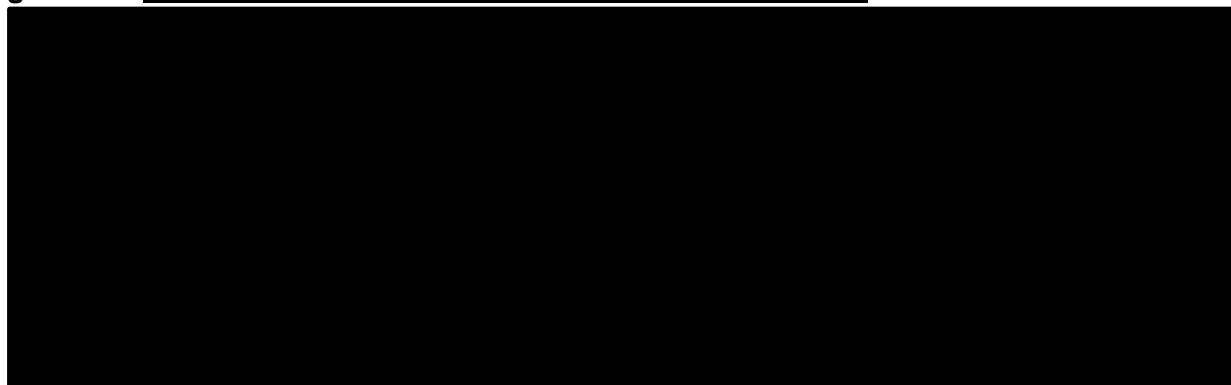


Figure 16.2 





For the flexibility in our operating model we look to ensure we have the right skilled individuals. Our aim is to be efficient whilst maintaining the flexibility needed.

We may retain a higher ratio than workload would indicate in some years in order that we can develop and then deliver the following years volumes, due to the long lead times associated with managing capital projects. Whilst we use contingent labour to smooth peaks in resource demand, there is still a lead time involved with recruiting specialist skilled resource. We plan our resourcing strategy to ensure that we are not a distressed buyer when works increase as this can result in us paying more.

Our core employees are complemented with skilled contractors. We have found utilising contractors is a cost-efficient way of managing the variability in the work plan as we can increase and decrease as the workload requires. Although contractors may attract a higher day rate than permanent employees, the costs of recruiting, the ongoing pension costs, sick pay, holiday pay and the potential costs of reassignment/redundancy if there is a reduction in workload means that for peaks in workload, the use of contractors is more economic than appointing permanent employees. This is particularly true for skills we need on a non-enduring basis such as tunnel supervisors that we only need when we undertake infrequent activities.

We look to keep our resource broadly in line with the capital plan and can respond quickly if there is an upturn or downturn in customer demand, which allows us to remain efficient and flexible. Please see Annex A14.05 How we contract and deliver efficiently for more information.

6. We are taking a whole system approach to system access

With the large amount of investment our draft plans are signalling, we are carrying out deliverability checks as part of our business planning processes. These checks are ongoing as we are still making changes to our plan following stakeholder feedback.

Delivering a large proportion of our plan will require system access. In doing this we need to maintain security of supply and reliability of the network. Unlike the other aspects discussed in this chapter, we have less control over this and therefore it requires a different approach as it involves a range of interfaces with the ESO, DNOs and directly connected customers.

We recognise there are elements of this that we can control, which is how we plan our work. We are looking at all the possible options we have to optimise our plan to reduce the impact on the network in requesting large numbers of outages. This includes reviewing all elements of our plan and identifying works that can be packaged together, what we refer to as bundling. We also demonstrated within the T1 period that we could reduce the duration of some of our interventions through innovative solutions and ways of working. We are continuing with some of these and are also identifying other potential opportunities.

Given that some of this is outside our control, we are collaborating across the industry with our stakeholders to take a whole system approach. Further detail will be provided in our final submission in December 2019, our intention is to work with our stakeholders to deliver the most optimal consumer outcomes.