

Additional Information

Non-operational IT Capex Re-opener

HR Transformation to address the recruitment,
development, and retention challenges of the UK
labour market

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OFGEM Feedback

OFGEM Comments and references to update following SQs

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Needs Case

2.1 Executive Summary

This application is for the purpose of SGN's Non-Operational IT Capex Re-opener and a modification to our original business plan submission. [REDACTED]

The past 2 years has signalled an unprecedented, and unforeseeable, shift in the employee marketplace. The combination of COVID 19 and the ensuing "great resignation" has fundamentally altered how existing employees and potential recruits must be handled. Although evolution of core HR process and systems was expected across GD2, these external factors have resulted in an extreme step change in scale we could not have foreseen at the time the business plan was defined. The speed and scale of this revolution in the industry market place necessitates an urgent redress which goes far beyond the scope of normal day to day "business as usual" and exceeds the capability of our current teams and systems.

This funding will radically modernise our HR capabilities to enable high volume recruitment and competency assurance in response to unprecedented changes in the employee ecosystem, driven by external factors in the wider market [REDACTED]

This paper will detail how we plan to enable a strategic shift in how we manage our workforce and ensure continued safety and resilience of our service by augmenting system capabilities across our HR and L&D estate. Planned enhancements include:

- Expediting volume recruitment through expansion of our current back office HR systems to handle bulk candidacy assessment and onboarding.
- Digitalising knowledge retention and ensuring competency assurance in new recruits through state of the art, modern learning tools, e.g. AR/VR.
- Reversing high employee attrition through modernisation and self service within our digital platforms in areas of payroll, learning and development, and absence reporting.
- Improving visibility of core HR and L&D data through alignment and opening up of our core HR data to reporting platforms in line with our open data commitments.

The program of work detailed not only ensures modern and appropriate tooling but embeds the requisite process changes necessary to ensure the tooling meets the challenge posed by the market evolution.

2.2 Background

When preparing our GD2 plans, the marked shift in the employee ecosystem, and the pace of that change, could not have been foreseen. COVID 19 was an unprecedented influence across the industry and the marketplace ecosystem shift has outpaced our standard evolution of the associated people systems and process. This has had a harsh impact on our ability to recruit, train and retain competent staff in the volumes required to continue to meet our licence obligations.

The result is an urgent need for change to enable us to continue to provide a resilient service:

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- Fundamental changes in the employee marketplace due to COVID 19 since the original GD2 submission, expected to continue through to the end of this GD2 period.
- An essential process transformation change in existing teams and roles to support high volume recruitment and complex technical training and onboarding requirements to meet this evolving ecosystem.
- An increasing risk due to manual processing of increased volumes of recruitment and employee demand.
- Over-reliance on small numbers of specialist resources triggering simplification and alignment of tools, data, and processes.
- The need to improve staff retention in key roles. With complex training necessary to achieve technical competence, the lead time to achieve competence is much longer than for most sectors, making retention even more critical to maintain resilience.
- [REDACTED]

The above drivers do not constitute a short term peak in demand, but are a clear indication of a fundamental long term evolution in the wider marketplace for which our current HR process model for recruitment and development is not adequate to support.

Historically this sector has enjoyed long term stability and low turnover of resources. This is no longer the case and is particularly evident within our Southern Network. We can no longer assume workforce competence will be achieved over the lifetime of an employee and retained within the organisation through continuity of the individuals in those roles. With the acceleration of employee churn across the industry we need to be increasingly innovative in how we retain knowledge and assure continued competency within our frontline teams. This will only be achieved through improved digitalisation of these key activities.

Making these strategic improvements to our systems and processes now is critical to continue to provide a safe and reliable service across the remainder of GD2, and solidly underpin any future GD3 requirements in these areas.

As has been detailed throughout this paper, without investment in our core people process and systems, SGN will have increasing difficulties recruiting and retaining critical functions within the organisation over the remainder of GD2. This significantly compromises our ability to deliver a resilient, safe service in the coming years and poses an exponential risk as we look at energy transition competence. At the core of our desire for change in the areas spelled out within this paper is a drive to ensure business continuity and service resilience. Without Ofgem's support, we will be unable to succeed.

These drivers feed into two key but distinct areas of change; both requiring targeted and long term improvements:

- Recruitment, Onboarding, and Retention
- Learning and Development

The funding requested in this submission will cover the creation and delivery of distinct outputs, aligned to the objectives for the target areas above. The solution amalgamates fit for purpose technology, appropriate tooling and embedding of supporting process across impacted business areas. The objectives of these workstreams are designed to ensure the best experience for people joining and staying with SGN. This will enable us to attract quality candidates and better compete in an increasingly digital world where the expectations of our employees and potential recruits are moving at a pace we are unable to keep up with, without further investment. Investing in these core

areas now will ensure our business remains resilient now and is future proofed against challenges ahead.

We plan to deliver the changes aligned to our 2 key areas of focus; recruitment, onboarding, and retention, and, learning and development, via a complex programme of changes aligned to 3 targeted workstreams. These workstreams are interlinked and encompass both the systems improvements required to meet the overarching need, and the embedding of process required to successfully leverage the capability the enhanced tooling will enable.

Each workstream will provide distinct outputs aligned to their individual objectives, but by recognising and leveraging inter-dependency between each stream, a more cost-effective programme of change has been designed. Our core strategy in the target areas is changing to align with current market trends. These workstreams are designed to ensure the technology landscape changes support this shift.

Workstream	Objective	Output
1 - People and Process 	<ol style="list-style-type: none">1. Enable increased volume of throughput ensuring we are fully and competently resourced to fulfil our licence obligations.2. Assurance of competency across our workforce whilst maintaining resilience of service.	<ol style="list-style-type: none">1. Batch recruitment vetting and assessment capability.2. Role-based training capability
2 – Technology and Data 	<ol style="list-style-type: none">1. Support retention through improved employee experience with easy to use, modern digital offerings.2. Improve visibility, alignment, and integrity of data	<ol style="list-style-type: none">1. Self-service for core HR transactions, (for example, training booking, expenses and pay).2. Automation, digitisation, and enhanced reporting tooling across the back-office estate.
3 - People, Organisation and Development 	<ol style="list-style-type: none">1. Improve key knowledge retention and transition through digitised training.2. Support open data objectives through digitisation of core process material	<ol style="list-style-type: none">1. AR/VR training capability and content in key processes.2. Video capture capability for training and competency assessment/inspection.

2.3 Alignment with overall business strategy and commitments



SGN’s overall business strategy for the remainder of GD2 and into GD3 is to continue to drive efficiency and improvements within our core business. A safe and reliable supply is at the core of our values. We are augmenting this with further enhancements in digitalisation to support both the industry move towards open data across networks and energy transition changes as we move towards a net zero undertaking. This paper focusses on our internal people processes and tooling which drives our ability to meet these core strategic goals.

SGN’s people and development processes are derived from various regulatory obligations, for example, diversity or competence, and are in line with industry standards. Our core employee lifecycle is underpinned by an ecosystem of dedicated tools aligned with those core processes.

As the wider marketplace evolves, so must our people strategy. This is driving a fundamental system shift towards efficiency, resilience, improved experience, and visibility to support the core objectives of our people strategy.

In early GD2, SGN (Scotia Gas Networks) implemented a series of upgrades to the core systems underpinning the HR (Human Resources) processes. These ensured resiliency of the tooling throughout GD2, thus maintaining the safe, secure services under our licence obligations.

This enabled a solid foundation on which to enhance the offering to support an evolving workforce landscape. Our processes in the areas of recruitment, onboarding, retention, and development are changing to align with current market trends. This investment paper serves to outline how the technology landscape must change to support this shift.

The options outlined in this proposal are also aligned with cyber and data objectives within the organisation.

2.4 Problem Statement

SGN do not currently have sufficient funding to resource and tool appropriately to meet the challenges in digitalisation of HR processes common in a modern workplace. COVID 19, changing work demographic and expectations, and the great resignation have simultaneously created a

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‘perfect storm’ which our existing tools and resources cannot keep pace with, nor could we have forecasted when GD2 plans were defined.

SGN’s current process model for recruitment, retention and capability development is based on an historical standard, not unusual in this industry, of specialist resources in long tenure with the organisation. There has traditionally been a low turnover of staff in key engineering roles. Our processes and systems mirror this historical model and are scaled for low volume recruitment with heavily manual processes to maintain competency, develop skills and day to day administration of active employees.

Due to external factors, such as COVID 19, there has been a fundamental shift in the industry wide workforce and SGN is noting a significant shift in notable KPIs related to resourcing, development, and retention. We, as many in our industry are finding, that potential recruits and existing employees have fundamentally shifted their expectations following workplace changes during the COVID pandemic. Employees are expecting a more flexible working environment with greater expectations of digitalisation within their role, more flexibility in training methods and tools, and more options for progression. We are also seeing a marked reduction in applicants for our key operational roles; hence a desire to put more focus towards an apprenticeship-based recruitment model to future proof our organisation.

[REDACTED]

In recruitment of new talent to replace leavers and augment our existing workforce, the job market is still proving challenging for our industry. The number of vacancies across the UK has dropped by 3.6% over the last quarter, but vacancies across the Electricity & Gas sectors remain unchanged. This means we are still very much in competition for the best talent in the market. [REDACTED]

[REDACTED]

Professional competency standards are monitored, and compliance is in line with industry requirements. Regulation in this area is well understood and our processes are scaled to match with the expected pace of change based on experience in GD1 and early GD2. With the path to net zero and energy transition evolving, changes to the competency model are significant, different competencies are expected. This is another area where we are reliant on manual administration, and processes scaled to a static and competent workforce. The current model assumes monitoring compliance and pro-actively reassessing an already skilled workforce to maintain competency, rather than a substantial number of new hires who must be assessed and proven competent before being able to operate in our network.

Management of recruitment and training in the volumes now required to maintain a safe and reliable network is key to meeting our licence obligations for the remainder of GD2.

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Manual processes always bring with them risk of human error. This risk increases the higher the volume and pace needed within these processes. Historically the volume throughput has been sufficiently low to mitigate any inherent risk with manual data entry and processing. This is no longer the case, and the data integrity of the records is an increasing risk. It is essential our workforce is skilled and compliant to maintain a reliable service. Better visibility and quality of the recorded data is essential to maintaining integrity and to pro-actively plan training outside of peak times to ensure we have the best availability of skilled and competent resources when they are at their highest demand. This fundamentally allows us to better serve our customer base at peak times.

The increasing complexity of skills required in operational roles as we move towards net zero, coupled with the unprecedented churn in the employee marketplace drives an exponential rise in new or innovative training methods and materials to meet the demand of an evolving workspace whilst maintaining a competent workforce within these key roles. This will become ever more critical to ensure continuation of our safe and reliable supply.

SGN has several critical, complex maintenance processes which are carried out infrequently (e.g., annually). The maintenance operatives are critical people, they have the knowledge and experience to conduct these maintenance checks however many are nearing retirement and there is a risk that critical skills and knowledge will be lost. SGN needs:

- a way to record the physical process of executing these processes
- a way to train new maintenance operatives in how to execute the process correctly considering health and safety protocols
- an audit trail of the training and any tests passed
- an interactive guide which is available onsite to demonstrate asset features and materials and step through each process.

By further evolving our training offering to also include the latest AR/VR technology to digitise currently manual safety critical processes, we see an opportunity to not only attract and retain an industry leading workforce through more effective succession planning and knowledge transfer, but also allow us to share and re-use common processes in Transmission and Distribution with Networks as well as future service providers in line with future open data objectives.

The digital capture and augmentation of training, workforce practices and quality management controls around select high-risk processes and use cases will help ensure SGN can develop and maintain skill sets in critical field functions, digitalise field operations for increased efficacy and efficiency, attract and retain talent and ensure our rigorous operational health and safety posture is maintained.

We have a number of core processes which again have been scaled based on historical data models. These include a considerable number of our payroll processes. We currently have a small payroll team who are operating at capacity and cannot cope with the additional throughput our essential recruitment drives will generate.

Our learning model is based on a central training admin team assigning training on a course-by-course basis to individuals. As our volume of individuals increases, this single transaction model is no longer deemed fit for purpose. A move to consolidated job roles with a core base training curriculum for each is needed to ensure consistency within our workforce. Role based training is also expected to provide a significant improvement in employee experience by driving consistency and demonstrating clear expectations across roles within our workforce.

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There are also opportunities for self-service in both payroll and training which we see as a key opportunity to, again, improve employee experience by giving our workforce more control over their own development and more visibility in the areas that affect them most such as pay and benefits.

Option Selection

3.1 Preferred options detail

3.1.1 Detailed Options Comparison

Option 1 - Do Nothing.

To Do Nothing poses significant risk to the ongoing resilience of our core operations, safety, and regulatory compliance.

SGN recognise that the marketplace has evolved faster than our current recruitment, onboarding, development, and retention processes manage. In an environment where turn-over continues to be unprecedentedly high, to maintain safe operating standards, maintaining and where necessary, growing, a competent workforce is essential to being able to safely maintain the standards of our licence obligations.

It is SGN's view that continuing with the status quo, risks failing to maintain critical operational knowledge and skills to ensure a safe, secure, and resilient service. This will result in regulatory non-compliance, unacceptable exposure to operational risk, irretrievable loss of industry knowledge and, failure to deliver on our licence obligations.

Failing to recognise the evolving resourcing ecosystem and act at this stage will likely result in a higher cost to close widening gaps as we approach GD3. We are already behind the curve and risk facing a larger issue.

The increasing volume of transactions in all areas of the employee lifecycle increases risk of poor data quality and integrity being handled via existing manual processes that are not designed for bulk volumes.

To meet our resourcing requirements for key competencies, a change in strategy is essential. It is an industry wide issue in the current environment to attract and recruit trained candidates in the volumes required to maintain safe and reliant operations. A move to better assess, and onboard quickly, already competent candidates; ramp up apprentice schemes to build talent from within; and reverse the high turnover of staff within key roles will be required before the end of GD2 to stand us in solid stead as we move into GD3. To try to meet this challenge with our current processes and systems will inevitably increase overhead and operating costs through additional administrative headcount. This headcount has not been anticipated [REDACTED]

Option 2 – HR transformation through enhancements of existing back office supporting systems for HR and L&D (Learning & Development)

This option, as recommended in this paper, will require an end-to-end assessment and revision of core processes and systems governing the employee lifecycle from candidacy through recruitment

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and onboarding, to long term retention. This will involve reassessing all aspects of the employee experience with strategic improvements in our existing HR system landscape being critical to meeting the objectives.

SGN already have a well-established back-office estate with Oracle eBusiness Suite (EBS) integrating with a purpose-built industry LMS (learning management system) tool. Both core systems are stable, secure, and resilient. Both have recently undergone upgrades to current recommended vendor versions. In addition, in 2020 the LMS solution (Cornerstone) was enhanced to accommodate a custom-built Competency assessment system to monitor and maintain our regulatory competency under our licence obligations.

SGN propose to build on to this core foundation in the following areas:

- Consolidate job roles and courses within the LMS to focus on role-based training. Although significant, this is a configuration and adoption of existing functionality already provided by the Cornerstone product.
- Implement self-service learning and culture through a blended learning approach underpinned by enhanced configuration of already licenced functionality within the Cornerstone product.
- Implement Oracle HR Command Centres within the Oracle EBS HR module to improve visibility of operations people centric data across the organisation, driving better planning, resourcing, and operational resiliency.
- Implement self-service functions in key HR enquiry areas; payroll processes, absence recording, expenses etc. to drive improvements in overall employee experience and facilitate automation in the end to end.
- Implement centralised management of job adverts and responses through implementation of an industry recognised tool, e.g., Broadbean.
- Leverage new data and analytics functionality to improve, and where missing, create, reporting on diversity and inclusion, operational competency, competency and role-based resource mapping, training adoption and costs. Further reporting requirements are expected to emerge as the process re-engineering phase of the project progresses; therefore, a full range of reports cannot be anticipated at this stage. (Further details of how this will be managed are detailed in the project approach section of the paper.) This is also intended to allow us to better use data to create insight that can be acted on to improve our business and manage risk.
- Automation of historically manual processes across the end-to-end lifecycle.
- Content creation supporting energy transition.
- Automation of self-service training to support appropriate blended learning and development approaches in line with revised people strategy.
- Implement video capture capability within the competency assessment process to enable remote assessment and create shareable materials aligned with our knowledge retention goals.
- Implement AR/VR capability into our standard operating practices and expand the capability

This option recognises the significant effort requirement to revise and realign our processes to a model which fits the current market ecosystem; whilst accepting that the tooling and infrastructure required to underpin these new processes already exists, in part, within our technology landscape.

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This option is the most cost effective, timely and pragmatic response to the overarching problem by promoting better understanding and use of tools we already have [REDACTED]

Option 3 - HR Process transformation with replacement of core LMS and re-engineering of Back Office application estate

This option requires the same process re-engineering detailed in Option 2; however, with replacement of our existing [REDACTED] architecture with an industry recognised HR management system; for example, WorkDay.

This option is expected to be significantly more expensive and less optimum for several reasons:

- Workday, or similar, would replace the HR system components of our technology landscape only. There would still be a requirement to integrate with the core Oracle EBS for finance management. HR and Financial management are closely interlinked; therefore, it is not possible to fully divest these core functionalities from each other without significant reengineering and creation of new integrations to maintain integrity throughout our corporate management systems.
- The effort required for data migration of learning records to a new SaaS tool is significant. Any effort would also include restructuring of that data based on the revised processes being generated.
- New tooling would also drive a need to fully retrain across our organisation. This is a significant undertaking.
- The pull on SME, (subject matter expert) resources from our core HR business teams are estimated to be 50-100% higher than those required for Option 2 and at time when those teams are already stretched.
- SGN has a bespoke competency management system built into its LMS which would have to be recreated in any replacement tool due to the regulatory compliance obligations of our licence. [REDACTED]
[REDACTED]
Failure to maintain this functionality would have significant impact on our ability to maintain and evidence competency within our workforce.
- Several new complex integrations would have to be built to support implementation of a new core system into our estate.

3.1.2 Consideration preferred project option selection

The options outlined above were investigated on the recognition that without a fundamental change in the way we approach our resourcing lifecycle, SGN will be at increasing risk of failing to maintain critical operational knowledge and skills to ensure a safe, secure, and resilient service for the remainder of GD2. This is also a fundamental foundation to underpin a continuation in view of energy transition into GD3.

It is recognised that factors external to SGN have forced a re-evaluation of our strategy towards people and process. When defining options appropriate to meeting the challenge to our continued operations by these external factors as standard options selection process was adopted: objectives definition, prioritisation (standard MOSCOW ranking), option generation, assessment of options against key factors; degree to which objective is met, risk, cost comparison, culminating in the

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recommendation of Option 2: HR process model change and system enhancements of existing back office supporting systems for HR and L&D.

Do nothing is a non-viable option. The remaining 2 options both have a core redesign of the fundamental end to end employee process at their core with system changes underpinning and overarching drive to automate, drive down data quality errors and manual overhead and increase recruitment and retention across the organisation.

The determining factors between Options 2 and 3, come down to minimising cost and disruption to service. Both options require significant resourcing to complete; however, by better understanding and leveraging the tools already enabled on our estate and focussing on strategic enhancements, Option 2 limits the overall impact to our core business functions to only what is essential; therefore, permitting us to maintain safety and resiliency of service in our core operating functions even when implementing a significant change programme in parallel.

Option 2 also is a significant cost saving on Option 3. SGN is proposing to spend an additional [REDACTED] over the remaining term of GD2 to implement the improvements laid out in this paper. As we are leveraging, where possible, existing tools and licence models, delivery costs for the technology portion of the programme are significantly lower than Option 3.

3.1.2.1 Description

As has been detailed earlier in this paper, SGN has identified key gaps in tooling and how we manage knowledge retention within our workforce, which are already out of alignment with wider market pressures across the industry. These gaps are preventing us from evolving our workforce appropriately quickly to meet current challenges in recruitment and development; therefore, increasing risk to our core safe and reliable operations.

Addressing the core issues detailed in section 2, problem statement, will allow us to maintain critical headcount and more importantly, develop to ensure industry leading resource. This will ensure we meet all obligations of our current licencing agreement while building in resilience and continuity for future operations. As has been stated, the current levels of investment for GD2 were based on an unforeseen market shift and will not be sufficient to allow us to evolve in a meaningful way in line with the objectives of our license to operate.

The solution described in this document allows us to better leverage the talent and competency we have within SGN teams now, and more quickly build the workforce needed for our future challenges. It is our assertion that failing to implement this programme will result in regulatory non-compliance and a significant impact to our core business continuity model.

Driving these changes now will put us in good stead for GD3 – driving cost efficiencies into that licencing period. Failing to act now and pushing the problem further down the road will simply exacerbate the impacts and widen the gaps. This will inevitably result in more significant investment being required at a later stage and an increasing risk to the safety and resilience of our core operations and customers.

3.1.3 Project delivery and monitoring

Section 3.3 details the project methodology including governance model, planning and costs in full detail. In summary, it is expected that this programme will follow SGN's standard programme governance methodology. There will be 3 distinct workstreams, governed by a programme manager

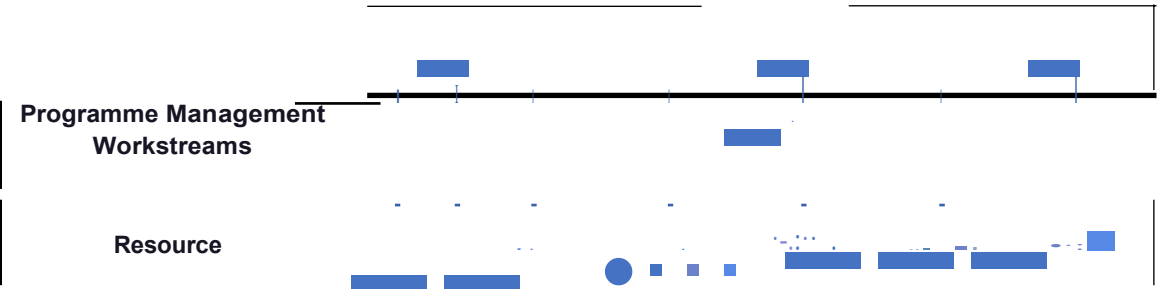
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with a dedicated change manager working alongside to embed process changes. At the core of this project is a process model change leveraging appropriate technology for automation and training.

At this stage, all elements of the programme have undergone requirements assessment with the key business areas involved and appropriate high-level designs have been assessed to validate the solution proposed is fit for purpose. Formal vendor assessment will be subject to a procurement event which will ensure that the tools adopted are industry standard and fit with detailed requirements.

The programme has full internal support from both IT and HR Directorate sponsors; however, formal approval of the project cannot take place without a positive investment determination from Ofgem. This will be a significant undertaking and we are unable to divert existing resources to accommodate. The project will undergo formal approval in SGN's standard regulatory budget forum following Ofgem's determination.

The high-level programme delivery structure is summarised below. These programme resources will be aligned with the key SMEs (Subject Matter Experts) in the business teams impacted to ensure a clean delivery and supported handover back into those teams aligned with the core objectives.



3.2 Technical feasibility and consumer benefit

Technical feasibility of this project is already proven. By leveraging underused functionalities in our existing estate, we already have a solid understanding of the limits and can minimise data migration and manipulation.

Although a final determination of tooling to bridge gaps in the job advertising process will not occur until a formal procurement event as part of the project, sufficient assessment of our requirements by SMEs in the recruitment arena has been undertaken to ensure that our need aligns with industry recommended tooling in use at similar organisations.

3.2.1 Requirement

The key purpose and scope of this submission is to secure the investment required to enable SGN to maintain resiliency of operations in a vastly changed workforce marketplace. This includes scaling up and digitising across all aspects of the employee lifecycle. This project will enable us to assure resiliency through the remainder of GD2 and future proofed a solid foundation into GD3 with the evolution of the energy sector.

This project proposes a 2-year programme of work to implement relevant systems changes – with new tooling where appropriate – across the people processes most aligned to our resourcing and upskilling competent frontline roles. This is dependent on a culture change within the organisation to embrace a new strategy on learning and engagement. Change management and a clear adoption approach is a key requirement which will be fully framed during the mobilisation and detailed design phase of the implementation project under each workstream.

3.2.2 Solution

The solution hinges on a re-engineering and digitalising our core people processes (rather than gap fill) by leveraging mature systems we already have to better support a less manual and more effective process model. This is expected to ensure best efficiency of implementation – not only from a cost perspective, but also recognising the problem exists now and the more quickly we can address it, the better to ensure resiliency of our operations.

SGNs HR technology estate has at its core an Oracle EBS (eBusiness suite), integrated with an industry standard SaaS solution, Cornerstone On Demand. This is surrounded by a suite of satellite systems, spreadsheets and documents which require manual intervention to capture and interrogate the data for key HR decision making, payroll execution, training administration and similar key people processes.

The technology solution and how it addresses the core business areas of concern are detailed in sections below at high level. Each area will require a further detailed design phase which is included within the programme plan. All target areas will undergo stringent testing commensurate with the type of change. Business subject matter experts, aligned with experienced IT test managers and analysts will design test strategies which ensure the technology solutions and the processes are fully aligned.

High level benefits have already been assessed but full design of benefits assessment and mapping will be handled within the appropriate workstream. Long term measurement and monitoring will be handled in line with our standard corporate benefits realisation process.

3.2.2.1 Recruitment

Our Cornerstone instance hosts our recruitment solution from job adverts, through to candidate assessment and offer. This is currently achieved using a mixture of core modules within the solution and some bespoke forms which handle, amongst other things, approvals, but are not fully integrated. The process and the technology set up is scaled for one candidate, one job.

Cornerstone core modules in recruitment and learning can handle automated assessments and recruitment in larger scale than our current configuration allows. Cornerstone propose to perform an independent review of our configuration and apply targeted changes. This will future proof our operation without the overhead of data migration to a new tool when capability exists in our existing tool.

New tooling is proposed to fill the gap in our ability to reach out to as many relevant candidates as possible. Currently job board proliferation is currently manual. Industry tooling exists which will handle this on behalf of our recruitment team.

3.2.2.2 Onboarding

SGN propose reassessing our end to end joiner process to close gaps between core HR systems and wider SGN systems, for example identity management, to reduce manual overhead and risk of processes applied incorrectly (or missed altogether). This will involve some updated integration.

3.2.2.3 Retention

The treatment here crosses multiple processes and systems. Our intent is to remove satellite, disconnected processes to improve the overall employee experience while also vastly augmenting SGN's visibility and management of competent resources to combat the risk driven by the unprecedently high levels of churn across the industry. This will involve implementation and enhancement of self-service options in Oracle EBS and Cornerstone aligned with revised processes for Payroll and training, alongside a role-based learning configuration, using state of the art knowledge capture tooling to digitise key activities to ensure specialist industry knowledge remains within our organisation and can be coconsistently shared across our workforce.

We also intend to improve data processing, integrity, and visibility thorough automation of key payroll processes, aided by self service approval workflows; and increased reporting leveraging our data and analytics tools such as Tableau in line with our open data commitments. This improved MI will drive better knowledge retention, and resource modelling linked directly to competency.

3.2.2.4 Learning evolution

We intend to redesign our job role definitions to align with core competencies which will facilitate role-based learning. The technology solution will leverage our existing Cornerstone learning management system to implement a core curriculum per role. This will rely on a blended mode of learning – eLearning where appropriate, with traditional classroom training courses also within the curriculums as required. This solution will enable an overarching framework of consistency and competency within our resourcing models through reconfiguration of our learning matrix aligned with a renewed process map.

We also intend to implement video capture and AR/VR training tools to enable consistent, modern, digitalised learning in key processes.

3.3 Project delivery and monitoring

3.3.1 Project Scope

The fundamental objective of this programme of work is to enable SGN to recruit more effectively, onboard and train faster and improve retention rates across the organisation.

This includes the following scope:

- Implementation of base competency model aligned to frontline roles with remote video capture capability for assessment assurance and knowledge retention. Implementation of digital tooling and automation across the employee lifecycle.

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- Implementation of anywhere, anytime learning culture
- Implementation of role-based training capability
- Implementation of bulk recruitment and assessment tooling
- Implementation of job advert proliferation tooling
- Implementation of self-service employee processes – training, HR administration and payroll
- Implementation of reporting for cost, role-based compliance, resourcing. (Note, full reporting scope will evolve during detailed design phase)
- Implementation of a robust support model for new tooling and functionality.
- Digitalisation of [REDACTED] critical manual processes through AR/VR solution.
- Training content creation for knowledge retention of key processes and energy transition.
- Associated business change activities to embed above technology across the organisation.

3.3.2 Project Out of Scope

The areas out of scope of this project are:

- Integration gaps already covered in Cyber re-opener for Identity Management
- Non-HR Reporting related to open data strategy (included in Data and Analytics paper)

3.3.3 Project Objectives

The objectives of this programme have been outlined in detail throughout this paper. In summary, we intend to re-engineer our management of recruitment, onboarding, retention, and development with changes to tooling and systems to:

- Recruit in bulk (batches of 100+ versus current single transactional model)
- Onboard quickly and to required competency standard for role.
- Ensure consistency of skilling and upskilling based on job role.
- Embed culture of flexible learning – blended learning approach.
- Increase visibility of training information – costs, competency etc.

Improve retention of key skilled resources and knowledge.

Meeting these objectives will ensure SGN can continue to operate a safe and reliable network despite evolving market pressures.

3.3.4 Project Assumptions

Project assumptions will be managed in line with SGN's corporate project governance model. A managed RAID will be implemented for each workstream which the Programme Manager will be responsible for tracking and maintaining throughout the transformation. This is standard operating practice within SGN.

High level requirements have been categorised by priority and scale within a structured requirements backlog which will be expanded upon during the design phase of the programme. It is assumed that higher priority deliverables will be managed and delivered as early as possible within the delivery phase of each workstream. Although the programme is not fully agile in nature, the workstreams have been designed to permit a more agile delivery mechanism where the size, complexity and reach of the change permits.

3.3.5 Constraints

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The key constraint within this programme is resourcing. This is a significant process transformation undertaking and failure to access the right subject matter experts within the core teams will have significant impact on the ability to deliver the change.

In line with our standard programme governance processes, further constraints will be identified and managed during the individual workstream design phases.

3.3.6 Dependencies

There will be many interlinked dependencies between the Workstreams and their Objectives. These dependencies will exist across objectives within the same workstream and across workstreams.

The primary dependency will be the process reengineering. Although some of the lower-level system changes (automation of single transaction background manual processes for example) can be worked in parallel, the fundamental tooling changes are dependent on a landing being reached on how the overarching process gaps will be filled. This will ensure tooling is fit for purpose and that the objectives can be delivered.

Availability of business SMEs over the project timeline will be critical.

Once SGN's investment request has been approved and our capability development programme is established, associated supporting Control Documents will be established. Typically, a Project Control Book (PCB) is created, this workbook is the formal project management document used to manage and control the project. This includes a detailed list of all the dependencies on the project which project managers ensure is maintained continuously.

3.3.7 Project Deliverables (Documentation)

A full list of standard project documentation – Project definition document (PDD), Plans, Finance, Comms plan, etc which will be created for each individual project within this programme of work. In addition, the following project specific documentation will also be produced:

- Full process design and appropriate controlled documents for maintenance of re-engineered/re-tooled HR processes. (Where necessary this will include any employee consultation required.)
- A revised RACI and resource plan for both business and technology resources throughout the programme, with ongoing model to support viability long term.
- A revised process model covering recruitment, onboarding, development, and retention.
- Appropriate Procurement documentation to facilitate the tender processes where necessary.
- Contracts for all new technology or additional licences required.
- Full end to end design of system architecture.
- Run book for release steps.
- Full support model and appropriate transition material to ensure long term operational viability after the project completion.
- Training documents for users of any new or changed processes or functionality.
- Training material for key processes and energy transition and AR/VR.
- Functional summary for all relevant modules. (Outcome of Functional Discovery sessions in initiation phase of delivery)
- Test strategy document, including all test phase plans
- New / or updated test scrips where functionality has been added or changed. This will include automation test script details where applicable.

- Video collateral supporting competency.

3.3.8 [Redacted]

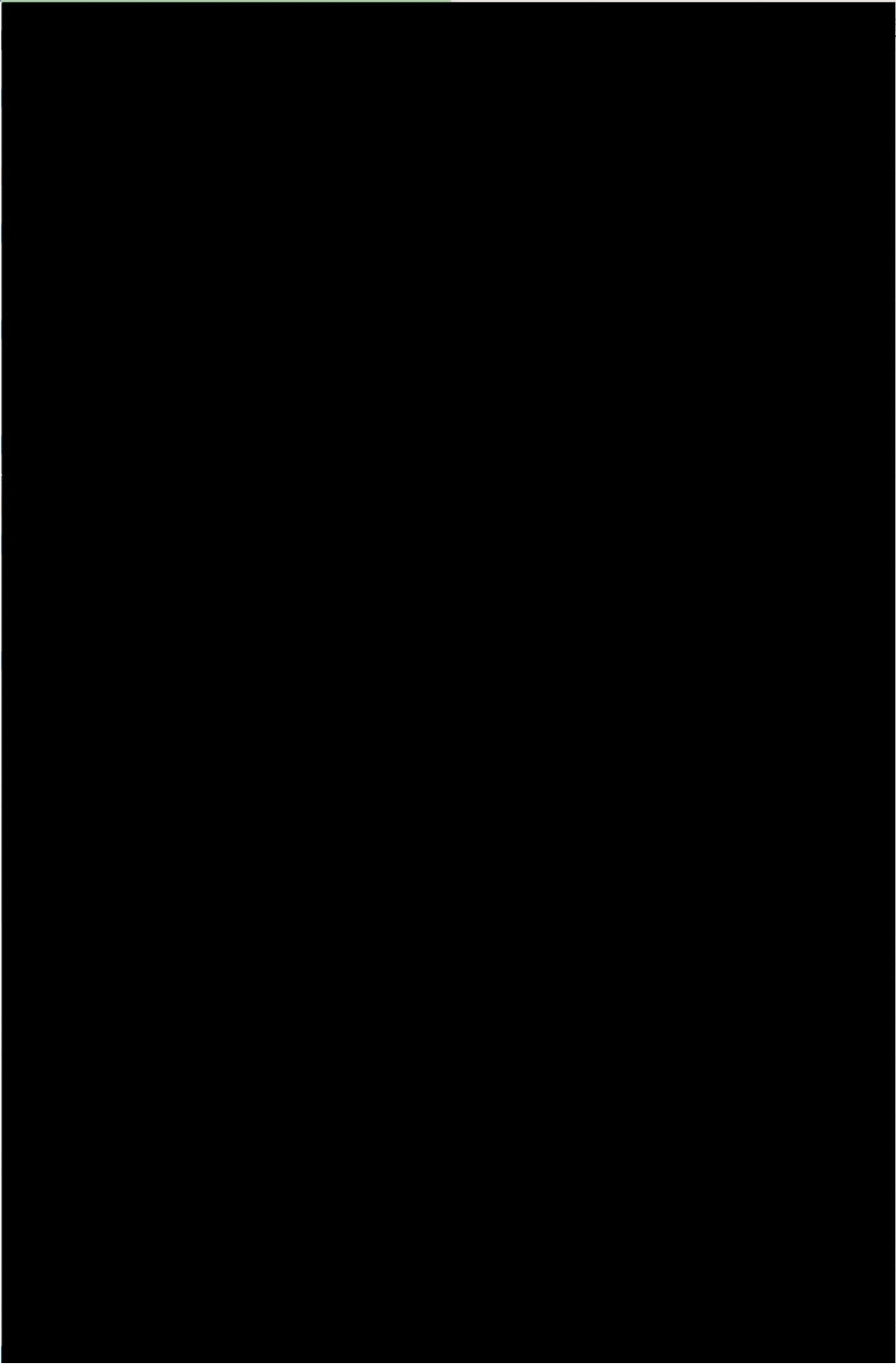
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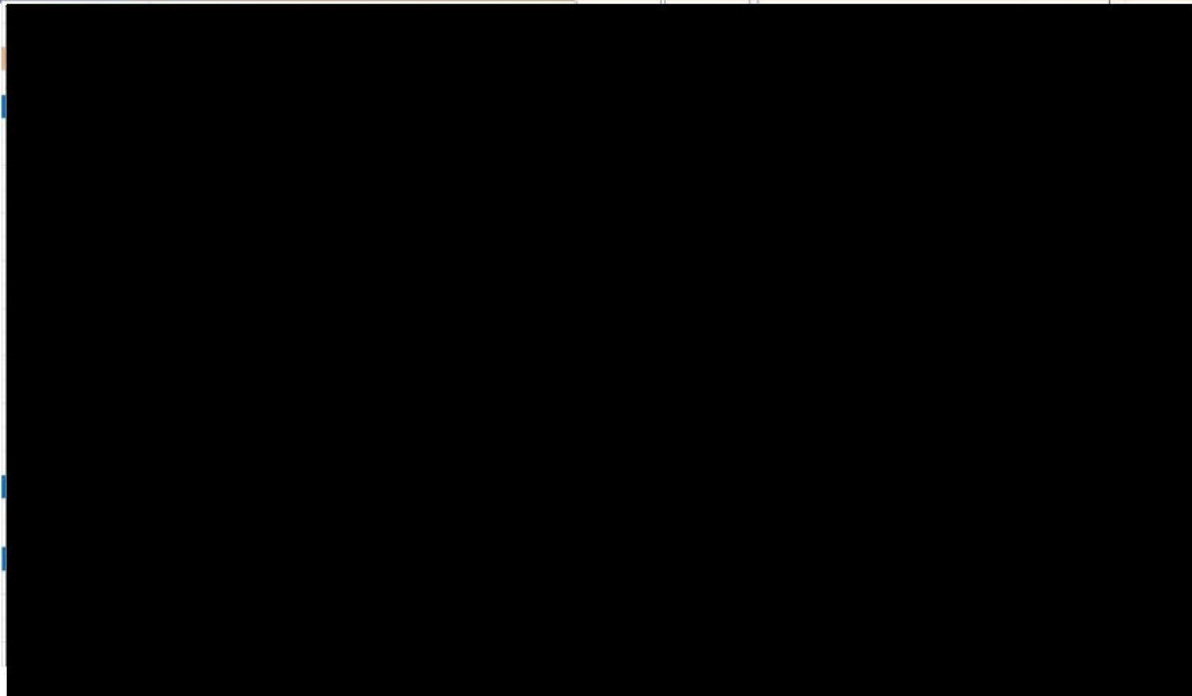
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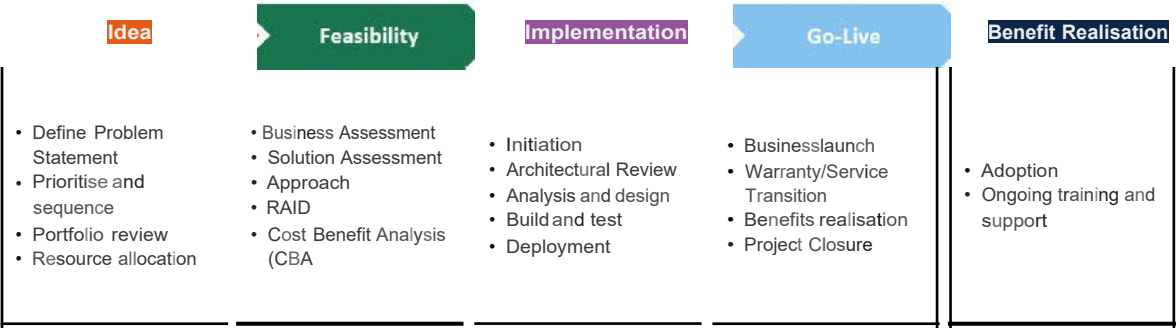
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3.3.9 Project Governance

SGN CAPEX projects follow the project management stages outlined below. This process applies to all IT change and covers both mandatory change and benefit driven IT initiatives.



This project has already been reviewed and approved by our Executive Committee and Non-Executive Board as part of our essential "mandatory" IT programme of work during GD2 on which our safe and reliable business plan is based. However, as the requested investment is over £250k an Executive paper will be written and presented to the SGN Executive Committee at the end of the feasibility stage for formal approval to commence delivery of the solution.

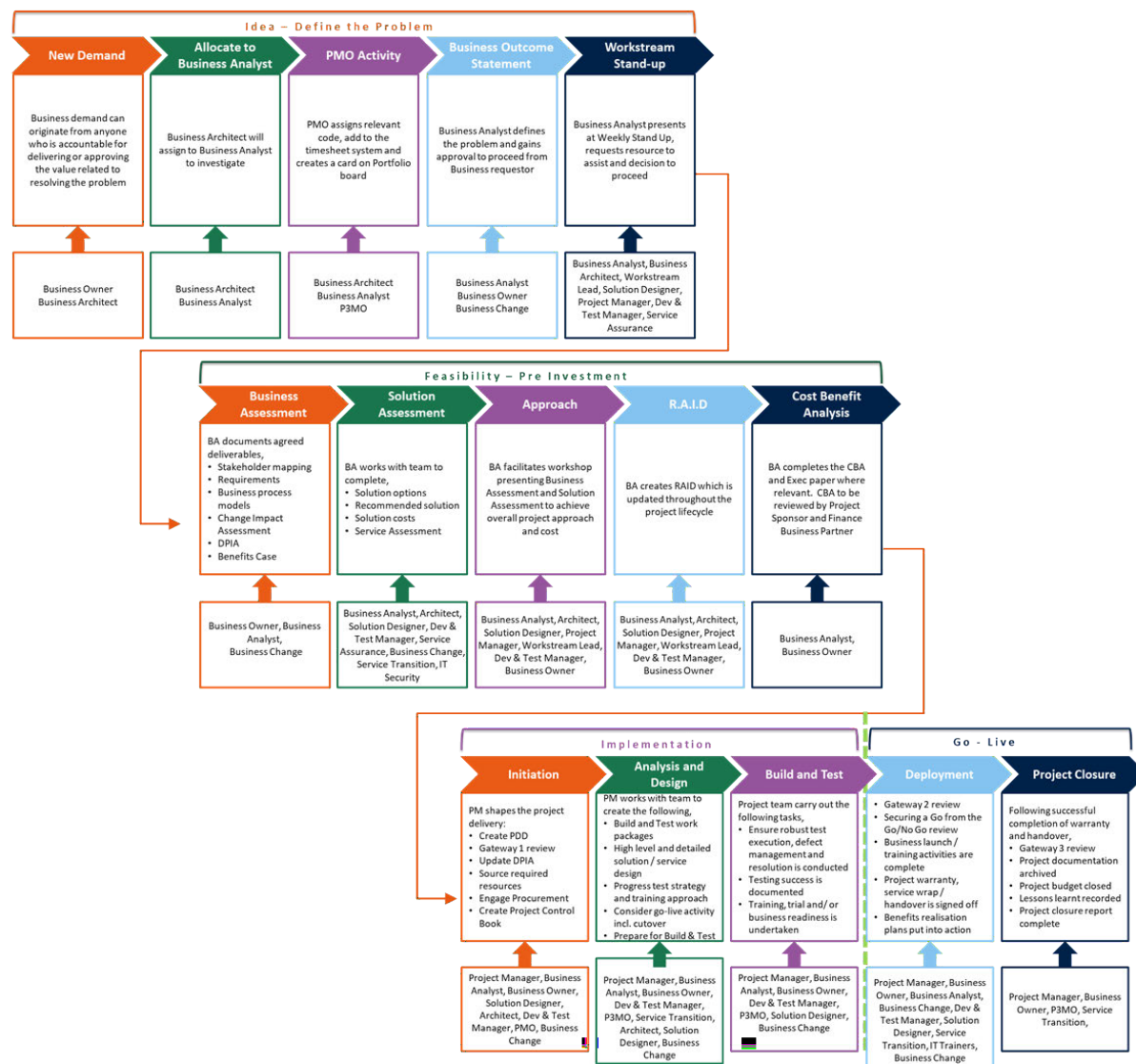
Each of the stages above are broken down into further substages. This helps to ensure that the investment remains viable and that allthe relevant stakeholders are engaged at the appropriate stage.

Benefits will be assessed at the Idea, Feasibility, and Implementation stages. If at any stage the benefits are no longer viable the project will be stopped.

The diagram below shows the different substages and the key stakeholders involved at each

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substage.



Gateway Process

IT & Telecoms projects follow a gateway process which is tailored to fit the size and complexity of the work being undertaken. The Gateways are designed to provide SGN and stakeholders with independent assurance by IT Assurance (a function within P3MO) on the status of projects being run within the IT department. There will be a minimum of 3 gateway meetings for this investment.

- Gateway 1 Meeting – Will happen prior to financial approval towards the end of feasibility stage when there is a detailed Business Case / Minimal Viable Product / Conceptual Design
- Gateway 2 Meeting – Will happen at go / no go decision point(s) during the implementation stage. On larger investments such as this one, there will be multiple Gateway 2 meetings to ensure that the project is adhering to governance standards and meeting its stated objectives
- Gateway 3 Meeting – Will happen at the end of warranty to allow the project to close and handover to business-as-usual support.

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Gateway review meetings are chaired by IT Assurance and the outcome of these meetings are final. There are three possible outcomes:

- Approved - Approved to proceed to the next stage or approval to close the project
- Approved to proceed with caveats - Outstanding actions will be monitored by IT Assurance and escalated to the monthly IT Change Portfolio Review Board if follow up actions are not completed
- Not Approved (Failed) - The project is not approved to proceed or there are outstanding actions preventing the project from closing. These must be resolved before the project can continue

Governance Forums

Following formal investment approval by the SGN Executive Committee at the end of the feasibility stage the project will become subject to the following regular governance forums to ensure that the project is achieving its stated objectives.

Steering Committees (Execor Operational)	Project Meetings	Project Stand Ups
<p>Monthly or as required (determined by the Programme complexity) Provides guidance and direction to the programme/project Agrees decisions</p> <ul style="list-style-type: none"> • Delivery update • Budget and benefit update • Risks & Issue update and escalation • Change & Exception approvals • Business change management update <p>Attendees: Exec Sponsor, Lead Business Reps, Project Manager, Workstream Lead, Head of Digital Delivery</p>	<p>Weekly/Fortnightly review meeting covering:</p> <ul style="list-style-type: none"> • Progress to date • Change management • Plan update • RAID review • Blockers • Escalations • Finance update <ul style="list-style-type: none"> • Fortnightly formal risks and issue review meeting with P3MO • Change & Exception review with P3MO <p>Attendees: Project Manager, Project Team Members, Workstream Lead, P3MO, Lead Business Reps and Suppliers</p>	<p>Daily/Weekly review meeting</p> <ul style="list-style-type: none"> • Short progress update • Blockers • Escalations <p>Attendees: Project Manager, Project Team Members, Lead Business Reps (if deliverables are included)</p>

Control Documents

In addition, once the investment has been approved, the Project Control Book (PCB) is created. This workbook is the formal project management document used to manage and control the project. The PCB contains the following information:

PCB Control Tab	Frequency of Update
Action Log	Contains all the project actions. PMs to update at least weekly
Assumptions	A list of all the project assumptions. PMs to update at least weekly
Changes	A list of all the changes on the project, including pending and approved changes. PMs to update as required
Dependencies	A list of all the dependencies on the project. PMs to update at least weekly
Exceptions	A list of all the exceptions on the project, including pending and approved exceptions. PMs to update as required

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Gateway Assurance	Depending on the type of project, there will be a variable number of Gateways. These will be completed as part of P3MO assurance processes
Health Check	Automated from other Control Documents – For P3MO Use Only
Health Check PM Actions	PMs to update as required (in response to P3MO review action requests)
Highlight Report	PMs to complete weekly (COP Wed)
Issues	A list of all the project issues. PMs to update at least weekly
Lessons Learnt	PM to update throughout life of project
Log	To be used for decisions and other notes
RACI	The RACI outlines all the deliverables of the project. This needs to be updated every time the status changes on any of the project deliverables
Risks	A list of all the project risks. PMs to update at least weekly
Stakeholders	List of key contacts and roles

Risk Management

Project risks will be documented in the PCB. Each risk will be assessed in terms of impact and probability which automatically calculates the risk exposure and risk RAG priority. Each risk must have a risk response associated to it. The risk could represent either a threat or an opportunity.

Threat responses are:

- AVOID – Action will be taken to remove the cause of the risk (the action MUST remove the chance of the risk ever happening)
- REDUCE – Action will be taken to change the probability of the risk occurring and/or the impact of the risk
- TRANSFER – Action will be taken to pass part of the risk to a third party (e.g. insurance where the insurer picks up the cost)
- SHARE – Seeks for multiple parties (e.g Suppliers) to share the risk on a pain/gain share basis
- ACCEPT – The organisation ‘takes the chance’ that the risk will occur, with its full impact, if it did
- PREPARE CONTINGENT PLANS – This option involves preparing plans now, but not taking action now. Most usually associated with the accept option, preparing contingency plans in this instance is stating that we will accept the risk for now, but we will plan for what we will do if the situation changes.

Opportunity responses are:

- EXPLOIT – Action to implement the cause of an opportunity and make it happen
- ENHANCE – Action to make the opportunity more likely to occur

A mitigation plan and contingency plan, should the risk occur will be created for each risk. Each risk will have an escalation level associated with it. The risk escalation level specifies the forum the risk is reported to.

- Project – The risk has been logged for monitoring and tracking purposes only and can be managed within the project. No escalation required.
- Programme – **Either** the Risk / Issue is within the Project Manager’s control but the nature of it requires it to be escalated to the IT Leadership Team so they are aware of it, (this will then appear on the weekly highlight report) **OR** the risk / issue is outside the project manager’s control and requires a decision or approval from the IT LeadershipTeam on the course of action to take to mitigate/resolve it.

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- Enterprise – The Risk / Issue requires escalation to the Programme Steering Group for the Project Sponsor to approve and make a decision on (i.e. the action to address the risk / issue would cause the project to exceed a tolerance threshold or the nature of the decision to be made or risk requires the Project Board to approve or be aware of it).
- Supplier – The risk / issue is supplier related and should be escalated and communicated in the specific supplier monthly review for a mitigation plan to be agreed.

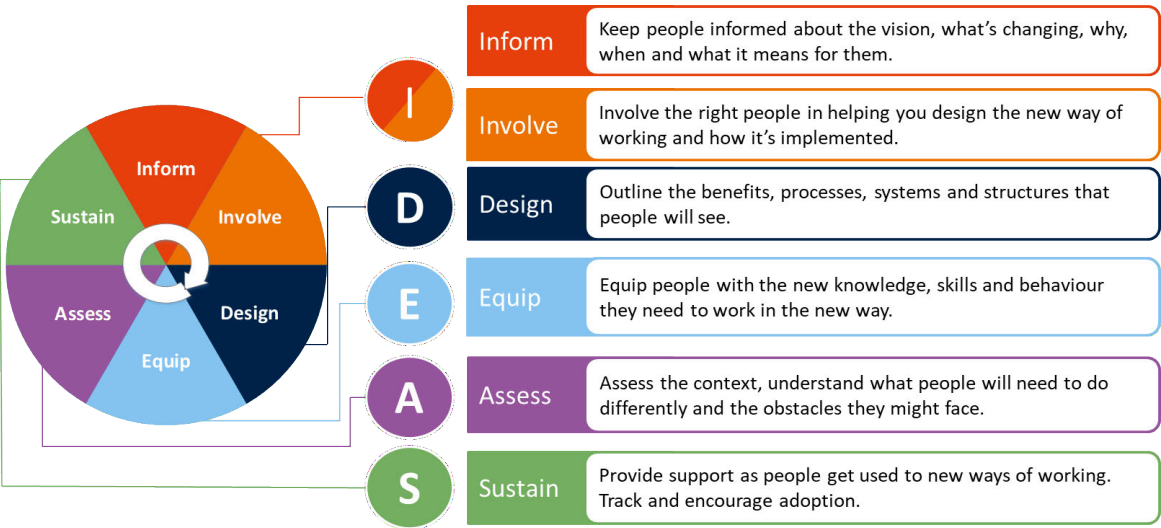
Risks will be assessed informally by the Project Manager every week and as the project moves stages. They are also assessed formally in the fortnightly programme RAID review, with escalations discussed at the programme steering groups. Depending on the severity of the risk, Enterprise risks may be assigned to a member of the IT Leadership Team and added to the IT Operational Risk Register which is reviewed at the quarterly SGN Risk Committee.

Financial Management

The finances for the project are documented outside of the PCB in a finance forecast workbook. These workbooks feed into the monthly finance review with the Head of Digital Delivery, where the phasing of project spend, dependencies and progress against budget are discussed. The output from this meeting feeds into the monthly budget Finance reviews held between the Director of IT, the CFO and the CEO.

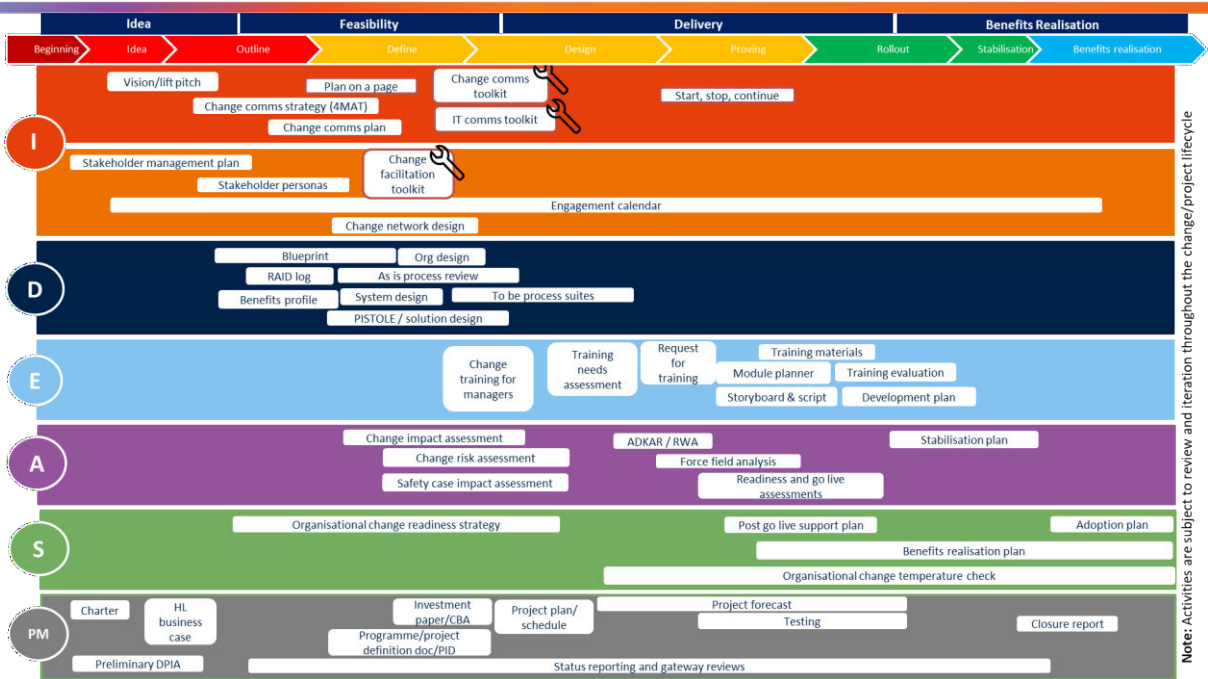
Business Change Management

SGN have developed a change management framework to support the planning and delivery of business change. The process reduces business risk by ensuring that the impacted areas are ready for change. The process is circular by design as in many instances each segment will be revisited multiple times over the course of the project.



The business change management framework is aligned to the project stages and is scalable depending on the complexity of the project. The business change management team and P3MO provide support and guidance on choosing the appropriate tools for the investment.

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Summary

The combination of the governance meetings, the PCB, the finance reviews, the risk reviews, the business change management framework and the P3MO assurance process ensures that all of the key stakeholders are kept informed of the projects progress against its stated objectives, enabling them to make informed decisions during the project lifecycle

3.3.10 Project Communications

A communication plan following SGN’s standard programme governance processes will be implemented. This will ensure all levels of the organisation will be involved as appropriate. This will be aligned to the governance process detailed above.

3.4 Cost Information

3.4.1 Cost Breakdown of preferred option.

SGN Non-Operational IT Capex Reopener - HRTransformation

Project Costs (22-23 prices)



Project Costs (18-19 prices)



Scotland Project Costs (22-23 prices)

Scotland Project Costs (18-19 prices)

Scotland Project Costs (22-23 Prices)

Southern Project Costs (18-19 Prices)

The risk profile, as assessed at this stage of project maturity, is:

[Redacted Content]

[Redacted Content]

3.4.2 Justification and efficiency of costs

The costs represent a solution which is pragmatic yet offers future proofing in line with our commitments to wider digitalisation of our processes and further aligns with the industry aspiration to enable digitalised open data to work across our networks for a more streamlined organisation.

During the programme, funding governance checkpoints are in place which will ensure the objectives are met within accepted tolerance at each stage. These, at minimum, are governed through monthly reviews of finance forecasting and actuals against delivery.

Our gateway process, as detailed in section 3.3.9 further holds to account the fiscal management of the programme.

3.5 Level of detail of cost information

Please see cost and planning breakdowns above. At this stage of programme planning and solution high level design, costs are based on previous activities of commensurate scale and complexity. This is enhanced through discussions with potential supplier organisations on the offerings within their tools. It should be recognised that a procurement event will constitute part of the programme which will fix these assumptions and costs. A risk element has been built into the cost summary commensurate with the level of assumptions which have had to be made on solution at this level of design.

3.6 Assessment Process

Project Justification: See section 2.3 above, on the problem statement, the impact of not delivering this project as well as section 3.2 on technical feasibility and consumer benefits.

Project Definition: See section 3.3 above on scope, deliverables, objectives, assumptions, and dependencies.

Project Resources and Cost Assurance: See section 3.4.1 above on the cost model and resource assumptions to deliver the project.

Appendix

- 4.1 [Redacted]
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Glossary of terms

Acronym / Notation / Term	Acronym / Definition	Description
AR/VR	Augmented Reality / Virtual Reality	Learning method using augmented reality technology to guide learners through complex activities in real time
AWS	Amazon Web Services	Cloud infrastructure platform
Blended Learning	Learning framework comprising online, classroom or mentored learning	Learning framework fit for purpose of activity.
Capex	Capital Expenditure	Funds used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment.
ED&I (or EDI)	Equality, Diversity and Inclusion	Framework and regulations supporting diverse and inclusive workforce.
LMS	Learning Management System	Repository and management of training records and online learning content.
Opex	Operating Expenditure	Operating expenses include rent, equipment, inventory costs, marketing, payroll, insurance, step costs, and funds allocated for research and development.
P3MO (or PMO)	Portfolio, Programme and Projects Management Office	Central IT function to provide project governance, control and reporting.
SaaS	Software as a Service	A software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted. It is sometimes referred to as "on-demand software"