

The Procurement Skills Accord

Annual Review Sector Report
2017



**ENERGY & UTILITIES
SKILLS PARTNERSHIP**
SUSTAINABLE TALENT FOR ESSENTIAL SERVICES
AND SUSTAINABLE INFRASTRUCTURE



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Registered Office: Friars Gate, 1011 Stratford Road, Shirley, Solihull, B90 4BN

Registered no: 3812163

W: www.euskills.co.uk

T: 0845 077 99 22

E: skillsaccord@euskills.co.uk

A: Friars Gate, 1011 Stratford Road, Shirley, Solihull, B90 4BN



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Executive Summary

This report presents the outcomes and achievements of the 2017 Procurement Skills Accord Annual Review accomplished by the signatory companies.

The Challenge

The Energy & Utilities Skills Partnership (EUSP) set the challenge: can procurement practices be leveraged to encourage investment in training and development across the supply chain? The answer to the question was **yes and the solution developed was the Procurement Skills Accord.**

The pressure on contractors to remain competitive often results in underinvestment in skills. Procurement policies provide a means of delivering change at scale: introducing the same requirements for all contractors, adopting a consistent approach to managing relationships and measuring performance fairly and transparently. A working sub-group of the EUSP has developed the Procurement Skills Accord as a vehicle for delivering this transformation.

The Procurement Skills Accord (Skills Accord) sets out five commitments designed to promote and lock-in sustained investment in the technical and operational skills the sector needs most via procurement practices. The aim is that it should become essential for signatories to accept the commitments within the Skills Accord and, in turn, to cascade them down to their own suppliers. The resulting Skills Accord has five robust and challenging commitments that require signatory companies to ensure that responsible procurement practices are used to drive investment in skills through the delivery of contracts.

Amey, National Grid, SSE, Thames Water and UK Power Networks have led the development of the concept and the piloting of the Skills Accord. They have been consulting on this approach to procurement and investment in training with their strategic suppliers.

In the pilot year (2016), 19 new suppliers were on-boarded. After the success of the pilot, the EUSP Council agreed to roll-out the Procurement Skills Accord across the wider partnership membership to build critical mass.

In the current reporting year (2017 - year 1), three further lead client companies joined the Skills Accord: **E.ON, Northern Gas Networks and Northern Powergrid.** In total, 30 suppliers are now participating in the initiative. The 39 signatory companies, for year 1, are:




Key Outcomes and Recommendations


For signatories to measure the impact of signing up to the Procurement Skills Accord, it is necessary for them to complete an Annual Review, which is documented in Commitment 5.

The table below summarises the key outcomes of the 2017 Annual Review and the subsequent recommendations.





Skills Accord Commitments	Summary of outcomes from 2017 Annual Review	Recommendations for Year 2
<p>Commitment 1 To address sector-wide skills gaps and shortages Contribute to 5% sector target, based on company's own requirement and determined through analysis of sector skills needs.</p> <p>Measure of Success Signatory companies will provide training data based on the Training Eligibility Criteria (TEC) for collation into a sector total. This is compared with the sector target - currently set at 5%.</p> <p>Companies use robust processes and systems to ensure current and future resource requirements are met.</p>	<div style="display: flex; align-items: center; gap: 20px;"> <div style="text-align: center;"> <p style="font-size: 2em; color: #c08040;">11%</p> <p style="font-size: 0.8em; color: #666;">of the eligible workforce were involved in technical and operational training during the review period.</p> </div> <div style="text-align: center;">  </div> </div> <p>The proportion of operational and technical workers undertaking eligible training rose from 9.5% to 11% this year - over double the current sector target.</p> <p>The training figures for individual companies range from 0% to 87%.</p> <p>Very few companies set a specific training target for the year ahead; preferring to focus on identifying needs throughout the year and reporting against the actual figure.</p> <p>The majority of signatories used robust processes or systems in their organisation to ensure current and future resource requirements were adequately met.</p> <p>However, succession planning was primarily focussed on higher-level / managerial roles - often out of scope of the Skills Accord.</p> <p>There was a notable improvement in the way organisations more formally assessed training and workforce needs in this year's submissions.</p>	<ol style="list-style-type: none"> 1. To consider resetting the sector target once three years of data has been captured (following the 2018 Annual Review). 2. Remove the requirement for companies to set, and report against, a specific company target. 3. Remove the specific requirement to undertake succession planning. 4. Continue to refine the Training Eligibility Criteria (TEC) focussing on the needs and skills shortage areas of the signatory companies. 5. Share and encourage workforce planning best practice with particular support for the smaller / Tier 2 organisations. A more systematic approach is required.





Skills Accord Commitments	Summary of outcomes from 2017 Annual Review	Recommendations for year 2
<p>Commitment 2 To promote signing up to the Skills Accord through the Supply Chain Encourage suppliers to become signatories and agree training targets with suppliers.</p> <p>Measure of Success Signatory companies will on-board 1 or 2 of their strategic suppliers (where relevant) to become signatories themselves and work towards embedding the commitments.</p>	<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="text-align: center;"> <p style="font-size: 2em; color: #D9534F;">69%</p> <p style="font-size: 0.8em; color: #555;">of companies with a relevant supply chain on-boarded at least 1 new supplier to the Skills Accord.</p> </div> <div style="text-align: center;">  </div> </div> <p>11 companies brought on suppliers this year. This was lower than expected due primarily to the delay in starting the year 1 process (Council decision end of June). However, a lot of work has begun in engaging suppliers and the benefits should be seen in year 2.</p> <p>New rules associated with this commitment were agreed during the year allowing companies to meet the award criteria if they are able to prove this commitment was not applicable to them during the year.</p> <p>During the review, it was apparent that some companies, despite making great efforts, had failed to on-board the required 1 / 2 suppliers to achieve good / excellent compliance.</p> <p>Three companies dropped out after the pilot year. The criteria for this commitment should be strengthened to take into account drop-out rates.</p>	<ol style="list-style-type: none"> 1. Embed recognition that this commitment may not apply to all companies. 2. Review requirements for good and excellent compliance (e.g. on-board 1 or 2 suppliers, provide list of eligible suppliers, evidence of appropriate / significant on-boarding activities, etc.). 3. Retention - Add to compliance criteria the requirement to keep suppliers on-board and investigate the potential for developing a specific retention target. 4. Continue to build critical mass, aiming for at least a 30% increase in new signatories: For those companies where this commitment does apply, on-board at least 1 new supplier during year 2. 5. Ensure the good practice demonstrated by some companies in engaging and leading their suppliers to embed the commitments is shared with all signatories at the best practice workshop.



Skills Accord Commitments	Summary of outcomes from 2017 Annual Review	Recommendations for year 2
<p>Commitment 3 To promote relevant skills development across the Supply Chain through procurement Develop and deliver responsible procurement practices through supply chain on skills delivery.</p> <p>Measure of Success Signatories will embed relevant skills development in their procurement process, evaluation criteria and contracts, where excellence is demonstrated, by including a reference to the Skills Accord and necessitate suppliers to report against their plans and proposals.</p>	<div style="text-align: center;">   </div> <p>Good practice was demonstrated in embedding skills development into procurement processes.</p> <p>The annual review identified that many companies were including the Skills Accord and skills development in the pre-qualification and tender technical evaluation in the procurement process.</p> <p>Embedding into contracts is more challenging, particularly when a contract is already “live”, but signatories are embedding skills requirements in contract review discussions where they perhaps had not been done before.</p> <p>A core feature of Commitment 3 was for signatories to consider whether it is appropriate to require its suppliers to put forward plans and proposals for relevant skills development and to necessitate suppliers to report against these plans and proposals. The annual review found this was embedded in 65% of relevant companies primarily at contract negotiation stage or delivery stage of the contract.</p>	<ol style="list-style-type: none"> 1. Rework criteria 3.2 with an emphasis on post-contract skills development engagement with suppliers 2. Further develop the procurement best practice guidance note to help signatories embed this commitment 3. For lead signatory companies and larger contractors, the recommendation is to embed more explicitly current and future workforce development into their procurement evaluation criteria and contracts, referencing the Skills Accord where applicable. 4. Further enhance and share best practice to embed skills development across all areas of the procurement process and through the supply chain. 5. Engage with Achilles to investigate the potential alignment of Skills Accord with the Utilities Vendor Database (UVDB). 6. Consider the benefits of three-year sign-up to Procurement Skills Accord.



Skills Accord Commitments	Summary of outcomes from 2017 Annual Review	Recommendations for year 2
<p>Commitment 4 To continuously improve performance Continuous improvement of signatories' sustainable work practices.</p> <p>Measure of Success Signatory companies will demonstrate continuous improvement in their own sustainable workforce practices and that of their suppliers.</p>	<p>86%</p> <p>of signatories achieved this and demonstrated a commitment to continuous improvement in sustainable workforce practices.</p>  <p>While compliance against this commitment increased significantly over the last year, there is still no real sense that companies are developing documented continuous improvement plans.</p>	<ol style="list-style-type: none"> 1. Push for more evidence that continuous improvement plans are proactively developed, implemented and reviewed. 2. Recognise that where a company has made improvements in the previous year, it is reasonable to allow them time to review and evaluate these before making further changes. 3. Share best practice examples at May workshop and investigate wider sector best practice to incorporate learning into Procurement Skills Accord guidance.
<p>Commitment 5 To monitor and report Annual review and reporting of company and sector performance</p> <p>Measure of Success All signatory companies will complete the annual review reporting their compliance with commitments.</p>	<p>95%</p> <p>of signatories completed the annual review - 88% achieved good or excellent</p>  <p>Overall, the quality and timing of submissions was very good, with all but four submissions being received by 31st January deadline.</p> <p>However, one of the four companies chosen for a Deep Dive compliance check failed to participate.</p>	<ol style="list-style-type: none"> 1. Emphasise the importance of participating in the Deep Dive compliance checks if selected to do so. Failure to do so will result in criteria 5.1 not being met (meaning that the Award is forfeited). 2. Emphasise that for most signatories to improve from good to excellent compliance, the focus needs to be on improving their workforce development strategies and plans.



1. The Procurement Skills Accord Concept

Introduction

This report presents the outcomes and achievements of the Procurement Skills Accord 2017 Annual Review completed by 36 signatory companies. There are four sections to the report:

- i. Section 1 provides the background of the Procurement Skills Accord initiative and the development of the concept, outlining the contractor and supplier skills issues that are being addressed and why the procurement lever was used.
- ii. Section 2 describes the Annual Review process and how it fits into the Procurement Skills Accord Initiative.
- iii. Section 3 is the core of the report and presents the outcomes of the Annual Review.
- iv. Section 4 summarises the outcomes and achievements and presents the recommendations to consider for future roll-out.

The Challenge: Leveraging procurement practices to enhance skills development and training through the supply chain

This was the challenge set by the EUSP (EUSP; formerly the Energy & Efficiency Industrial Partnership) in 2015.

The Procurement Skills Accord was developed and piloted in 2016 to test delivery against this challenge. Following a successful pilot, the Accord was launched in June 2017.

This report summarises the achievements of the signatory companies in year 1.

The issues that the EUSP is trying to address with the Skills Accord initiative include:

- **Encouraging investment in skills and training throughout the supply chain:** working across the supply chain and helping them collaborate for mutual benefit on skills investment is essential. This ensures sustainable supply chains as well as providing opportunities to develop new talent. It is proven that investment in skills development and training brings a high level of return yet there is still an underinvestment in skills.¹

¹ Department for Business, Innovation & Skills (2015), 'Measuring the Net Present Value of Further Education in England'



- **Encouraging investment in workforce training:** The supply chain predicts it will fill 83% of its future vacancies by going to the marketplace compared to 26% for asset owners, who have a much heavier reliance on internal moves, growing talent and promoting from within.² This initiative will help to shift the balance so that suppliers move towards greater investment in internal workforce development.
- **Addressing technical and operational skills shortages:** The energy and utility sector reports a high proportion of hard to fill vacancies each year; higher than other UK sectors. In addition, most of the vacancies are in the skilled and technical trades. Due to the nature of the role, there is a longer lead time to competence and also this sector faces greater competition for skills from other sectors.³
- **Achieving parity across the supply chain:** Building on the experience of Crossrail, TfL and the UK Government's Commercial Executive, a new way of incentivising supply chains is required to generate the necessary capacity and capability the sector needs by retraining the current workforce and creating new additional apprenticeships and traineeships.⁴ To truly succeed, the sectors need parity across their entire supply chain.

Why a procurement-centred Skills Accord?

Aligning with the UK Government's Procurement and Skills Agenda

Aligning with the Apprenticeship Reforms

The apprenticeship reforms and levy which went live on the 6th April 2017 will have an impact on companies' training and workforce strategies. The Skills Accord seeks to address technical skills gaps and shortages and one of the training pathways will be apprenticeships. Addressing the technical skills issue and encouraging suppliers to develop their workforce aligns with the aims of the reforms. In particular, the distribution of unspent levy funds to suppliers in the sector and support for SMEs will be key enablers in the Skills Accord. This Skills Accord initiative also demonstrates how the funds could be distributed to suppliers in the other infrastructure sectors.

Delivering on Procurement

The Procurement Skills Accord aligns with the UK Government's commitment to skills outlined in the Treasury's National Infrastructure Plan for Skills. From 1 April 2015, companies bidding for large public infrastructure projects are required to demonstrate their commitment to skills, by ensuring and incentivising skills investment through procurement processes.⁵

² EUSG (2016) Workforce Planning Research Results

³ HM Treasury, (2015) National Infrastructure Plan for Skills, HMT

⁴ HM Treasury, (2015) National Infrastructure Plan for Skills, HMT

⁵ *ibid*



Use of procurement process as a lever for skills investment has been reinforced in the Government's 'Building our Industrial Strategy: Green Paper'. The strategy sets out the proposed approach to the Government's long-term policy framework for investment decisions. Improving procurement is one of the 10 pillars of the strategy "*we must use strategic government procurement to drive innovation and enable the development of UK supply chains. Used strategically, government procurement can encourage innovation, competition, and investment in skills*".⁶

To meet this requirement, the UK Government is planning to roll out a "balanced scorecard" - an approach recently developed by the Cabinet Office. The balanced scorecard will be utilised across all major construction, infrastructure and capital investment projects over £10million, including those in the recently published National Infrastructure and Construction Pipeline. The scorecard aims to ensure that the impact of procurement on the growth of small businesses and UK supply chains is accounted for. Skills and apprenticeships will be reviewed when considering the overall value for money represented by different bids.⁷

Driving the Skills Step Change through Procurement

In 2015, the EUSP Council established a Contractors' Forum of senior executives to review procurement practices and identify the changes necessary to address these skills issues. Currently, the pressure on contractors to remain competitive often results in underinvestment in skills. Procurement policies provide a means of delivering change at scale: introducing the same requirements for all contractors, adopting a consistent approach to managing relationships and measuring performance fairly and transparently. A working sub-group of procurement specialists (Skills Accord Task and Finish Group) and their legal advisers have developed the Procurement Skills Accord as a vehicle for delivering this transformation.

The Procurement Skills Accord Commitments

The Skills Accord sets out five commitments designed to promote and lock in sustained investment in the technical and operational skills the sector needs most via procurement practices. The aim is that it should become essential for signatories to accept the commitments within the Skills Accord and, in turn, to cascade them down to their own suppliers.

The Procurement Skills Accord has five robust and challenging commitments that require signatory companies to ensure that responsible procurement practices are used to drive

⁶ Department for Business, Energy and Industrial Strategy (2017) Building our Industrial Strategy: Green Paper

⁷ *ibid*



investment in skills through the delivery of contracts. The commitments are outlined below in Figure 1 and more detail is presented in section 3.

Figure 1: The Skills Accord Commitments

Skills Accord Commitment	Outline of the Commitment
1 To address sector-wide skills gaps and shortages	Contribute to 5% sector target, based on company's requirement determined through analysis of sector skills needs.
2 To promote signing up to Accord through the Supply Chain	Encourage suppliers to become signatories and agree training targets with suppliers.
3 To promote relevant skills development across the Supply Chain through procurement	Develop and deliver responsible procurement practices through supply chain on skills delivery
4 To continuously improve performance	Continuous improvement of signatories' sustainable work practices
5 To monitor and report	Annual review and reporting of company and sector performance



1.1 Pilot year - 2016

The Procurement Skills Accord commitments were tested in 2016 by five lead companies and some of their supply chain partners. The 12-month pilot, launched in April 2016, was led by Amey, National Grid, SSE, Thames Water and UK Power Networks who each selected four / five suppliers to help test the commitments.

The objectives of the pilot year were to:

- Engage and support pilot companies to embed the Commitments
- Test the processes and procedures of the Skills Accord
- Evaluate the long-term delivery

The 19 suppliers on-boarded by the Lead Companies were made-up of both Tier 1 and Tier 2 suppliers.

The pilot year was extremely successful with strong positive feedback from the majority of participating companies. The concept and processes were tested and it was concluded that the five Skills Accord commitments could be used more widely across the sector to drive improvement in skills delivery through the supply chain.

The Skills Accord Steering Group recommended to the EUSP Council that the Procurement Skills Accord be rolled-out across the energy and utilities sector to build critical mass. This was agreed by the Council in June 2017.

1.2 Year 1 - 2017

Year 1 commenced in July 2017 after endorsement from the EUSP Council. Due to the slight delay in starting year 1, only a four-month on-boarding window was available ahead of the Annual Review which started in December.

Three new lead companies joined the Skills Accord this year: E.ON, Northern Gas Networks and Northern Powergrid. In addition, 13 new supply chain companies came on board and three pilot companies dropped out.

In total 39 companies signed up to the Procurement Skills Accord in year 1. However, two companies merged during the year (Kier and McNicholas). Therefore, 38 companies were available for the Annual Review.



2. The Annual Review Process

What is the Annual Review?

The main purpose of the Annual Review is to:

1. Assess the extent to which the sector is meeting its target of skills development for the operational and technical workforce
2. Assess the extent to which each signatory meets the requirements of the Skills Accord

For signatories to evidence their commitment to the Skills Accord and to measure its impact, it is necessary for them to complete an Annual Review, which is documented in Commitment 5. Each year, signatories to the Skills Accord commit to:

- Report the proportion (an average for the year) of their technical and operational energy and utilities workforce that have undertaken relevant skills development over the previous calendar year
- Report on their company's compliance against each of the five commitments of the Skills Accord

The Annual Review process covers the training activities undertaken during the calendar year. The process is initiated in mid-December of the year under review and is completed by mid-April of the following year.

The Annual Review process consists of two principal activities:

- **Quantitative Assessment** - Measuring the sector target for compliance of Commitment 1: to address sector wide skills gaps and shortages
- **Compliance Questionnaire** - to measure compliance against Commitments 1 to 4

To achieve the award, all signatories must complete both the Quantitative Assessment and the Compliance Questionnaire and provide evidence of their compliance against each of the five commitments that are applicable to their organisation:

- Commitments 1, 4 and 5 apply to all signatories
- Commitments 2 and 3 apply only to those companies that have supply chains

For each of the five commitments, there are seven compliance criteria (as shown below).



Figure 2: Commitments and associated compliance criteria

Commitment	Compliance Criteria
<p>1 To address sector-wide skills gaps and shortages</p>	<p>Criterion 1.1 The organisation commits to support the Energy & Utilities Sector in reaching its target of 5% of the operational headcount enrolled on relevant skills development programmes each year.</p> <p>Criterion 1.2 The organisation uses robust processes or systems to ensure that current and future resource requirements for staff involved in technical and / or operational activities can be met.</p>
<p>2 To promote signing up to Accord through the Supply Chain</p>	<p>Criterion 2.1 The organisation encourages, where applicable, their supply chain partners to become signatories to the Skills Accord.</p>
<p>3 To promote relevant skills development across the Supply Chain through procurement</p>	<p>Criterion 3.1 The organisation uses responsible procurement practices to promote relevant skills development through the supply chain.</p> <p>Criterion 3.2 The organisation gives proper consideration to whether it is appropriate to require its suppliers to put forward plans and proposals for relevant skills development and to require suppliers to report against these plans and proposals.</p>
<p>4 To continuously improve performance</p>	<p>Criterion 4.1 The organisation demonstrates its commitment to continuous improvement in its own sustainable procurement and workforce development practices and that of its suppliers.</p>
<p>5 To monitor and report</p>	<p>Criterion 5.1 The organisation provides an annual report providing evidence against each of the five commitments, including what proportion of the operational / technical workforce undertook eligible training.</p>



As mentioned above, not all of the commitments will apply to every signatory.

While all Lead Companies will be expected to provide evidence against all five commitments, there are some exceptions that can apply depending on a number of factors.

Figure 3: Applicable commitments by type of signatory

Type of Signatory	Commitments that DO NOT apply	Maximum Score available
Company with supply chain and sufficient opportunity to on-board a supplier	N/A	21
Company with supply chain but insufficient opportunity to on-board a supplier	Commitment 2 - for the first year only	18
Company without a supply chain	Commitments 2 and 3	12

Based on the evidence provided by each signatory in their Quantitative Assessment and Compliance Questionnaire, they are given a grade for each of the seven criteria on the following basis:

- 0 - Not addressed
- 1 - Some compliance
- 2 - Good compliance
- 3 - Excellent compliance

To achieve the Skills Accord Award, a signatory must achieve a minimum of 2 - Good Compliance against each of the criteria applicable to their organisation.

If a signatory achieves good compliance against all relevant criteria they are deemed to have MET the award. Otherwise, they are categorised as WORKING TOWARDS the award.



3. 2017 Annual Review Results

Of the 38 signatories in 2017, 36 participated in the Annual Review process (though one provided only their Quantitative Assessment).

Of these 36 companies, 28 (78%) achieved the award.

- 14 of the 19 (74%) 2016 (pilot year) signatories met the award
- 14 of the 17 (82%) 2017 signatories met the award

Eight (22%) signatories are continuing to work towards the award.

In the pilot year, 7 of the 24 signatories (29%) would have met the award if awards were made (which they were not). In 2017, 14 of the remaining 19 pilot year signatories (73.7%) achieved the award.

Of the 17 new signatories in 2017, 14 (82.4%) achieved the award.

Figure 4: Signatories meeting the award by year and year of sign-up

Year became a signatory	Proportion met award 2016	Proportion met award 2017
2016	29% (7 of 24)	73.7% (14 of 19)
2017	---	82.4% (14 of 17)

The proportion of the operational and technical headcount that received eligible training in 2017 was 11.0% - up from 9.5% in 2016.

Figure 5: Total headcount of eligible workforce and the number / proportion receiving eligible training by year

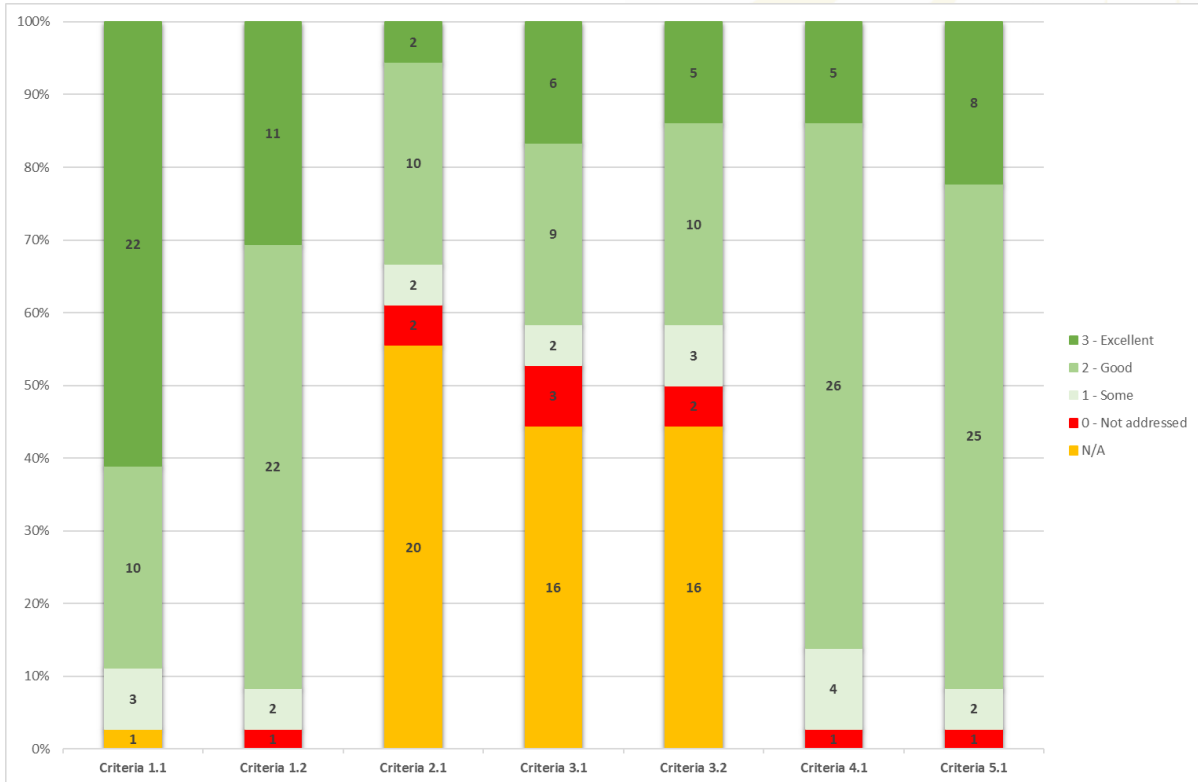
Year	Total eligible headcount	Total number receiving eligible training	Proportion of workforce receiving eligible training
2016	32,144	3,057	9.5%
2017	38,761	4,278	11.0%

The majority of new companies in year 1 were supply chain companies, with much smaller operational / technical workforces than lead companies. This is the reason behind the total eligible headcount increasing by just 6,617 despite the number of signatories increasing from 24 to 38.



The figure below shows the proportion of companies that achieved each level of compliance against each criterion.

Figure 6: Overview of compliance by criteria



Note: The N/A against criterion 1.1 was a small company that undertook no eligible training during 2017.

In total, 597 marks were available in 2017:

- 16 companies had 21 marks available to them
 - All 7 criteria apply x 3 marks each
- 4 companies had 18 marks available
 - 6 criteria x 3 marks (2.1 not applying)
- 16 companies had 12 marks available
 - 4 criteria x 3 marks (2.1, 3.1 & 3.2 not applying)

419 marks were actually achieved, representing 70.2% of all the available. This represents a substantial increase from the 56.3% of marks achieved in 2016.



Figure 7: Average and total marks achieved by criterion - 2016 and 2017

Commitment	Criterion	Average mark 2016	Average mark 2017
1	1.1	2.7	2.5
	1.2	2.0	2.2
2	2.1	0.8	1.8
3	3.1	1.3	1.9
	3.2	1.0	1.9
4	4.1	1.8	2.0
5	5.1	1.9	2.1
Total marks available		471	597
Total marks achieved		265	419
%		56.3%	70.2%

Increases in the average marks achieved were seen in all but one of the seven criteria. The reasons for the very slight fall against 1.1 are:

- One signatory did not provide the necessary data
- Evidence required for demonstration of good workforce planning was tighter this year

27 of 36 companies achieved a 3 - Excellent Compliance in at least one criteria:

- 14 (of 19) were pilot companies
- 13 (of 17) were 2017 signatories



3.1 Commitment 1: To address sector-wide skills gaps and shortages

Commitment Requirement

The organisation commits to supporting the energy and utilities sector in reaching its target of 5% of the technical or operational headcount enrolled on relevant skills development programmes each year.

Compliance Criteria for signatories to achieve

Criterion 1.1: Signatory companies must complete the Quantitative Assessment. For this, they will need to supply their operational / technical headcount and eligible training figures broken down by each of the four skill levels and forecast over the next three years.

Criterion 1.2: The signatory must demonstrate that they use robust processes / systems to ensure current and future resource requirements are met - primarily through evidencing good / appropriate workforce planning and training needs analysis.

Signatories must contribute and support the energy and utilities sector to reach its target of 5% of the technical or operational headcount receiving relevant skills development.

Compliance Achievement

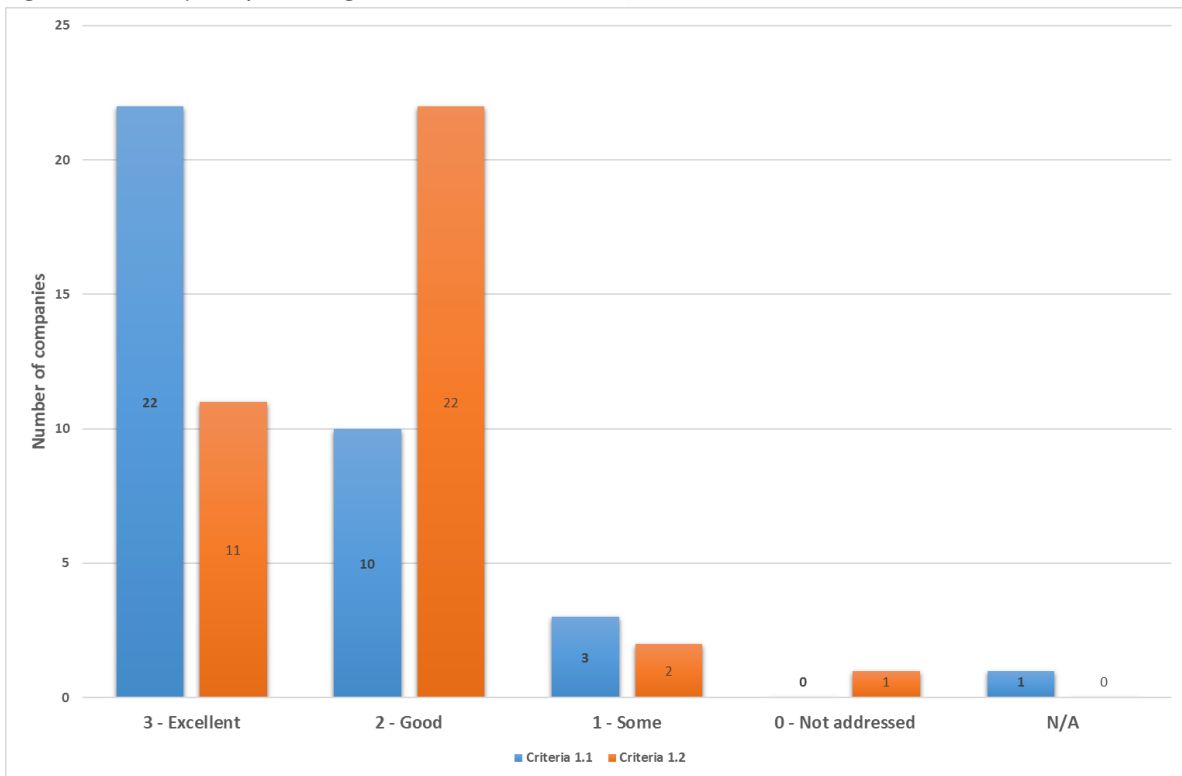
The 5% Sector Target

32 out of 36 companies achieved at least good compliance against this criterion. Of the four that failed to achieve this level of compliance:

- 1 did not submit a Compliance Questionnaire
- 1 provided only company-level data in the Quantitative Assessment
- 1 did not undertake any training in 2017 (so was graded N/A)
- 1 failed to provide sufficient evidence



Figure 8: Level of compliance against criteria 1.1 and 1.2



The signatories were able to demonstrate that all of the training included in their figures met the Technical Eligibility Criteria (TEC) developed for the Skills Accord. The figure below shows the TEC.



Figure 9: Technical Eligibility Criteria (TEC) training rules

1. Related to the power, gas, waste management or water utilities businesses
2. For technical, design or operational roles related to work on or associated with the asset. This will include design, planning, construction, operations, maintenance and decommissioning roles - i.e. the full life-cycle of the asset
3. Supervisory training where it relates to the upskilling of operational / technical staff.
4. A significant training intervention (>3 months) that includes assessment of competence and / or knowledge and leads to a qualification or award (internally or externally verified), for example apprenticeship, traineeship, HNC / HND, graduate programme, internal programme etc.
5. A significant training intervention also includes internal training programmes which consist of on and off-the-job training for a specific job role. This could be upskilling into a new job role or a new recruit receiving training for the role.
6. The course of study or training can be shown to directly contribute to the development of skills or capability to perform an operational or technical role
7. For job-role levels 1 to 6 (and Scottish equivalent) where there is a skills need in the business or sector

Commentary on this Commitment

Overall, 11.0% of the operational and technical workforce received eligible training in 2017 - up from 9.5% in 2016.

Figure 10: Overall headcount and number receiving eligible training in 2017 - and forecasts for the next three years

Aggregate of Skill Levels				
Overall headcount and number receiving eligible training				
	2017	2018	2019	2020
Headcount at the end of the year (December)	38,761	41,034	42,279	43,184
Number of people that actually received eligible training during the year	4,278			
Number of people that you predict will receive eligible training during the year		3,669	3,251	3,269
Proportion of workforce receiving eligible training	11.0%	8.9%	7.7%	7.6%

The forecast for the next three years is to fall to 8.9% in 2018, 7.7% in 2019 and 7.6% in 2020. This is largely due to the reduced need for smart meter training in future years by the current signatory cohort.

During the pilot year and Year 1, the overall training levels reported significantly exceed the current sector target of 5%. The Skills Accord Steering Group has recommended that after three years of data have been collected (2019) the sector target be reviewed and re-set according to sector skills needs.



All but one of the Quantitative Assessments received for the Annual Review provided training data broken down by the four separate skill levels - Operative, Craftsperson, Technician and Engineer / Specialist:

- **Operative** - 5.0% of the workforce received eligible training in 2017. This is forecast to increase slightly over the coming years (though the number employed at this level is predicted to remain roughly at current levels).
- **Craftsperson** - 19.2% of this workforce received training. However, largely due to the fall-off of smart meter training, the forecast over the next three years is for this proportion to fall to 7.9% by 2020.
- **Technician** - 14.3% received eligible training in 2017. This is expected to fall slightly by 2020 to 12.6% (although this workforce is expected to grow slightly, the number receiving eligible training is not forecast to do so).
- **Engineer / Specialist** - 7.5% received eligible training in 2017. This is forecast to fall to 5.7% by 2020.

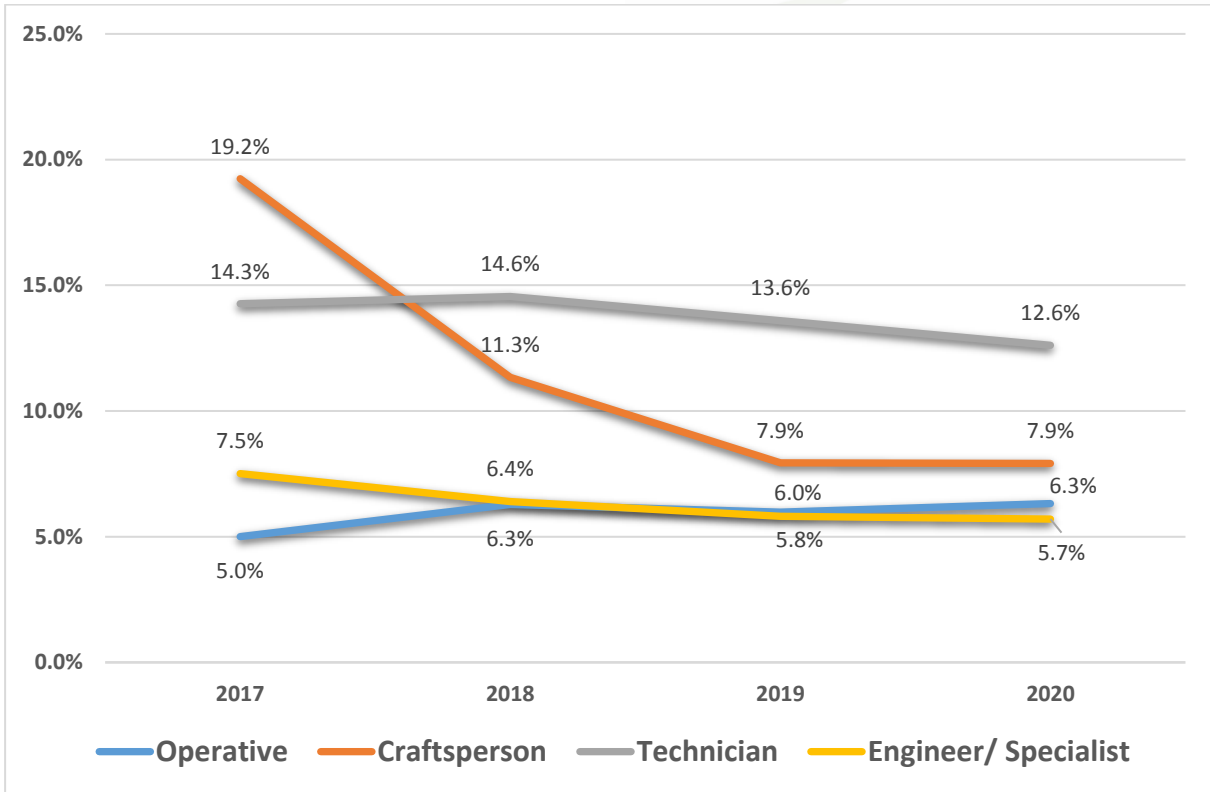


Figure 11: Headcount and number receiving eligible training in 2017 by skill level - and forecasts for the next three years

Level 1 - Operative				
Overall headcount and number receiving eligible training				
	2017	2018	2019	2020
Headcount at the end of the year (December)	12,831	12,273	12,660	12,980
Number of people that actually received eligible training during the year	642			
Number of people that you predict will receive eligible training during the year		771	756	820
Proportion of workforce receiving eligible training	5.0%	6.3%	6.0%	6.3%
Level 2 - Craftsperson				
Overall headcount and number receiving eligible training				
	2017	2018	2019	2020
Headcount at the end of the year (December)	10,094	10,129	10,549	10,728
Number of people that actually received eligible training during the year	1,942			
Number of people that you predict will receive eligible training during the year		1,148	837	849
Proportion of workforce receiving eligible training	19.2%	11.3%	7.9%	7.9%
Level 3 - Technician				
Overall headcount and number receiving eligible training				
	2017	2018	2019	2020
Headcount at the end of the year (December)	7,393	7,854	8,002	8,134
Number of people that actually received eligible training during the year	1,055			
Number of people that you predict will receive eligible training during the year		1,143	1,088	1,026
Proportion of workforce receiving eligible training	14.3%	14.6%	13.6%	12.6%
Level 4 - Engineer/ Specialist				
Overall headcount and number receiving eligible training				
	2017	2018	2019	2020
Headcount at the end of the year (December)	8,309	9,178	9,368	9,542
Number of people that actually received eligible training during the year	624			
Number of people that you predict will receive eligible training during the year		587	545	544
Proportion of workforce receiving eligible training	7.5%	6.4%	5.8%	5.7%



Figure 12: Current and forecast levels of eligible training by skill level (as a proportion of the total eligible workforce)



Many companies provided evidence of excellent compliance - 22 did so against criterion 1.1:

Alpha Construction	Instalcom	National Grid	Stantec
Andrew Hughes Utility Services	Kier Utilities / McNicholas	Northern Powergrid	Thames Water
Clancy Group	Lewis Civil Engineering	O'Connor Utilities	UKPN
Dunphy Combustion	MA Utilities	Schneider	Wood
E.ON	Morgan Sindall	Siemens	
IBS Blowers	Morrison Utility Services	Skanska	

And 11 proved excellent compliance against criterion 1.2:

Amey	Morgan Sindall	Schneider	Stantec
Kier Utilities / McNicholas	National Grid	Skanska	UKPN
Laing O'Rourke	O'Connor Utilities	SSE	



Workforce Planning and Training Needs Analysis

Evidence that companies undertook “good” workforce planning that was appropriate for their organisation was sought.

While the majority of signatories were able to provide evidence that workforce planning, to varying degrees, took place within the organisation, the quality of the activity seems to be very mixed.

It appears that assessing the impact of retirements is often taken into account, as is the need of potential new contracts, but few companies provided evidence of comprehensive workforce planning which also included assessing staff turnover, how skilled labour was going to be recruited (i.e. a resourcing plan) or the extent to which external factors might impinge on these activities (e.g. a major infrastructure project is being built in the same locality).

Details of the nature and extent of training needs analysis were also quite mixed. While many companies provided evidence of “good” compliance, too often training needs were determined by asking the line manager / team leader rather than via a systematic approach.

As in the pilot year, the training courses or interventions most often cited were Apprenticeships, NVQs, internal training programmes, Foundation Degrees, Graduate programmes, Diplomas and supervisory courses.

Skills Shortage Areas

The job roles that were being targeted by training interventions included:

Cable jointers	Main laying	Site managers
Carpentry and joinery	Mechanical engineering	Smart metering installers / operatives
Civil engineering	Operational team supervisors	Steel fixers
Commercial roles	Overhead linesworkers	Streetworks
Confined spaces	Planning Engineers	Substation Crafts Person
Construction Project Managers	Plant operatives	System Control Engineers
Electrical / electronic engineering	Project management	System Design Engineers
Electrical and Instrumentation Technician	Reinstatement	Technical design / CAD



Excavating	Scaffolding	Quantity surveyors
Gas Compressor Station Technician	Senior Authorised Persons	Water process technicians
General operatives	Service laying	
HGV drivers	Site engineers	



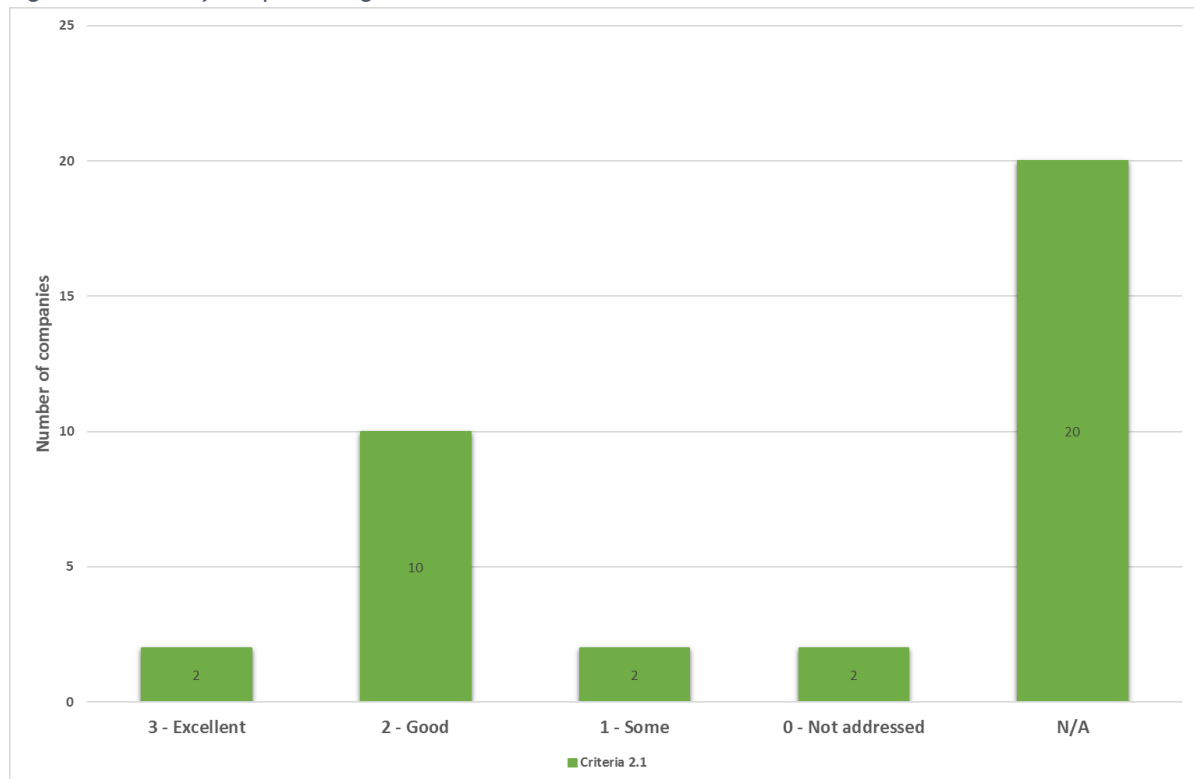
3.2 Commitment 2: To promote signing up to the Accord through the supply chain

Commitment Requirement
Encourage suppliers to become signatories and agree training targets
Compliance Criterion for signatories to achieve
Criterion 2.1: Where applicable, the signatory company must encourage their supply chain partners to become signatories to the Skills Accord and on-board at least one new supplier in the year.

Compliance Achievement

In 2017, due to a change in the rules for applying this criterion, 56% of companies reported that this criterion did not apply. For those companies where the criterion did apply, 75% achieved at least good compliance - bringing on-board one new supplier. Only 12.5% (two companies) achieved excellent compliance as they on-boarded 2 new suppliers.

Figure 13: Level of compliance against criterion 2.1





Commentary on this Commitment

For year 1, the rules around this commitment were updated to recognise that some companies were unable to on-board new suppliers. For this commitment to be “not-applicable”, companies had to demonstrate one or more of the following:

- They did not have a supply chain
- The Skills Accord was not relevant to their suppliers
- All of their existing (relevant) suppliers were already signatories to the Skills Accord
- There had been insufficient time after their own on-boarding to sign up a supplier during this reporting period





Eleven companies on-boarded new suppliers in 2017 - nine were pilot year companies and two were new Lead Asset Owner companies who joined Skills Accord in year 1.

A significant number of other signatory companies started the on-boarding process and will bring new suppliers into the Skills Accord in 2018.

However, just two companies were able to provide evidence of excellent compliance against criterion 2.1 in year 1 - Morgan Sindall and Northern Gas Networks.



Figure 14: Companies and their new strategic suppliers on-boarded in 2017

Companies who on-boarded new suppliers in 2017	Suppliers On-boarded
	T&K Gallagher Ltd
	Alpha Construction
	Schneider
	IBS Blowers
	Avidity
	Gunning Transmission & Distribution Services
	MA Utilities Ltd Andrew Hughes Utility Services
	O'Connor Utilities
	Dunphy Combustion
	VGC Labour Solutions Dodd Group
	Lewis Civil Engineering



3.3 Commitment 3: To promote relevant skills development across the supply chain through procurement

Commitment Requirement
Develop and deliver responsible procurement practices through the supply chain on skills delivery.
Compliance Criteria for signatories to achieve
Criterion 3.1: The organisation uses responsible procurement practices to promote relevant skills development through the supply chain.
Criterion 3.2: The organisation gives proper consideration to whether it is appropriate to require its suppliers to put forward plans and proposals for relevant skills development and to require suppliers to report against these plans and proposals.

This is the core commitment of the Skills Accord. To meet this commitment, signatory companies are required to develop and deliver responsible procurement practices through the supply chain on skills delivery. Signatories must also embed relevant skills development in the procurement process, evaluation criteria and contracts, where excellence is demonstrated by including a reference to the Skills Accord (the requirement is classed as Criterion 3.1).

In addition, (Criterion 3.2) signatories must consider whether it is appropriate to require its suppliers to put forward plans and proposals for relevant skills development and to necessitate suppliers to report against these plans and proposals.

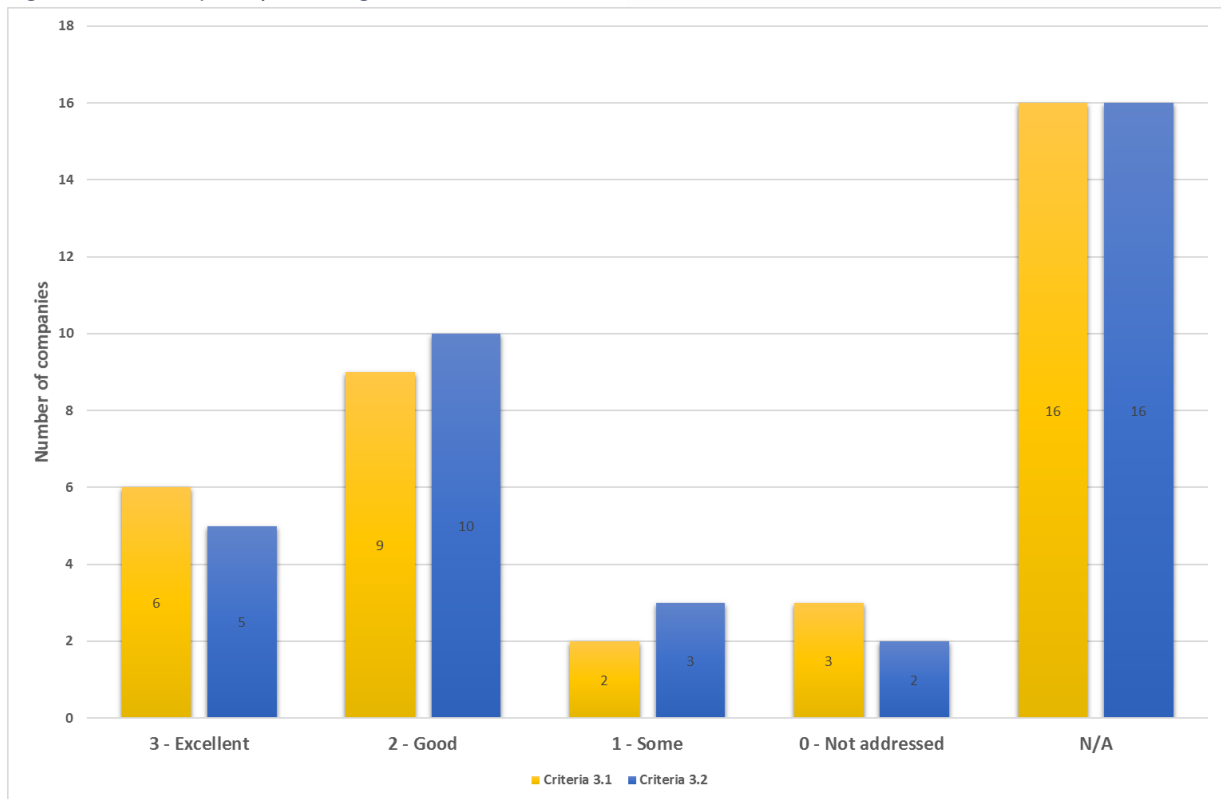
Compliance Achievement

In relation to 3.1:

- This criterion was applicable to 20 out of 36 companies (56%) in 2017. Of these, 75% (15) met the award compared to 68% in 2016, 6 companies achieving excellent compliance.
- Five companies (25%) failed to achieve at least Good Compliance, compared to 32% in 2016.



Figure 15: Level of compliance against criteria 3.1 and 3.2



In relation to 3.2:

- This criterion was applicable to 20 out of 36 companies (56%). Of these, 75% (15) met the award (compared to 68% of applicable companies in 2016) and five companies achieved excellent compliance, compared to none in 2016.
- Five companies (25%) failed to achieve at least Good Compliance, compared to 32 in 2016.

Commentary on this Commitment

For nearly half the signatory companies, this commitment was not applicable in the 2017 reporting year. This principally related to the small (Tier 2) supply chain companies as they demonstrated that they did not have a supply chain relevant to the Skills Accord requirements.

In the individual company reports for these organisations, recommendations were made to review their procurement practices for all their suppliers - even those not in the energy and utilities sector - to share best practice where relevant.

Many companies, particularly those who were involved in the pilot year, made significant improvements in their procurement practices this year, adopting best practice and beyond



- forging best practice systems and processes of their own. Skanska, Morgan Sindall, UKPN, Amey and Thames Water scored excellent compliance against both criteria for this commitment. They all demonstrated excellent progress in developing their procurement practices, the outputs from which we expect to see over the coming years in the skills development and training improvements of their suppliers. In addition, SSE provided evidence of excellent compliance against criterion 3.1 (but not 3.2).

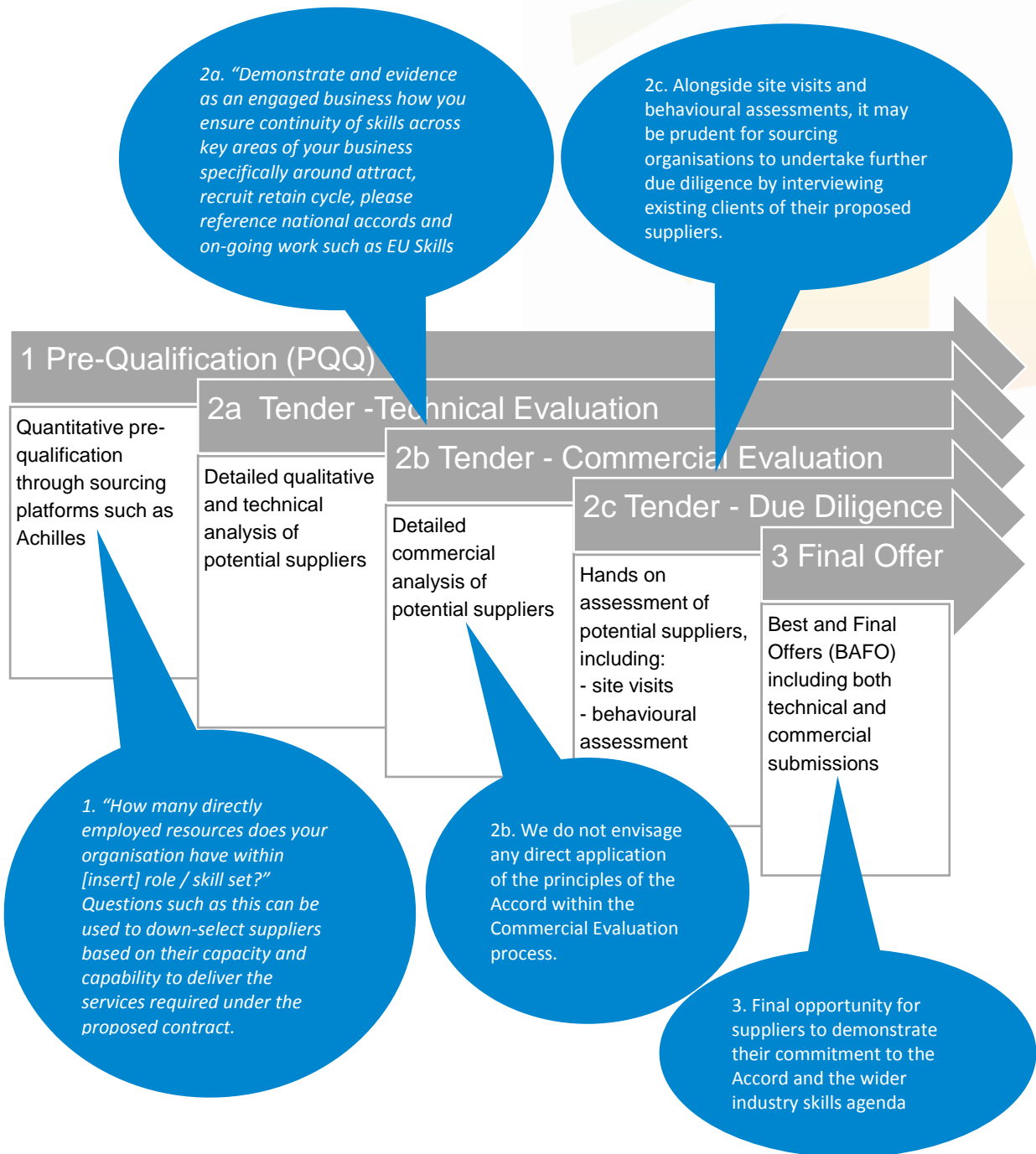
Figure 13 below, outlines where in the procurement process the Skills Accord could be embedded along with recommendations of how this could be done.

The Annual Review identified that the best signatories included the Skills Accord and skills development in the pre-qualification and tender technical evaluation stage of the procurement process, either by referencing skills development in the procurement policy and / or adding a question in the pre-qualification and tender technical evaluation.

Over the course of year 1, the Procurement Skills Accord Steering Group have engaged with Achilles to investigate the potential alignment of Skills Accord with the Utilities Vendor Database (UVDB). There was positive support for alignment and a recommendation will be put to Achilles in 2018.



Figure 16: Embedding the Skills Accord principles into Procurement Process



A key requirement for Commitment 3 is locking in skills development into contracts. 45% of the signatory companies outlined that they were in the process of embedding skills development into contracts. This part of the commitment has been the most difficult and challenging to embed and moving forward this is an area for improvement.



Figure 17: Skills development embedded into procurement

	Embedded into procurement process	Embedded into tender evaluation	Embedded into contracts	Put in plans and proposals and reported against it
Pilot year	68%	68%	21%	37%
Year 1	60%	75%	45%	65%

Another core feature of Commitment 3 was for signatories to consider whether it is appropriate to require its suppliers to put forward plans and proposals for relevant skills development and to necessitate suppliers to report against these plans and proposals. The annual review found two types of practices were in place. These are:

1. Contract negotiation stage - signatories require their potential suppliers to develop plans and proposals for skills development at contract negotiation stage. If the contract is awarded these plans are then reviewed at contract review meetings which take place on a monthly or annual basis.
2. Delivering the contract stage - Once a contract has been awarded signatories start to incorporate and track skills development with their key suppliers at monthly or annual review meetings.



3.4 Commitment 4: To continuously improve performance

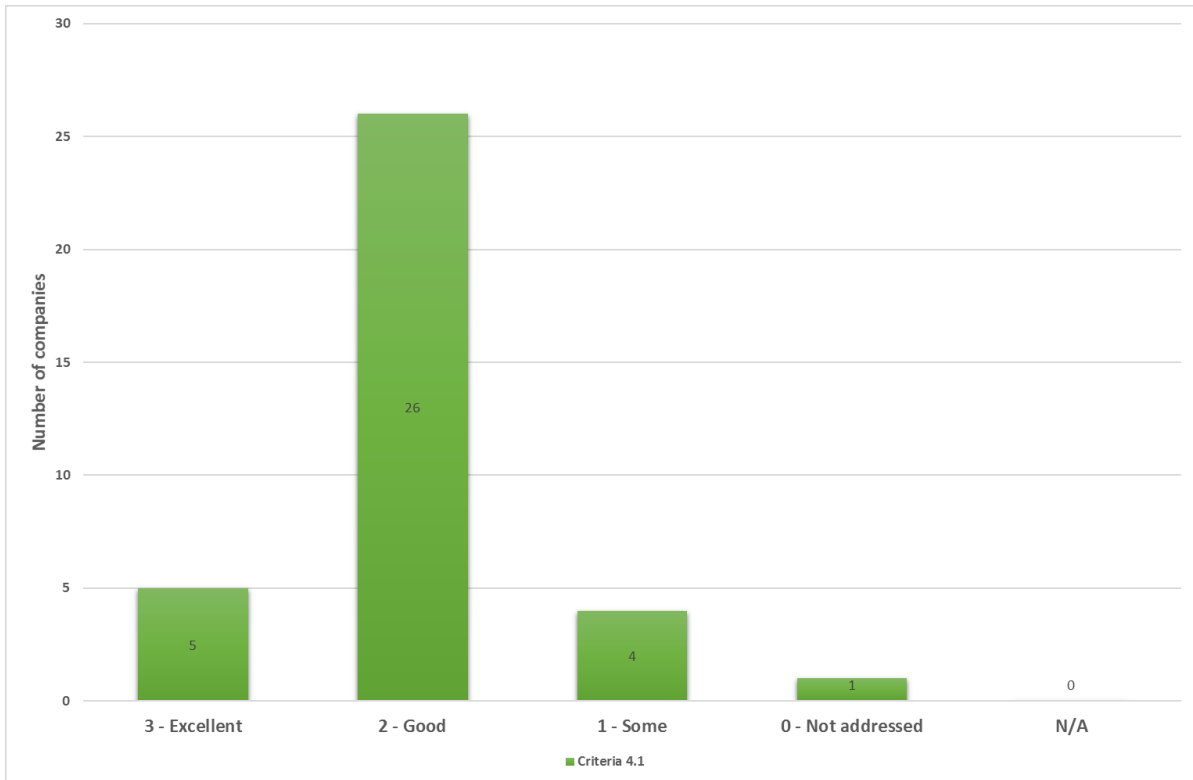
Commitment Requirement
Continuous improvement of signatories’ sustainable skills and training interventions
Compliance Criterion for signatories to achieve
Criterion 4.1: The organisation demonstrates its commitment to continuous improvement in its own sustainable procurement and workforce development practices and that of its suppliers.

The signatories to the Skills Accord commit to driving continuous improvement in their own sustainable workforce practices and those of their suppliers, specifically in relation to their ability to maintain and enhance the technical and operational skills within the workforce.

Compliance Achievement

Five companies (14%) failed to achieve Good Compliance in 2017 (compared to 33% in 2016). Furthermore, only 5 (14%) achieved Excellent Compliance in 2017, compared with 21% in 2016.

Figure 18: Level of compliance against criterion 4.1





Commentary on this Commitment

While a greater proportion of companies are now meeting this criterion when compared to last year, there is still no great sense that continuous improvement plans are being developed and acted upon. Hence the reason why the percentage of excellent compliance has fallen in 2017.

While many companies provided details of the improvements they had made in 2017, not quite so many were able to give details of what they planned to improve in 2018. Furthermore, very few companies gave any real sense that they had developed a documented continuous improvement plan which they would later measure the impact of.

Five companies were able to provide evidence of excellent compliance against criterion 4.1 - T&K Gallagher, National Grid, Thames Water, Dunphy Combustion and UKPN.



3.5 Commitment 5: To monitor and report

Commitment Requirement
Annual review and reporting of company and sector performance
Compliance Criterion for signatories to achieve
Criterion 5.1: The organisation provides an annual report against the training eligibility target.

All signatories to the Skills Accord agree that monitoring compliance is a key determining factor in successfully achieving the overarching aims of the Skills Accord. Therefore, each year signatories to the Skills Accord commit to reporting the percentage (on average over the year) of operational headcount involved in the energy and utility sector undertaking relevant skills development within their organisation and their compliance with the commitments of the Skills Accord.

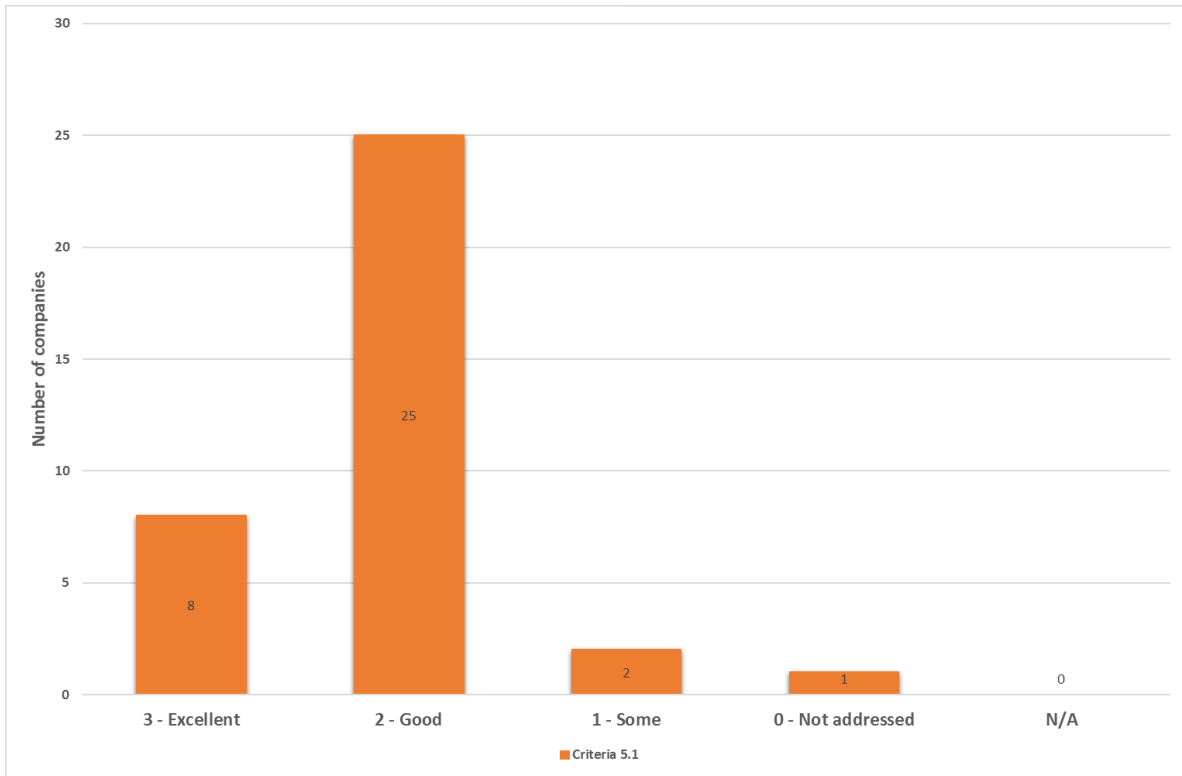
Compliance Achievement

Two companies failed to complete the annual review in 2017, with another only completing the quantitative assessment and failing to provide the compliance questionnaire.

Of the 36 companies who participated in the annual review just three companies failed to achieve Good Compliance against this criterion in 2017 (compared to 8 out of 24 in 2016). Furthermore, 8 companies achieved Excellent Compliance (compared to 6 of 24 in 2016).



Figure 19: Level of compliance against criterion 5.1



To achieve Excellent Compliance against this criterion, the signatory was required to:

- Achieve Excellent Compliance against 1.1 and 1.2.
- Submit both the Quantitative Assessment and Compliance Questionnaire on time

Commentary on this Commitment

Overall, the quality and timing of the reporting this year was substantially higher in comparison with the pilot year, with far fewer companies needing additional support when putting their submissions together.

Furthermore, only four of the 36 companies requested an extension to the original 31st January 2018 deadline and all of them submitted their evidence on or before their extension date.

Eight companies were able to provide evidence of excellent compliance against criterion 5.1:

National Grid	Morgan Sindall	Skanska	Schneider
Kier Utilities / McNicholas	Stantec	UKPN	O'Connor Utilities



4. “Deep Dive” Compliance Checks

An integral aspect of the Annual Review process is the “Deep Dive” compliance checks which are conducted with 10% of the signatories (in the pilot year, “shallow dives” were conducted over the telephone with around 50% of the signatories).

The purpose of the Deep Dives is to identify and / or confirm:

- The embedding of the Skills Accord ethos within the company
- Compliance against the Training Eligibility Criteria
- Learn lessons / good practice to share with others

In 2017, Deep Dives were requested of Amey, Skanska, RJ McLeod and Murphy Group. These were selected on the basis of:

- One excellent submission
- One poor submission
- Two mid-performing submissions, but for different reasons

Three of the four Deep Dives were successfully carried out, the exception being Murphy Group who were unable to bring together the required people within the timeframe required by the Annual Review process.

From an Energy & Utility Skills perspective, the Deep Dives are a very useful process:

- Enabling us to understand the specific context of the Skills Accord within each company; how they went about things; why they chose a particular approach
- They gave us a greater understanding of some of the more general issues relating to the Skills Accord within those types / levels of company

Overall, there were no compliance issues picked up during the three completed Deep Dives - just some slight modifications to the Training Eligibility Criteria.

From the company perspective, they seemed to welcome the feedback and found the general discussion useful - giving them a better understanding of the Skills Accord in general, what it is trying to achieve and how.



5. 2017 Project Evaluation Results

In April 2018, after the completion of the Annual Review process, an evaluation survey was sent to all signatory companies who took part in the Annual Review process. The purpose of the survey was to establish the levels of satisfaction and perceived value with various aspects of the Skills Accord process.

23 responses were received (15 were signatories from 2016; 8 signed up in 2017).

Overall, the majority of responses to all the questions were positive:

- 90% of respondents found the various workshops informative
- 83% found the compliance criteria easy to understand and apply
- 90% found the Annual Review process, including Quantitative Assessment and Compliance Questionnaire, easy to understand / use
- The majority of signatories agreed that their individual company reports were fair (85%), accurate (95%) and useful (85%)
- All companies involved in the Deep Dive compliance checks found value in that process
- 90% would recommend the Skills Accord to similar companies

However, potential areas for improvement include:

- Raising the understanding and application of the Training Eligibility Criteria (22% disagreed that the TEC were easy to understand and apply)
- Improving the level of understanding of the value of the Skills Accord to tier 2 / smaller suppliers
- Improving the guidance contained in the supporting documentation
- Reviewing the on-boarding materials to include more on the value of the Skills Accord (i.e. why should companies become signatories?)

These findings have been integrated into the recommendations for year 2 in this Annual Review report.



6. Summary and Recommendations for Future Roll-out

The table below provides a progress report against the recommendations made following the pilot year. It also provides recommendations following completion of year 1.

Recommendations from the pilot year	Achievement of pilot year recommendations	Recommendations from year 1
<p>Commitment 1</p> <p>1. To set the percentage target at 10% of the technical or operational headcount enrolled on relevant skills development programmes and use the 10% as a baseline figure to measure future improvement.</p> <p>2. To measure and review impact of signatory companies' skills development, on sector wide skills shortages. The recommendation is request precise details of training programmes in the roll-out year. In addition, to further refine the TEC.</p> <p>3. For the Skills Accord Task and Finish Group to recommend skills shortage areas to target.</p> <p>4. Pilot companies to share their good workforce planning at the best practice workshop.</p>	<p>The Skills Accord Steering group agreed to collate 3 years of data before re-setting the sector training. Recommendation has been deferred until 2020.</p> <p>More detail on training programmes were provided as part of the year 1 reporting and this is summarised in section 3.1 of this report.</p> <p>The steering group agreed to focus on the same skills shortage areas as seen in the pilot year but widened this out to include: supervisory activities for operational roles; electrical workers on nuclear premises.</p> <p>Best practice workshop held on 9 May 2017.</p>	<p>1. To consider resetting the sector target once three years of data has been captured (following the 2018 Annual Review).</p> <p>2. Remove the requirement for companies to set, and report against, a specific company target.</p> <p>3. Remove the specific requirement to undertake succession planning.</p> <p>4. Continue to refine the Training Eligibility Criteria (TEC) focussing on the needs and skills shortage areas of the signatory companies.</p> <p>5. Share and encourage workforce planning best practice with particular support for the smaller / Tier 2 organisations. A more systematic approach is required.</p>



Recommendations from the pilot year	Achievement of pilot year recommendations	Recommendations from year 1
<p>Commitment 2</p> <p>1. For all signatories (lead and suppliers, new and existing) to on-board at least one supplier and agree with Lead Companies the suppliers to engage in future years, as well as to re-engage with existing suppliers and ensure their commitment for roll-out.</p> <p>2. Good practice was demonstrated by Lead Companies in engaging and leading their suppliers to embed the Commitments. This practice ought to be shared with signatories at the best practice workshop.</p>	<p>9 out of the 24 pilot companies brought on new suppliers in year 1 but for 7 companies this requirement became Not Applicable due to changes to the rules of the scheme during the year. Unfortunately, four pilot year suppliers dropped out.</p> <p>Shared at Best practice event on 9 May 2017.</p>	<p>1. Embed recognition that this commitment may not apply to all companies.</p> <p>2. Review requirements for good and excellent compliance (e.g. on-board 1 or 2 suppliers, provide list of eligible suppliers, evidence of appropriate / significant on-boarding activities, etc.).</p> <p>3. Retention - Add to compliance criteria the requirement to keep suppliers on-board and investigate the potential for developing a specific retention target.</p> <p>4. Continue to build critical mass, aiming for at least a 30% increase in new signatories: For those companies where this commitment does apply, on-board at least 1 new supplier during year 2.</p> <p>5. Ensure the good practice demonstrated by some companies in engaging and leading their suppliers to embed the commitments is shared with all signatories at the best practice workshop.</p>



Recommendations from the pilot year	Achievement of pilot year recommendations	Recommendations from year 1
<p>Commitment 3</p> <p>1. To review whether it is appropriate to ask tier 2 and SME suppliers to on-board suppliers (Commitment 2) and embed Commitment 3.</p> <p>2. To further develop tools to help signatories to embed this commitment. In addition, to review compliance criteria and weighting for this commitment.</p> <p>3. Embedding into contracts was the most difficult and challenging part of this Commitment and moving forward this is an area to review.</p> <p>4. For signatory companies the recommendation is to embed more explicitly current and future workforce development into their evaluation criteria and contracts; referencing where applicable the Skills Accord.</p> <p>5. In terms of criterion 3.2, further exploratory work is required on how signatories can embed and evidence this commitment.</p> <p>6. Pilot companies to share ways in which skills development can be embedded into the procurement process.</p>	<p>New rules were developed during year 1 to clarify where this commitment would not apply - this provided much better focus for on-boarding and procurement changes for smaller and Tier 2 companies.</p> <p>Compliance critics were changed in accordance with the recommendation.</p> <p>Embedding into contracts still remains the most challenging aspect of this commitment. However, with changes made to the best practice guidance note and sharing this at the BP workshop the contracting part of the criteria in year 1 was much improved - 45% companies met this part of the criteria.</p> <p>Better consideration was evidenced during the year 1 reports but further support still required.</p> <p>Shared at Best Practice event on 9 May 2017 and in Procurement BP guidance note.</p>	<p>1. Rework criteria 3.2 with an emphasis on post-contract skills development engagement with suppliers</p> <p>2. Further develop the procurement best practice guidance note to help signatories embed this commitment</p> <p>3. For lead signatory companies and larger contractors, the recommendation is to embed more explicitly current and future workforce development into their procurement evaluation criteria and contracts, referencing the Skills Accord where applicable.</p> <p>4. Further enhance and share best practice to embed skills development across all areas of the procurement process and through the supply chain.</p> <p>5. Engage with Achilles to investigate the potential alignment of Skills Accord with the Utilities Vendor Database (UVDB).</p> <p>6. Consider the benefits of three-year sign-up to Procurement Skills Accord.</p>



Recommendations from the pilot year	Achievement of pilot year recommendations	Recommendations from year 1
<p>Commitment 4</p> <p>1. To modify the compliance question and criterion and provide examples to guide signatories on what is required.</p>	<p>Completed and a much improved set of evidence provided for year 1 reports - however this commitment remains a challenge and further recommendations have been set following year 1.</p>	<ol style="list-style-type: none"> 1. Push for more evidence that continuous improvement plans are proactively developed, implemented and reviewed. 2. Recognise that where a company has made improvements in the previous year, it is reasonable to allow them time to review and evaluate these before making further changes. 3. Share best practice examples at May workshop and investigate wider sector best practice to incorporate learning into Procurement Skills Accord guidance.



Recommendations from the pilot year	Achievement of pilot year recommendations	Recommendations from year 1
<p>Commitment 5</p> <p>1. For most signatories to improve from good to excellent the focus needs to be on improving their workforce development strategies and plans.</p>	<p>Workforce strategies and plans were improved in year 1 but this recommendation continues.</p>	<p>1. Emphasise the importance of participating in the Deep Dive compliance checks if selected to do so. Failure to do so will result in criteria 5.1 not being met (meaning that the Award is forfeited).</p> <p>2. Emphasise that for most signatories to improve from good to excellent compliance, the focus needs to be on improving their workforce development strategies and plans.</p>



Glossary

Energy & Utilities Sector

Includes: Power Generation, transmission, distribution, metering and supply; Gas transmission, distribution, metering and supply; Water (Clean and Dirty) treatment, transportation, metering and supply; Waste Management (later).

Operational Headcount

For the purposes of this Skills Accord, Operational Headcount shall be defined as those UK-based employees of the organisation who are *directly* involved in delivering operational or technical STEM (Science, Technology, Engineering or Maths) based activities in the energy and utility sector. Employees full or part-time in operational roles in the organisation. Some organisations do not have their full-time trainees on headcount but should be included for the purpose of this reporting.

Lead Companies

These are the companies that have led on the development of the Skills Accord Initiative and the piloting of it.

Pilot Companies

This refers to all the companies involved in the Skills Accord initiative and includes lead and supplier companies.

Relevant Skills Development

This refers to meeting the Eligible Training Criteria (TEC) outlined in Annex 2. The eligible criteria includes the roles, skills areas and corresponding courses that are operational or technical in nature i.e. back office non-technical, support or administrative functions and health and safety are not included.

Responsible Procurement Practices

For the Skills Accord it refers to embedding procurement practices appropriately to encourage investment in skills development.

Sector Skills Gaps

These are skills that are lacking in the existing workforce of an employer. They might be technical or soft skills.

Sector Skills Shortage

These are skills that employers are having difficulty recruiting from the labour market (e.g. overhead linesperson)



Signatories

Companies formally signed-up to the Skills Accord commitments, either working towards or having achieved the commitments in the Accord.

Social Value

The Social Value Act requires people who commission, or buy, public services to consider securing added economic, social or environmental benefits for their local area.

Sustainable Workforce Practices

Maintainable workforce planning and strategies for the short, medium and long term, accounting for the various internal and external factors.

Suppliers

In the context of this initiative the supplier companies refer to the suppliers of the lead companies.

Tier 1 and Tier 2 Suppliers

Tiers outline where in the supply chain the contractor is in relation to the lead company.

The Annual Review

For the purposes of this Skills Accord, the Annual Review is defined as the process by which individual companies Commitment to the Accord is evaluated, as per Commitment 5.

Workforce Planning

The systematic identification and analysis of what a company is going to need, in terms of the number and skills of employees, to achieve its objectives. It is a process used to generate business intelligence to inform the organisation of the current, transition and future impact of the external and internal environment on the organisation, enabling it to be resilient to known or predicted changes.



Training definitions:

Apprenticeship

Apprenticeships are programmes that combine practical training in a job with study.

Employer sponsored course of study

Where the employer funds and / or resources the programme of study.

Traineeship

Traineeship is an education and training programme with work experience that unlocks the great potential of young people and prepares them for their future careers by helping them to become 'work ready'.

Graduate programme

In-house or external training programmes for graduates.

Significant Programme of Learning

For the Skills Accord it refers to a 3 or 6 month plus technical, design or operational programme of learning.



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Energy & Utility Skills

W: www.euskills.co.uk

T: 0845 077 99 22

E: skillsaccord@euskills.co.uk