

Annex 5.2

WORKFORCE RESILIENCE STRATEGY

Unleashing the potential of our people

Our people are at the heart of delivering for our customers every day and we continuously aim to develop our workforce, improve the experience we create and open up opportunities as part of our ongoing commitment to meet the current and future needs of our people.

Looking ahead, the need to do that is set to increase still further. The ambitious objectives set out in our plan for the 2023-28 regulatory period cannot be delivered without talented, dedicated people. As such, in the context of presenting this plan, we need to demonstrate to our stakeholders and our regulator how we will 'develop a modern, diverse, high-quality, well-trained workforce fit for the future', with particular consideration to how our plans will:

- attract people to the energy sector and develop the skills needed for a technology driven, low carbon energy system;
- increase inclusion, diversity and equality;
- improve workforce satisfaction, motivation and productivity;
- upskill and multi-skill the existing workforce; and
- ensure the health, safety and mental wellbeing of our people.

This strategy summarises our approach to securing those outcomes, providing more detail than we are able to present in the main business plan document. It draws from the areas of our business plan that have the most influence on workforce, highlights the drivers for change and their impact and describes how we plan to tackle them.

As we go forward, we know that our plans in this area will continue to evolve and be updated as we learn from others and from experience. Regular dialogue and engagement with our colleagues and trade unions shapes our workforce approach. Throughout this document we highlight where their insights have influenced our plans and demonstrate how we have considered the feedback from our Customer Engagement Group (CEG) on the priorities they highlighted for our workforce strategy.

Our workforce today: we directly employ over 2,450 people across our region

The north of England has a rich industrial heritage, of which our company is proud to be a part. Times have changed, and as industries have disappeared and new ones emerged, we are pleased to continue to be one of the larger employers in our region. In so doing we have been able to provide alternative and new career opportunities to those with transferrable skills or seeking a career change, in a region that has known more than its fair share of challenge in terms of job creation and socio-economic disadvantage.

The most prominent manifestation of that role in the region is our flagship apprenticeship and technical training programme, which has now been running for over a decade, opening up pathways to skilled, well-paid, secure jobs. Implemented in what was the wake of the 2008 financial crisis, the programme has consistently taken in high quality candidates and turned out high calibre engineers, technicians and craft operatives.

In 2014, along with others in our sector, we were one of the first utility companies to enrol apprentices into the government's Trailblazer Apprenticeship initiative, which was designed to equip the power industry with the technical skills required to manage the energy network. It was recognised as a standard setter for establishing technical competence for highly skilled roles. We were the first company in the UK to put 100 trainees through the apprenticeship and, since its inception, more than 169 trainees have graduated. The programme has been the foundation of our employment offer to the region that, when supplemented by other recruitment activity, led us to be able to target the creation of at least 1,000 job opportunities during the current regulatory period. In terms of our organisation's effectiveness and development, it has enabled us to manage the transition as large numbers of our long-standing, skilled colleagues reach retirement age and exit the business. In 2012, 26 per cent of our workforce had been with us for less than 10 years. By the end of 2020 that proportion had doubled to 52 per cent. Figure 1 gives further details of our workforce demographics.

Workforce demographics			
Employment Group	% of workforce	Men	Women
		80%	20%
Operational crafts	41%	96%	4%
Engineering and technical	31%	93%	7%
Business support	17%	33%	67%
Management and specialists	11%	56%	44%
43.2	16	5% (37)	24% (16)
Average age	Average years length of service	Women in engineering/STEM roles	Women in senior leadership roles

Figure 1. workforce demographics, as at May 2021

Our field activities are split into six operating regions, with work delivered both through our own workforce and our contractor base, depending on the nature, complexity and predictability of demand of the work. Further detail around our insourced/outsourced model is included in [our delivery strategy](#).

The strategic direction of our 2023-28 plan is driving significant change in our workforce resilience plans compared to previous price control periods

The responsibility we carry as a major investor into the region and one of the leaders in its journey towards net zero creates an exciting opportunity for us to increase the pace at which we build an increasingly diverse, skilled and resilient workforce.

Significant cultural and technological changes are driving fresh needs in terms of both what we need to deliver as a business and what our employees and customers expect from us. In particular, the public's awareness of climate change and our urgent need to tackle it has significantly moved on in recent years. Facilitating our government's legal commitment to achieving net zero by 2050 is the biggest change and challenge our industry has faced in decades. We need a workforce strategy which enables us to deliver our decarbonisation plans for our region and for society as a whole, whilst continuing to maintain high levels of service for all customers.

Notable drivers for change that are impacting our workforce plans include:

- Scaling up the network investment programme, driven by decarbonisation. We need to scale up our operations (and workforce) to deliver the significant increase in investment that will enable customers to connect low carbon technologies (LCT) to our network. This will continue to ramp up in future price controls beyond 2028.
- Transition to distribution system operation (DSO). Decarbonisation is driving a change in our role in the energy system, meaning we are moving to fulfil the functions of DSO. To deliver our flexibility first approach to investment, we will monitor and manage the increasingly complex power flows on our network to ensure available renewable energy is used optimally and to maximise the value of our existing infrastructure. Our DSO strategy underpins this approach, focusing on capturing and harnessing data on our network and developing and deploying customer and network flexibility. Delivering our DSO strategy requires new and varied skills around data, analytics, smart grid engineering, commercial acumen, and more customer-facing roles compared to how we have traditionally operated (refer to [our DSO strategy](#)).
- Data and digitalisation. In addition to the DSO transition, significant developments in data and digitalisation in recent years have the power to transform our business across the board by enabling fast, large-scale and efficient handling of information. This gives us the power to transform our customer service, our management of the network, and our internal business operations. To do so our workforce must be equipped with the skills and knowledge to effectively drive this digital transformation, which will in turn improve our operational and investment efficiency, delivering cost savings for our customers.
- Whole system collaboration. As part of the whole energy system working towards decarbonisation, our plans will see us in close collaboration with other sectors and energy vectors, and sharing data and information to work towards the common goal of decarbonisation as cost-effectively as possible. This opens up Northern Powergrid to a more outward-facing role in society, which requires an open, dynamic and agile workforce.
- Innovation. To successfully and efficiently deliver our plans, we need to foster a customer focussed, innovative culture amongst our colleagues, empowering them to challenge the status quo and seek continuous improvement. There is significant uncertainty about the nature of the decarbonisation pathway that will unfold in the coming years and we need to remain adaptable and agile to keeping ahead of this changing landscape.
- Diversity and inclusion. Societal views around what employees, prospective employees and customers expect from an employer continue to change. Today there is widespread recognition that diversity, equity and inclusiveness are essential for high-performing teams and it is our responsibility to ensure equal opportunities for all and remove barriers for underrepresented groups entering and succeeding in our business. The gender pay gap reporting requirement brought in in 2017 is one of the practical changes that have occurred. It shines a spotlight on women’s historically lower participation in higher paid roles and helps us to set plans to combat this.
- Levelling up. The wider questions of regional economic disparity, accentuated by the context of the pandemic, has driven renewed awareness of the critical role we play in the lives of our communities, both as an essential service and as a source of secure employment. This is central to the significant role we play in driving our region’s post-pandemic recovery and growth and supporting the levelling up agenda, as demonstrated through our recent commitment to investing £53m in local infrastructure for decarbonisation¹ as part of the government’s Green Recovery scheme.
- Changing career trends. ‘Millennials’ and ‘Generation Z’ make up an increasing proportion of the workforce, and research shows that their priorities are different to those of preceding generations². They are also more likely to move career and company more regularly than previous generations. We are also seeing this more broadly across all demographics. To create the right workforce for the future, we need to ensure that we are the

¹ <https://www.northernpowergrid.com/green-recovery>

² <https://www.gallup.com/workplace/231587/millennials-job-hopping-generation.aspx>;

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/2021-deloitte-global-millennial-survey-report.pdf>

employer of choice for as broad a range of talent as possible and that our values and priorities chime with a large, diverse group of people.

- Leadership and management. We have heard from our stakeholders that we have a leadership role to play in decarbonisation. That role is equally important for our people agenda. We need strong and diverse leadership to champion transformational change to enact the business changes described above to deliver decarbonisation, including a step-change recruitment drive and skills development to achieve our net zero commitments.
- These drivers for change have shaped our people strategy, to ensure that we are able to deliver our ambitious business plan for 2023-28.

Supported by stakeholder feedback, these drivers for change have informed four strategic priorities behind our workforce plans

Taking these factors into account, we have identified four strategic priorities which underpin the plans for our workforce that will be key to the successful delivery of our plan for the 2023-28 period. Each priority equates to an outcome area that will be delivered through a series of measurable activities.

Outcome WR1: expand our workforce – attract, recruit, train and develop more than 1,000 people to meet immediate and future needs of our customers, driven by the decarbonisation agenda

Outcome WR2: invest in upskilling– build more training capacity and capability to upskill our existing colleagues in the evolving technical, industrial and digital skills required to manage an increasingly smart, digitalised and connected energy system

Outcome WR3: increase workforce engagement and satisfaction – continue to actively engage with our colleagues and their trade unions to improve their experience, increasing the extent to which they are empowered to innovate and take ownership to deliver the highest levels of service for our customers

Outcome WR4: become a more diverse and inclusive organisation – open up career and development opportunities for existing and future colleagues, attract more talent from under-represented groups and enhance our business innovation, decision making and delivery through more diverse teams

These outcomes reflect the key messages we heard from our stakeholders about what they expect from us as a key employer in our region, as well as a leader in facilitating decarbonisation. A workforce that is fulfilled, valued and motivated will enable optimal delivery of our plan commitments and, in particular, provide the highest quality of service and operational efficiency for our customers. Stakeholder insights have influenced our plans so far and there is broad support for the workforce outcomes we have identified for 2023-28 and the deliverables we have outlined, at this stage, to achieve them. Trade unions are supportive of our commitment to create new job opportunities, invest in upskilling of new and existing colleagues and with our approach to improving diversity and inclusion. We will continue to engage with unions in the next phase of developing our plans.

Support for our plan



“With the twin challenges of net zero and smart networks, there is a need to broaden and deepen the skills of distribution networks staff if we are to meet the aspirations of the communities that we serve. As ever, we have discussed the impact of these change with Northern Powergrid and have worked on a plan to renew and rejuvenate NPg’s workforce that reflects the passion of our colleagues to provide engineering excellence and superior customer service. With commitment from the company and its staff, we will build on our past success to deliver a more skilled, more effective workforce that reflects the communities which we serve.”

Mike MacDonald, Full time Officer, Prospect union

We have also listened to our CEG on the priorities they highlighted for our workforce strategy. The CEG recognises the significant operational demands we will face in delivering the decarbonisation investment plans, and other key drivers impacting our workforce requirements. Their interest in our capacity and capability to deliver the necessary investment has been addressed in our commitment to growing the workforce and investing in upskilling.

The CEG challenged us to demonstrate ambition in our plans and visionary leadership in our goal to improve workforce diversity and inclusion. We still have work to complete during 2021 to develop our comprehensive plan for diversity and inclusion, and recognise the CEG want to see more detail on the specific actions we will take and the measures we will use to track meaningful progress in this area, before it makes its assessment. The engagement to date indicates that we are aligned on the priority action areas and has allowed us to outline the deliverables to which we are committing. We will continue to consult with the CEG in the second half of 2021 as we develop our delivery plan.

Full details of the stakeholder engagement insights for Workforce Resilience are contained in [our detailed engagement findings](#).

The groundwork for our workforce plan has already begun and by the end of 2021 we will have developed our detailed delivery strategy. As this element of the plan is about our people, we want them to help shape how we will deliver it and we will be running a comprehensive programme of engagement in the second half of 2021 to hear their views. We will focus on four key stakeholder groups:

- Internal stakeholders (colleagues, future workforce, and trade unions);
- Utilities’ working groups and partnerships, such as EU Skills and the National Skills Academy for Power (NSAP);
- Community interest groups such as Women into Science and Engineering (WISE); and
- The external partnership organisations we will look to grow (such as schools, universities and local government associations).

Each of the four outcomes are discussed in further detail below.

WR1: We will create more than 1,000 high quality job opportunities and attract talented people to the energy sector

Having set out to create 1,000 new opportunities in our region for the eight-year period 2015-23, we are pleased to be in a position to set out the same expectation for the shorter five-year period that follows it. Facilitating decarbonisation is driving significant increase in our workload and broadening our skills requirements, principally through the upscaling of our network investment programme and the skills requirements of the DSO transition, as described above. Alongside this change, we must continue to meet the needs of our customers in delivering essential service by maintaining our existing workforce in light of the forecast retirement and turnover profile.

To deliver against these requirements we need to create new job opportunities to meet the needs of our customers, through attraction, recruitment and selection of talented people into new roles; and continued workforce resilience as we welcome new talent to the business as our most experienced colleagues retire.

Attraction, recruitment and selection

Delivering decarbonisation means we are able to open up opportunities for our region for both existing and prospective employees. A significant change programme is required for us to prepare to facilitate net zero. The breadth of skills required for us to fulfil the functions of DSO and enable a data and digital transformation of our business and network mean that we need to attract, recruit and retain highly sought-after skills and make Northern Powergrid the employer of choice compared to other businesses in our region. We need to differentiate against competition for these skills by offering rewarding roles and incentive packages, progression opportunities, and flexibility to attract a good breadth of people and skills.

The scale of the challenge means that we need to ensure we can attract and recruit from the broadest range of people possible, thereby opening up the range of skills we can access as an organisation. To support that we are implementing a plan to improve diversity, equity and inclusiveness in our business, which is discussed further under WR4 below. We will upgrade our people processes to ensure that we are able to attract talent from a broad spectrum of applicants through our recruitment campaigns, and identify the right skills, potential and raw talent in the selection process.

To further expand the possible feedstock for our future workforce, we will also continue to promote girls studying Science, Technology, Engineering and Maths (STEM) subjects at school to ensure we have access to the full spectrum of talent to support delivery of the decarbonisation agenda.

Decarbonisation means our role to customers goes beyond keeping the lights on. We will therefore also be creating opportunities for roles to support customers in the low carbon transition, including in customer service and to support communities and vulnerable customers.

Building a more resilient workforce

To continue to deliver our essential service to customers, we need to maintain our workforce capacity with sufficient skills to operate efficiently and offer the level of service our customers expect. Improving attraction, recruitment and selection of prospective employees will also ensure our workforce is resilient to the risk of loss of expertise and capacity as colleagues retire.

Research undertaken by the National Skills Academy for Power (NSAP), in 2021,³ shows that our industry overall has an aging workforce with intense competition for many of our core skills. To combat this, since 2009 we have pursued an initiative called Workforce Renewal aimed at recruiting operational and engineering colleagues to fill the skills gap created by a large portion of our operational workforce approaching retirement age. Years of under-recruitment in the 1990s exacerbated this emerging risk to our skills capabilities. Over the course of the current period we have broadened the programme to include a wider set of skills. Since our Workforce Renewal programme began, 750 colleagues have commenced our two to three year apprentice or graduate programme. In 2017 we broadened our apprenticeships to be one of the first companies in the UK to recruit cyber apprentices, as part of a government pilot scheme to build the cyber skills required to protect critical national infrastructure from cyber threats. These programmes have had a significant contribution in reducing the average age of the workforce from 47 years in 2012 to 43.2 today.

We have a demonstrable track record of delivering top quality training for these highly skilled roles with a retention rate of 95 per cent for those who have joined since the Workforce Renewal programme started in 2009. The average length of service across the full workforce is 16 years. Strong employee retention rates mean that we will continue to benefit from a wealth of experience in our workforce and in the period from 2023 we will look to add to that with new recruits from diverse backgrounds who will bring new ideas and perspectives. Our plans are a continuation of this approach, seeking to create hundreds of new opportunities in the 2023-28 period, to replenish expected retirees and offer career progression opportunities that will require roles to be back-filled.

The scaling up of our capital delivery plan, due to decarbonisation, also means that we need to consider how much of our increased workload is delivered by our own colleagues versus our contractor base. As we go forward, we will be reviewing the proportion of work to be delivered by employees or contractors to determine the appropriate size of our workforce. [Our delivery strategy](#) gives further information on this aspect of our planning.

³ The workforce requirements of the GB electricity distribution network operators during ED2 and beyond, NSAP, March 2021 – not a public report

Business plan deliverables

Ref	Deliverables	Supporting initiatives
WR1.1	Create more than 1,000 new job opportunities through expansion of our Workforce Renewal and apprenticeship programmes, and develop new entry pathways across a variety of roles	<ul style="list-style-type: none"> – New technical apprenticeship – Yorkshire-based technical graduate scheme – New graduate schemes in support functions – Data Centre of Excellence – Structured work placement opportunities
WR1.2	Review and upgrade recruitment processes to increase access to opportunities and the attraction and hiring of talent from underrepresented groups	<ul style="list-style-type: none"> – Upgraded online recruitment process including data capture and analysis – Increased promotional activity and role model career stories – Referral scheme from local government
WR1.3	Review and upgrade our internal and external selection approach to support equal access to opportunities with robust and inclusive processes	<ul style="list-style-type: none"> – Pre-interview candidate support – More non-academic skills assessment – Varied interview and selection panels
WR1.4	Develop our education outreach programme, targeting under-represented groups, to coordinate activities that promote our sector, uptake of STEM subjects and employment opportunities	<ul style="list-style-type: none"> – Partnerships with specialist organisations for under-represented groups – More partnerships with schools, colleges and universities

Table 1: Business plan deliverables for WR1

WR2: Upskill and multi-skill our workforce to provide rewarding career paths and develop the new capabilities required for managing the future energy network

Our approach to training differs across our industrial, technical and support functions.

- Operational crafts: we train operational colleagues with a blend of in-house training supplemented by learning through educational partners. Our training programmes are collaboratively designed and delivered using our academic training providers and industry subject matter experts. Typically about a quarter of our training is delivered externally. We also carry out refresher training with all operational direct labour and contract colleagues every three years. Authorisation to operate on our distribution network is renewed only on completion of this training.
- Engineering and technical: in 2018 we commenced working in partnership with our technical trade unions implementing a new technical competency framework that launched in 2019. This has enabled the development of future skills and recognises and rewards flexibility through providing clearer career pathways in preparation for the future. All engineering trainees complete a Level 4 Electrical Power Networks Engineer apprenticeship and we offer eligible candidates the opportunity to sit a Foundation Degree in Electrical Power Engineering.
- Business support: in 2017 a revised competency progression framework was launched for our professional and administration colleagues, setting out specific core behavioural attributes and technical competencies standards aligned to business need. The framework supports future growth and development opportunities.
- Management and specialis: training requirements and approaches vary by department and business need. For example, we offer a finance training scheme to enable trainees to obtain a Chartered Institute of Management Accountants (CIMA) qualification.

Alongside specific role-based training, leadership development is in place to prepare future leaders in the business, comprising:

- Our CORE (Conversations, Outcomes, Relationships and Engagements) Leadership Programme: launched in 2019 this is aimed at colleagues recognised to have emerging talent to strengthen their leadership capability. The programme, delivered in four two-day modules, centres around our leadership standards and ensures participants practice what they learn and apply it in test settings through peer review and executive feedback.
- Leadership development: a broad range of workshops and programmes are available to our people leaders to support their skill development and growth. These range from supporting the understanding of leadership traits to leading a team effectively through an inclusive approach. Workshops cover the core skills of operating effectively including topics such as understanding risk, being clear on our people policies and procedures, coaching for performance, project and time management. These aim to enhance the colleague experience and upskill our leaders.
- Global BHE Leadership Development Programme: as part of the Berkshire Hathaway Energy (BHE) group of companies, opportunities exist each year for emerging leaders to participate with their peers from across the group in a Leadership Development Programme. The flagship programme is sponsored by each of the group company presidents and the curriculum centres around developing skills linked to the Core Leadership Expectations.

A step-change is needed in the skills we have as a business to deliver decarbonisation and in response to the growing role of data and digitalisation in the business. We will both develop our existing colleagues and seek talent and potential in new hires in response to these drivers for change. By developing our existing training frameworks, we plan to deliver these improvements and changes in our business' skills by:

Upskilling:

- We will support colleagues to develop evolving skills, in particular as part of the DSO and data strategies. For example, as detailed in [our DSO strategy](#), we see that engineers will need upskilling in risk-based decision making, in particular as deploying flexibility increasingly becomes part of our network intervention approach.
- As part of a recruitment drive to support decarbonisation, we will take on trainees in a range of fields with a view to creating a pipeline of “home grown” skilled employees for the future, ensuring the resilience of our workforce as the low carbon transition evolves over the coming years. For example we will establish strategic relationships with universities to attract the best graduates, and develop our structured graduate development programmes to attract multi-skilled high calibre graduates and develop them quickly into leadership roles.
- We will introduce virtual, augmented and fixed reality training to allow operational colleagues to experience working on the apparatus electronically within a safe environment before actually working on the network. This new dimension of training can be innovative for the industry. For example we will be piloting a training package for drivers of our fleet vehicles aimed at improving their ability to spot hazards and risks before setting off on their journey, parking and slow manoeuvres in tight conditions.

Multi-skilling:

- We will ensure that colleagues increasingly have more strings to their bows, enabling them to complete more aspects of a job and improving their overall understanding of the field in which they are operating. This will improve our agility as a business to adapt to change, additionally having a positive impact on employee engagement and productivity and opening more opportunities for progression to a greater number of people. For example we will be training colleagues to carry out multi-skill connection activities on the overhead and underground networks so that on-site jobs can be completed by a single team in a single visit instead of multiple teams with different skillsets having to visit the site. As well as delivering a more efficient service, it can reduce potential disruption caused to customer supply or by vehicles and equipment being on site.

Recruiting:

- As detailed in WR1 above, through the Workforce Renewal programme and improvements in our people processes, we will recruit new colleagues to enable us to deliver our commitments, in particular in relation to the low carbon agenda. This will take the form of identifying specific skills gaps and taking on the relevant experience before 2023, in addition to planning the pipeline for key skills in 2023-28 and beyond, including next-generation leadership.
- For example, in data and analytics (referred to in the DSO strategy and Digitalisation Strategy and Action Plan sections of the [business plan](#)), we need to bring in experienced specialists in this area in the immediate term, while we develop the graduate and apprenticeships that will sustainably build the breadth and depth of skills to be deployed across the business in the future.

Business Plan Deliverables

Ref	Deliverables	Key supporting initiatives
WR2.1	Provide a sector-leading training programme to equip our workforce with the evolving skills and techniques required to manage the future energy network. <i>(Refer to the Physical and Cyber resilience and Connections sections of our 2023-28 business plan.)</i>	<ul style="list-style-type: none"> – Additional £0.6m p.a. investment in training infrastructure – Ongoing technical skills refresher programme – Multi-skilling programme – Clear career pathways
WR2.2	Develop a new Smart Grid Technician Apprenticeship programme to train people for new, dedicated roles in managing the digital network and functions of a DSO <i>(Refer to our DSO strategy)</i>	<ul style="list-style-type: none"> – Development of new accredited apprenticeship scheme
WR2.3	Train our people in data management, analysis and use of new technologies to accelerate adoption of enhanced data and digital capabilities throughout our business <i>(Refer to our DSO strategy and Digitalisation Strategy and Action Plan.)</i>	<ul style="list-style-type: none"> – Dedicated data/digital training for technical and specialist roles – Company-wide upskilling in data management and analysis – DSO education and awareness programme

*Table 2: Business plan deliverables for WR2***WR3: Increase workforce engagement and strengthen partnerships with trade unions to become an even better, safer and more rewarding place to work for our colleagues**

The experience we create for colleagues is fundamental to successfully achieving our goals. Well-engaged colleagues are more productive and efficient, ensuring we offer customers the highest quality service for the best value. This becomes increasingly important as we compete with other businesses in our region, as well as our sector, for highly sought-after skills and talented people.

Safety and wellbeing

The nature of our business means that there are inherent risks in the work that many of our colleagues carry out. The safety of our people comes before anything else and we have an industry-leading safety performance over the past six years, built around a strong culture with zero-tolerance of unsafe behaviours and practices. The importance we place on this is reinforced daily through our leadership engagement programme, which sees managers across the business, including the executive team, undertake at least four site safety engagement visits per year, encouraging open dialogue, discussion and challenge around safety risks across the business.

We have rolled out a mental health first aider programme, training volunteers to create a support network to colleagues to encourage the breakdown of barriers around mental health related conversations. We plan to roll out mental health

awareness training to all colleagues, via online training modules, and expand the network of mental health first aiders. We will be expanding our programme of support measures for colleagues to include:

- proactive awareness, personal resilience and mindfulness training;
- more workplace mental health champions, with regular training; and
- a range of practical support tools and resources for colleagues and managers.

Employee voice – respected and valued

We work hard to understand how our colleagues view working for Northern Powergrid and how to improve their experience. We engage with them through many different means – some more structured than others. We ultimately expect our managers to lead their teams in a way that puts listening and engaging with our colleagues at the centre of their role. We also invest a significant amount of time and energy in fostering excellent working relationships with the trade unions that represent our colleagues. That creates a formal involvement in key things like agreeing pay and reward, the processes that guide competency development and progression and any other significant change we are making in our company.

We plan to undertake extensive employee engagement on our people strategy in the second half of 2021 to ensure that our people plans that will be in place for the 2023-28 period reflect the needs and values of our current and future workforce.

Alignment of pay and reward to delivery of business plan commitments

We have well-established pay, reward and incentive frameworks that are coupled to the delivery of business plan commitments and our overall company performance. We will continue with this approach in 2023-2028.

Executive, senior management, management and specialists

- Our company scorecard, which is calibrated annually with our shareholder (Berkshire Hathaway Energy) and sets targets to achieve or exceed levels that deliver customer commitments, impacts the overall value of the bonus pot available for distribution to colleagues.
- Assessment of personal contribution to the delivery of targets or initiatives that link directly to Company Scorecard outcomes, or other business plan commitments, impacts individual colleague reward.
- Going forward, we intend to maintain this approach. Both the company scorecard and individual targets and goals will be set to reinforce the delivery of the business plan commitments we make as part of this price control review. Targets will be reviewed on, at least, an annual basis to measure against progress and to incentivise continued improvement in service delivery and performance for customers.

Collectively bargained groups, including operational, technical, engineering and business support

- We have incorporated gainshare arrangements in collectively bargained pay settlements for over a decade. We review their suitability and content with our trade union colleagues at every pay negotiation.
- We have made most use of schemes like this to create additional rewards for colleagues when we drive improvement in relation to network performance, customer service and efficient delivery of our capital programmes. Primarily, this is tied to outcomes that were themselves incentivised by regulatory mechanisms, such as the Interruptions Incentive Scheme (IIS).
- Going forward, we intend to maintain the same approach of evaluating the potential for similar incentive mechanisms in dialogue with colleagues and trade unions.

Workplace of the future: flexible and digitally enabled

We want to be a forward-thinking, dynamic workplace to attract the best talent to our business. A key part of this is our plans to improve the colleague experience by upgrading our back-office IT environment, as well as seeking to automate processes across the business, as detailed in the Digitalisation Strategy and Action Plan section of the business plan. These changes will enable our teams to get the job done efficiently, and to focus more of their efforts on value-adding activities, resulting in a more engaged workforce thereby driving efficiency for customers.

We are exploring hybrid working practices to give our colleagues greater flexibility in fulfilling the requirements of their roles where possible. The COVID-19 pandemic has led to unprecedented changes in working practices and we want to embed the positive changes from this experience which will enable our teams to perform at their best. This will facilitate an improvement in diversity by ensuring that our careers are available, and attractive, to as wide a range of people as possible.

Related to this, we want to invest in our office spaces to make them effective for collaborative working to meet the needs of evolving working patterns following the pandemic, and to create comfortable, safe and motivating working environments that attracts new, and retains existing, talent when competing for scarce resource.

Business Plan Deliverables

Ref	Deliverables	Key supporting initiatives
WR3.1	Enhance our colleague health and wellbeing programme and manager training to reduce the stigma around mental health, better identify colleagues in need of help, and provide a range of pro-active, diagnostic and responsive support options. <i>(Refer to the Safety section of our 2023-28 business plan.)</i>	<ul style="list-style-type: none"> – Expand our network of mental health champions – Management training and resources for self-wellbeing and supporting teams – Collaboration with mental health charities and other organisations for best practice measures
WR3.2	Continue to actively engage trade unions on people and strategic issues to keep improving our colleague experience. <i>(Refer to the Openness and Transparency section of our 2023-28 business plan.)</i>	<ul style="list-style-type: none"> – Engagement on workforce plans for 2023-28 period – Annual engagement between trade unions and Northern Powergrid Board
WR3.3	Improve our digital-enabled workforce planning capabilities to maximise deployment of workers for an effective and efficient customer service <i>(Refer to the Reliability and Availability section of our 2023-28 business plan.)</i>	<ul style="list-style-type: none"> – Data-led workforce planning model – Further integration of planning and delivery systems, through digitalisation programme

Table 3: Business plan deliverables for WR3

WR4: Increase the diversity of our workforce and develop a more inclusive workplace culture, supported by increasingly effective data insights

The focus on workforce diversity in the 2023-28 period is incorporated throughout the plans laid out so far in our workforce strategy.

We are clear that we will approach the opportunities presented by the diversity and inclusion (D&I) agenda in a way that is authentic, pragmatic, ambitious and aligned to our values. We see it as an opportunity to build on a proud record of providing rewarding career opportunities for generations of families across the regions we serve, carrying that significant contribution into the next generation.

Attracting a more diverse range of people is essential for growing our workforce and expanding our skills, whilst creating a more inclusive workplace culture with flexibility to support a balanced working life will drive employee engagement.

Our demographics today reflect that industries like ours have historically been supported by workforces that were limited in both gender and ethnic diversity. Because the factors that lead to this outcome are complex and relatively deeply embedded in society, we acknowledge that we will need to take positive action to broaden the makeup of our workforce, in particular in leadership, technical and engineering roles, if we are to see this balance move in a meaningful way. The prize is a significant one: our teams will be stronger, our workforce will better represent the region that we serve, and – we believe – our employees will be better engaged.

For the past 18 months we have been listening to the views of stakeholders to shape our 2023-28 business plan. For workforce diversity and inclusion, the key messages were clear:

- Our approach to developing a more diverse workforce and inclusive culture should be non-discriminatory, provide equal opportunities and jobs should be awarded on merit
- Diversity goes beyond gender and race so we need to consider a broad range of demographics, such as neurodiversity, sexual orientation and disability.
- Everyone has a role to play in improving diversity and inclusion, but the tone comes from the top

Taking the stakeholder views and an assessment of business needs now, for the 2023-28 period and beyond we have determined three core D&I objectives that our plan will seek to address (figure 2):

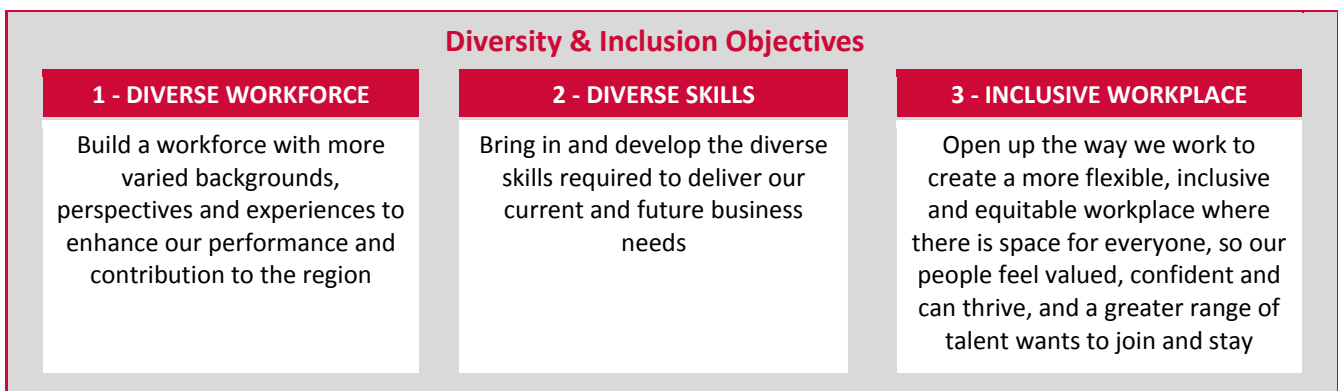


Figure 2: Diversity & inclusion objectives

We describe in WR1 above our plans to create more than 1,000 new jobs in our region in 2023-28. We want to use our recruitment power to be a more prominent force for good in our communities, providing new opportunities for under-represented groups of people who would previously have been unlikely to think about joining us. Our focus is to open up greater access to opportunities, reaching further into the communities we serve. We want to increase the number of applications that we receive from people in all under-represented groups. In our context, we will be particularly focused on increasing the participation of women, ethnic minorities and those from less advantaged communities to attract more talent to our business from people who previously would not have applied. However nobody will be excluded – and we believe that if we can improve in those three key areas we will see an improvement in all areas.

For our existing employees, the decarbonisation agenda and the progression towards an increasingly smart, digitalised and connected energy system open up more opportunities to upskill, develop and progress with us. We must ensure these opportunities are accessible to all and that we take targeted actions to remove any barriers that may prevent that.

We want colleagues to be confident to take these opportunities. To do so we are reviewing how we can provide more flexibility in our working practices and roles for all employees as they seek to balance work-life commitments. In doing so, in particular, we aim to reduce the likelihood that caring responsibilities negatively impact progression in the workplace. Statistically this is more likely to fall to women and therefore disproportionately impacts women’s advancement opportunities but we recognise that this can impact all people and we are committed to greater flexibility to enable progression.

Driving to improve diversity is a long-term objective, which will gather momentum as we make progress. More balanced representation in senior and technical positions will create role models for existing and future employees who can inspire under-represented groups to seek rewarding career progression at Northern Powergrid. We plan to highlight the success stories of people in our current workforce as part of our activities to promote opportunities to under-represented groups.

We are working to create a more inclusive workplace where there is space for everyone and a greater range of talent who wants to join and stay. We will be listening and learning from new and future employees on how we should do that. Bringing together colleagues with different backgrounds, skills and perspectives, and creating an environment where everyone can thrive, will best equip us to meet the challenges ahead, deliver for our customers and continue to be a force for good in the communities we serve.

Translating ambition into a meaningful plan

Opening up these opportunities within Northern Powergrid requires us to translate our ambitions into detailed and practical steps which we all can get behind with leadership at all levels and each colleague understanding their role.

We are in the process of developing a detailed D&I plan and will publish this by the end of 2021, following an extensive consultation and engagement programme with current and prospective employees.

We do not believe that we can address D&I in isolation. It is a major challenge for both the energy industry and employers across the UK. We will collaborate with organisations from a range of sectors to listen, learn, share insights and adopt effective practices. We will take coordinated action within the industry where collective efforts will be most powerful.

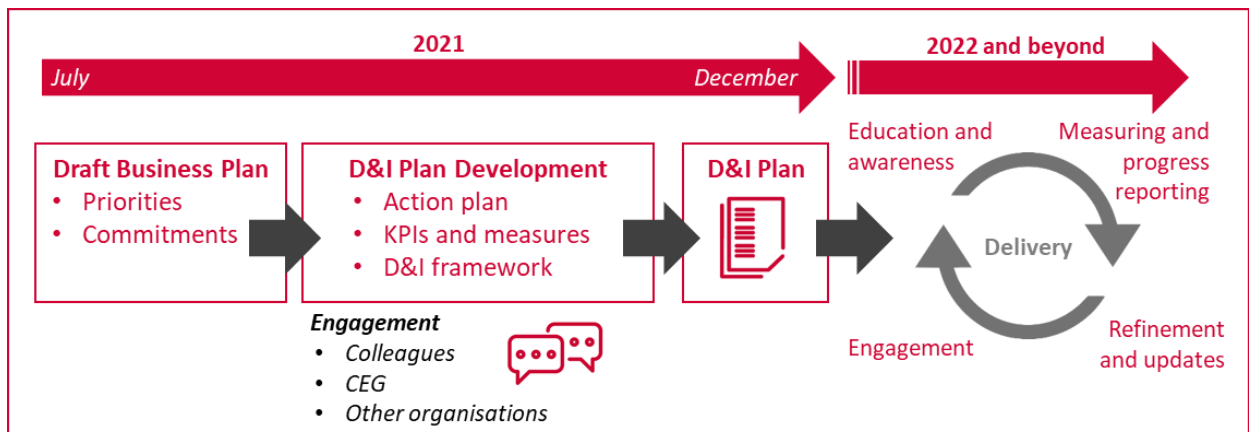


Figure 3: D&I Plan – Development and implementation

Using data insights to inform our D&I plan and measure progress

Increasing the value of insights, we can draw from data we hold about our existing and prospective employees, will help us to continually look at ways we adapt our approach for meaningful and sustainable change. Our ability to generate insights relies on having robust data and we will be taking action to increase the quality and depth of both our quantitative and qualitative data over the coming years. This will involve data collection campaigns and targeted collection at key interactions with applicants, new joiners and existing colleagues. Opening up the conversation on D&I and building trust with our current and prospective employees on why we capture this data and how we use it will be critical to facilitate this.

By the end of the 2023-28 period we will be a more diverse, inclusive and equitable organisation, but we will still only be part of the way on a long-term journey. We are prepared for this and recognise the need to evolve our commitments in line with the needs of our business, our employees and societal shifts.

We will be tracking and communicating progress against our core business plan commitments and, where we have robust and relevant employee data, we will be setting forecasts in our D&I plan (to be published by December 2021). These represent realistic but stretching steps towards reaching our desired outcomes.

Armed with the right information to assess the facts about diversity in our business, we will be able to identify and take positive action to address any barriers which have made our industry less accessible to diverse applicants, in doing so broadening the pool of candidates for selection. This will ensure that we can select candidates on merit and fair judgement about who is the right person for the job in every selection process. In our view, this is fundamental to equal opportunities for all.

Table 4 summarises some of the key measures we can use to track progress against our D&I ambitions.

Ambitions	Key measures
To attract a high number of talented people from diverse backgrounds to apply for opportunities	<ul style="list-style-type: none"> - % of new applicants by demographic group for: <ul style="list-style-type: none"> ▪ Graduate positions ▪ Apprenticeships ▪ Other workforce renewal roles ▪ All roles - % of successful applicants by diversity group for roles (split as above)
To retain talented people and provide challenging and rewarding progression opportunities	<ul style="list-style-type: none"> - Time in role/with Northern Powergrid - % of applicants by demographic group for internal promotion - % of successful applicants by demographic group for internal promotion - % of employees still with Northern Powergrid 2 years after joining / change in role - % of leavers (by role type and overall)
To build a more inclusive working environment , with greater flexible working opportunities	<ul style="list-style-type: none"> - Qualitative insights from colleague engagement on how inclusive they feel the workplace to be - Qualitative insights gathered from exit interviews - % full/part time (overall and by type of role and level) - % of employees with flexible working arrangements
To create a more diverse workforce overall and in engineering and leadership roles	<ul style="list-style-type: none"> - % of workforce overall and distribution by type of role and level - % in engineering roles (by diversity group) - % in leadership roles (by diversity group)

Table 4: Key measures to track progress on D&I

BUSINESS PLAN DELIVERABLES

Ref	Deliverables	Key supporting initiatives
WR4.1	Provide more flexibility in the working arrangements and range of benefits available to increase access to job opportunities and career progression, allowing all colleagues greater choice to support their individual needs	<ul style="list-style-type: none"> – Revise flexible working policies – Review job design to assess flexible working options – Promote flexible working opportunities internally and externally
WR4.2	Raise awareness and educate employees on D&I and, through ongoing top down and bottom up activities, help create a more open environment where people feel valued, confident and can thrive	<ul style="list-style-type: none"> – Unconscious bias and equipping bystanders training – Building diverse teams training – Supporting and promoting national diversity campaigns
WR4.3	Extend and upgrade our Leadership Expectations framework to incorporate D&I expectations and equip leaders with the knowledge and tools to deliver these and act as role models	<ul style="list-style-type: none"> – Formalise D&I accountabilities and standards within leadership expectations – Support and resources for managers to embed positive behaviours
WR4.4	Work collaboratively with external partners and fund research to develop innovative approaches to address key D&I challenges in our organisation and the sector	<ul style="list-style-type: none"> – Collaborate on D&I specific innovation project(s) with partner universities for research on improving D&I in the sector

*Table 5: Business plan deliverables for WR4***Aligned with other companies in our sector, we will monitor success in delivering our workforce resilience programme through a set of defined measures**

We have led a cross-sector working group to determine an appropriate set of metrics for companies to report publicly on progress made against shared industry-wide priorities for the 2023-28 period, recognising that each company will have its own priorities and actions contained in their business plans. The agreed measures are detailed in Table 6, below, and cover the following areas:

Diversity and inclusion

- reduce the gender pay gap;
- increase gender, ethnicity and disability workforce diversity;
- increase workforce diversity in STEM-related and leadership roles.

Workforce satisfaction

- improve workforce satisfaction to help in delivering an even better service for customers and an improved employee experience.

Mental health in the workplace

- improve employee wellbeing and targeted support measures for mental health.

There are no regulatory incentives related to these metrics and rather these are an opportunity to increase transparency to consumers on progress made against shared priorities.

We recognise the value of ongoing industry, and wider, collaboration to share insights and practical ideas for improving workforce management practices. It has been agreed that a workforce focussed working group will be established for the 2023-28 period to facilitate ongoing collaboration.

Priorities for 2023-28	Metrics
DIVERSITY AND INCLUSION	
1a) Reduce the gender pay gap	Gender pay gap <ul style="list-style-type: none"> • Mean and median gender pay gap in hourly pay • Mean and median bonus gender pay gap • Proportion of men and women receiving a bonus payment • Proportion of men and women in each pay quartile
1b) Increase gender, ethnicity and disability workforce diversity	Workforce demographics: All <ul style="list-style-type: none"> • Gender • Ethnicity • Disability
1c) Increase workforce diversity in STEM-related and leadership roles	Workforce demographics: Colleagues in STEM-related roles <ul style="list-style-type: none"> • Gender • Ethnicity
	Workforce demographics: Leadership roles <ul style="list-style-type: none"> • Gender • Ethnicity
WORKFORCE SATISFACTION	
2) Improve workforce satisfaction to help in delivering an even better service for customers and an improved employee experience	<p>The enduring working group will report publicly on an annual basis about progress made, key insights and actions being taken to improve workforce satisfaction.</p> <p>The enduring working group will discuss Workforce Satisfaction as a standing agenda topic.</p>
MENTAL HEALTH IN THE WORKPLACE	
3) Improve employee wellbeing and targeted support measures for mental health	<p>Each company will publish externally on at least an annual basis the progress it is making against the actions taken to improve mental health wellbeing in the workplace.</p> <p>Note: the nature of how and specific of what will be published will differ across the participants.</p> <p>The enduring working group will discuss Workforce Satisfaction as a standing agenda topic.</p>

Table 6: Cross-sector metrics for workforce resilience