

TA 7.5 Investing in our People Technical Annex

September 2018
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Navigation: TA 7.5 – Investing in our people

Purpose:

This annex provides further details on how we have understood our workforce and wider trends, the skills gaps we have identified and how we seek to address them. It provides a summary of our current understanding and the wide range of initiatives we have, and continue to, develop. It is not, nor is it intended to be, a full overview of our plans.

Table 1 - Relevant Ofwat tests

Ref	Ofwat test	Comment
	Primary Focus Areas	
	Has the company ensured that they have the capability to work within their workforce to provide the service their customers expect not just today but over the long term, in the face of potentially significant changes in how they do this and in the wider employment landscape?	This annex summarises the strategic workforce and skill-gap planning we have undertaken and the mitigating actions we have identified. These include improving training for existing staff, making our business more attractive to a diverse range of talent, strengthening our management capabilities and collaborating on a South East skills academy.
	Has the company ensured that they have plans in place to secure access to the workforce they need, including transferring knowledge and increasing diversity?	

Investing in our people

People development and building capabilities

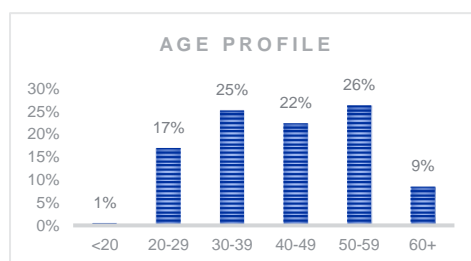
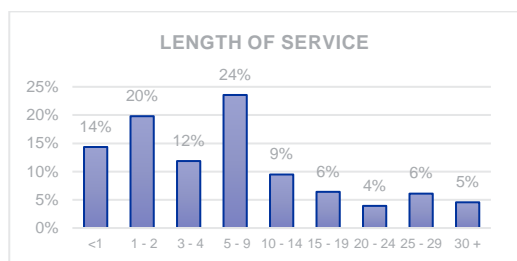
The labour market is dynamic, and we know the trends that will impact our ability to source and recruit the skills, knowledge and expertise we need. Our workforce profile is ageing, digital technology is transforming how we work, leaving the European Union may have a knock-on effect on labour availability for capital projects and our region has to compete with the draw of London.

We have developed a HR vision to drive people and organisational capabilities and shape a culture which supports the delivery of a resilient water future for the South East. We will achieve this through strong business partnerships, understanding the external landscape and creating an Employee Value Proposition that attracts, empowers and engages diverse talent.

Strategic workforce and skill-gap planning

It is vital that we understand the strategic workforce “current state” in order to identify current or potential gaps which will impact our readiness for the future and ability to meet short, medium and long-term business plans. We regularly review the workforce profile, capabilities and organisation size/design, key trends and anticipate how future changes affect our workforce sustainability and resilience.

- *Workforce profile* - 26% of the employees are aged between 50 and 59 with 9% above 60. This is correlated with length of service with 15% of employees with 20+ years of service. We recognise and plan for a number of experienced employees who will leave through retirement. Only 28% of employees are female providing an opportunity to increase diverse talent.



A mixed workforce enables us to be agile, bring in critical skills for a shorter period of time and flex to meet the changing business needs and industry dynamics. We will continue to utilise a blended workforce of Southern Water employees, contractors (i.e. Stantec), consultants, secondments, PhD students and apprenticeships

- *Emerging and growing capabilities* – the industry is rapidly transforming to become more technology-enabled and customer focused. We forecast a demand for particular skills, including digital expertise, analysing data, front line skills, customer centricity, specialist/multi skills, and key leadership and management competencies. Examples of the drivers and range of trends already identified are in Figure 1 below
- *Gap analysis and action planning* – we are seeking to address any current or forecasted future gaps in skills/capabilities, knowledge and expertise taking into account the trends, barriers and potential demand and supply in the labour market. A high-level of the plan to build the right workforce for tomorrow and minimise risks of executing the business plan is outlined below:

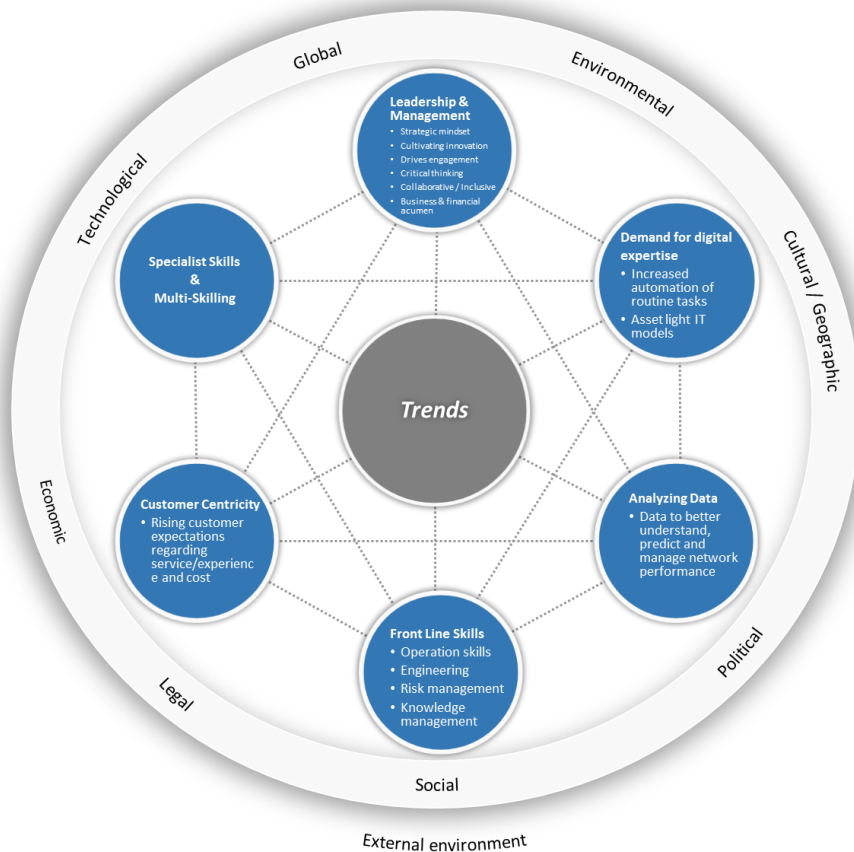


Figure 1 - Driving forces and trends for our workforce skills/capability, knowledge and competencies

Sourcing and recruiting the right people, with the right capabilities, at the right cost and at the right time

- Attracting diverse and untapped talent that is reflective of our local communities and customers by expanding our resourcing channels and optimising our employee value proposition. Examples of the range of sourcing options already identified and available in figure 3 below

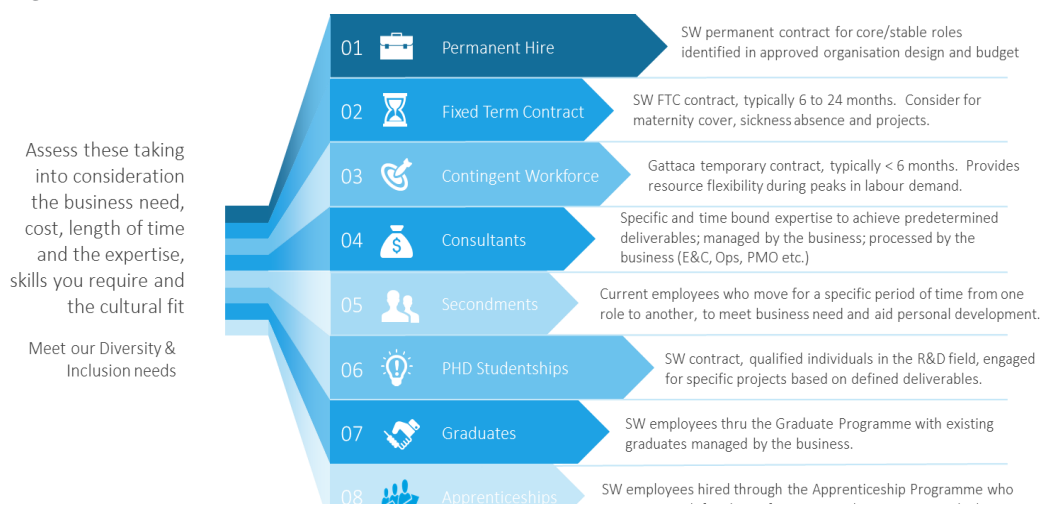


Figure 2 - Resourcing options – connect with the best talent in the right way

Investing in skills/capabilities and developing knowledge and expertise

- Establish a Skills Academy that is formed of company-wide development programmes and a strong collaboration with other water companies, county councils and local employers to leverage training provision and share leading practices, resources and facilities
- Expand our high-quality apprenticeship programme to attract entry level talent
- Designing and delivering Company level frameworks for Customer Service, Compliance and Business Performance and ODIs to set foundation and boost skill development
- Bridge knowledge gaps through bite size learning modules delivered through a Learning Management System supplemented by on the job learning
- Strategy is formed of a combination of in-house training/provision *and* in collaborating with others – taking an innovative approach.
- Deliver a high-quality and cost-effective Water First Development Programme to develop strategic operational skills
- Transformation Programme - as part of the design and delivery of the new operating models and organisation structures to build-in resilience and agility, clarify roles, accountabilities and the decision making process and validate that we have the right people and organisational capabilities for now and the future.
- Design and implement a new job architecture, with defined roles, responsibilities, reward programmes and career paths – allowing for greater flexibility and provide broader experience
- Expand the Operational Excellence programme which promotes the sharing of ideas, knowledge transfer, increases collaboration and reduces risks across operational sites by empowering colleagues to make decisions
- Regularly validate what roles will be filled with Southern Water employees (core/stable capabilities) and what roles will be filled by contractors and consultants - bringing critical skills and providing organisational flexibility

Developing our leadership and management capability

- Strengthen talent pipeline for critical roles and leadership positions through robust and targeted development process and plans. Accelerate readiness for the next role and with a focus on diversity
- Design and deliver an 18 month Management Development Programme to elevate management capabilities and empower our management community
- Focus on core competencies including, strategic mindset, cultivating innovation, driving engagement, critical thinking, collaborative / inclusive, building effective teams, business and financial acumen etc.

We have an integrated, holistic HR vision, mission and strategy which incorporates our resourcing and development activities, cultural transformation programme, employee engagement, performance management and total reward processes and systems. We believe our five year plan will ensure we can deliver for our employees and customers in the next AMP and beyond. Examples of the range of activities planned and already underway are in Figure 1 below.

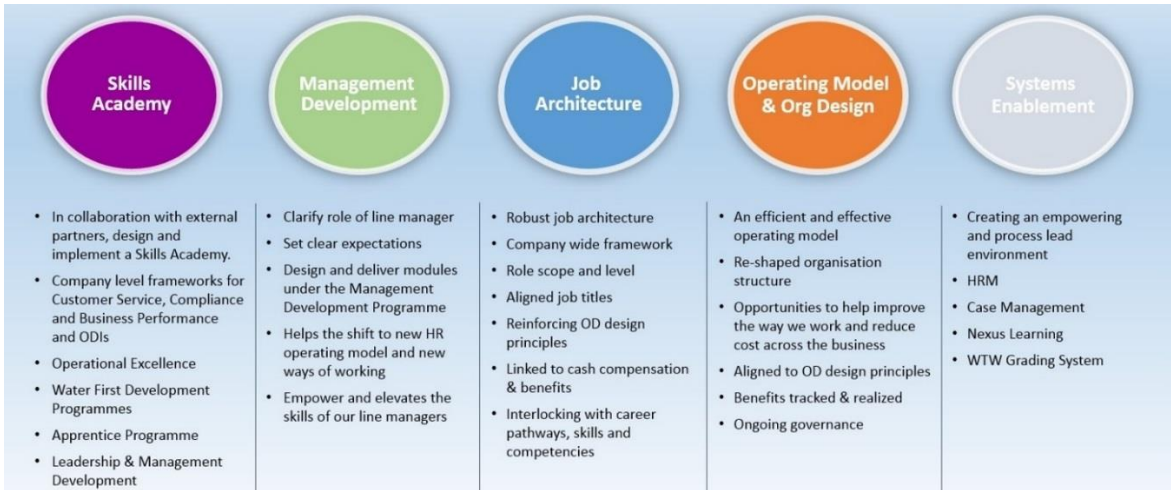


Figure 3: Five HR transformational programmes