



THE SKILLS ACCORD

DRIVING A SKILLS STEP CHANGE THROUGH PROCUREMENT



We rely on the energy and utilities sector to deliver the vital services that underpin our everyday lives: water, gas, power and waste for our homes and businesses. Ongoing skills investment, through sector attraction, recruitment, training and upskilling, is critical to ensuring efficient, safe and cost effective delivery of these services.

WHY DO WE NEED A SKILLS ACCORD?

As an industry we face major skills challenges – short and long term. At the same time, contractors seek to remain competitive and procurement teams are attracted to the lowest cost.

WHAT IS IT?

A new way of advancing the energy and utility sector supply chain to generate the required capacity and capability. The Skills Accord is a series of commitments requiring signatories to commit to relevant skills development within their own business and encourage the same through their supply chain.

The sector needs to invest in the current workforce and create new additional apprenticeships and traineeships. The Skills Accord focusses on formal training programmes targeted in areas of current and future skill shortages to ensure impact in the right place.

HOW HAS IT BEEN DEVELOPED?

To address these challenges procurement specialists across the energy and utility sector have developed a Skills Accord to help address the pressure on supply chain companies to drive sustainable skills while remaining competitive. The 12-month pilot implementation phase will launch in April 2016, allowing for stakeholder support and feedback, ready for full implementation in April 2017

208,000 new entrants are estimated to be required in the sector by 2027

Source: Energy & Utility Skills 2015.

THE COMMITMENTS

To promote and invest in the skills the sector needs most, signatories of the Accord agree to the following 5 commitments:

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

HM Treasury, National Infrastructure plan for Skills 2015

One of the key challenges stated in the plan was how to incentivise skills investment through procurement.

For the energy & utility sector this means ensuring procurement and engagement approaches provide appropriate incentives to retrain and up-skill the workforce to meet future skills demands.

KEY FEATURES

- Requirement to embed commitments into the procurement processes.
- Annual review procedure – to evaluate progress and refine accordingly.
- Signatories set a company specific training target, contributing to an overall sector target of 5%.
- Training eligibility criteria to ensure skills shortages are targeted in technical and operational areas.
- Signatories commit to reporting and monitoring to ensure compliance.
- Individual targets set based upon the services and contracts being delivered – recognising not all companies are the same.

ELIGIBLE TRAINING

- For technical, design or operational roles related to work on or associated with the asset.
- A significant training intervention (>3 months) that includes assessment of competence and / or knowledge and leads to a qualification or award. (For example apprenticeship, traineeship, HNC/HND, graduate programme etc.)
- Training must be shown to directly contribute to the development of skills or capability to perform an operational or technical role.

ANNUAL REVIEW PROCESS

Signatories are required to carry out an annual review of performance against the commitments.

This involves two processes:

- Quantitative Assessment - Measuring the sector target for compliance of commitment.
- Qualitative - Evaluation questionnaire - to measure compliance against commitments.

The process is simple to minimise administrative burden and unnecessary cost.

Next Steps

The pilot launches in April 2016 with 5 lead companies and a number of their strategic suppliers. All will sign the Skills Accord at a launch event **Autumn 2016**.

BENEFITS

The Skills Accord not only offers tools and support: you're also part of a highly respected network with a proven commitment to championing the sector.

The Skills Accord is applicable to UK-based employees of the supplier organisation who are directly involved in the energy and utility sector. Signatories to the Skills Accord incur an annual fee.

Benefits include:

- ▶ Signatories are able to access overarching central support and management of the Skills Accord, including annual evaluation and monitoring of workforce management strategies and training requirements.
- ▶ Signatories gain recognition from customer base for their strategic commitment to employee operational skills development.
- ▶ Signatories benefit through the development of sustainable procedures and continuous improvement of processes for a more resilient and agile workforce ensuring a more sustainable and successful business in the long term.

BY PLACING THE PROCUREMENT PROCESS AT THE HEART OF THIS TRANSFORMATION, WE ENSURE THAT AN INCREASED COMMITMENT TO INVESTING IN SKILLS AND TRAINING, NOT ONLY BENEFITS THE ASSET OWNING COMPANIES BUT ALSO SMEs.

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Skills Accord Partners

