

Our strategic approach to stakeholder engagement and consumer vulnerability

2020/21 Stakeholder Engagement and Consumer Vulnerability Incentive



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THAN ALL THE OTHER
DNOs COMBINED



UK Power Networks is the country's largest electricity distributor, making sure the lights stay on for more than eight million homes and businesses across London, the South East and the East of England.

Every year we take the opportunity through the Stakeholder Engagement and Consumer Vulnerability (SECV) submission to summarise how we engage with our wide range of stakeholders and address key consumer vulnerability issues. This suite of reports aims to demonstrate how we embrace wider social and environmental objectives through our engagement activities while ensuring the ongoing delivery of an efficient network.

Our submission is divided into three parts:

Part 1

Outlines our strategic approach to engaging and working with stakeholders and supporting those in vulnerable circumstances

Part 2

Highlights the results and impact that we have delivered through engaging with our stakeholders

Part 3

Focuses on the initiatives and impact we have delivered to support those in vulnerable circumstances

Report contents and structure

This is Part 1 of our 2020/21 SECV Submission.

This year we expand on how we measure and deliver the greatest impact through our initiatives, as a result of the personal and passionate engagement of our employees.

Chief Executive's introduction

01

How stakeholder engagement is key to improving business performance

02

Our stakeholder engagement strategy

03-04

Our customer vulnerability strategy

05-06

Measuring overall impact of our strategies and initiatives

07-08

An embedded culture of stakeholder engagement

09

Collaboration with partners and sharing best practice

10

We have included additional information on the low carbon journey of producing this report. Please turn to the back two pages if you would like to find out more.

Chief Executive's introduction

At UK Power Networks, we strive to be the best performing distribution network operator. We have clarity of purpose as an organisation, defined by our vision which is to be an employer of choice, a respected and trusted corporate citizen, whilst being sustainably cost efficient.



This year has been dominated by several strategic issues. The UK Government has set a target to reduce emissions by 78% from 1990 levels by 2035 – 15 years ahead of its original target; electricity distribution networks will play a vital role to realise this ambition. We have experienced the ongoing impacts of the COVID-19 pandemic which has focused us on keeping our customers and employees safe. At the same time, we have witnessed a global movement, catalysed by world events, to improve equality and justice for all people regardless of their race, sexuality or gender.

Against this backdrop, we have heard loud and clear from our customers, stakeholders

and employees that they expect more from business. We must lead on these issues and follow through with actions and not just words. That is why we are proud to be the first network operator to have our carbon reduction targets validated by the Science Based Targets initiative (SBTi) and we are enshrining public purpose in our organisation with a social contract and changes to our Articles of Association. We have led a whole industry response across all DNOs to unlock £300m of investment catalysing a 'Green Recovery'; and we have continued to improve equality of access and inclusion in the workplace, being recognised externally by the National Equality Standard.

Engagement to us is not just about talking. It's about delivering impact and improved performance. In our submission this year, you will hear from employees about how they have led by example and worked with stakeholders to build genuine and trusted relationships resulting in impactful outcomes and better performance across every aspect of our business. Continuous improvement is a core value at UK Power Networks, and I have no doubt you will see it in action throughout our engagement work this year.

Basil Scarsella, Chief Executive Officer

Delivering change and better performance through engagement

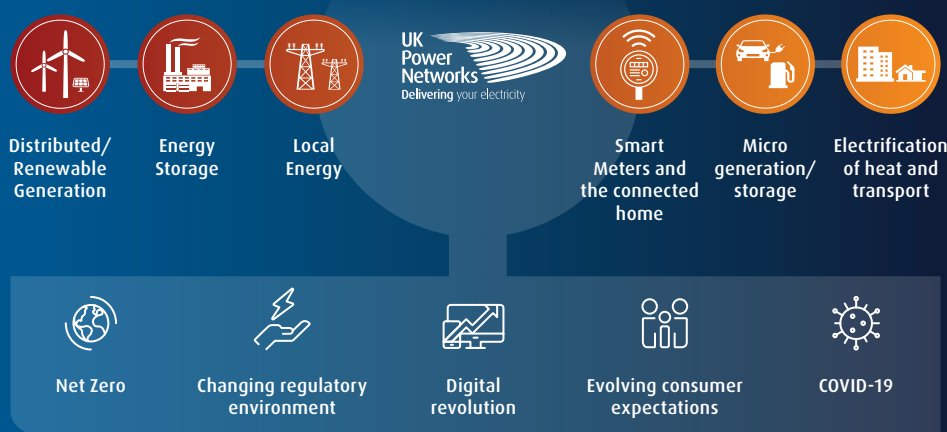
The strategic context in which we now operate is transformative in nature. COVID-19 has accelerated the digitalisation of many services in ways that will have a lasting impact on the way businesses serve their customers. Decarbonisation is bringing major change to the lifestyles of people and communities, from the way they refuel their vehicles to heating their homes and using energy wisely. However, it is important that these opportunities are open to all. Proposing solutions to address inequality and unfairness in collaboration with government and wider stakeholders is crucial.

This year, stakeholders involved in the low carbon transition asked us to use our expertise, data and resources to support them put their plans into action. These strategic issues require a 'whole company' approach combining engineering, innovation, regulation and technology expertise to develop compelling solutions. We have collaborated with software developers, electric vehicle (EV) chargepoint installers, aggregators, our local authority partners and end consumers to shape our services ensuring that we are accelerating and broadening the opportunity for everyone to benefit from low carbon technologies.

Local authorities shaping our planning services

Many of the 116 local authorities in our region have declared climate emergencies, but many do not have the people, data or expertise to turn their ambition into reality.

Key forces influencing our business



We co-designed an evidence framework, working with local authorities, to assess local plans and enable network investment to be unlocked quickly and consistently. Our approach provides real evidence to inform how network companies can accelerate local area energy planning in the future.

Low Carbon Technology (LCT) installers driving our digitalisation strategy

EV and Heat Pump Installers told us that manual processes were not appropriate or scalable to effectively support the installation of domestic charge point installations. We co-designed a portal – Smart Connect – that automates the notification process and is flexible to allow for emerging technologies like vehicle to grid – a DNO first. More than 1,000 installers are now benefiting from this service.

Local communities requesting fair access to EV charging

59% of customers participating in our research were more likely to switch to an EV if there were more public charging points available. We also know that over 51% of customers in our regions do not have access to off-street parking. There are many places where it is not currently financially viable for installers to invest in public charging. We worked proactively with local authorities to unlock these blackspots by developing a trial with three councils. The aim is to address this market failure by using an innovative commercial model which is a first of its kind in the UK.

This year we have engaged with 23,676 stakeholders who are as passionate as us in delivering the low carbon transition. We are currently scoping, planning and delivering more than 862 low carbon technology projects.

Stakeholder engagement is key to improving business performance

Stakeholder priority areas

Through a broad and inclusive programme of ongoing engagement we understand our customers' evolving needs. We have grouped their priorities into four focus areas under which we develop initiatives and measure impact and outcomes.



Tackling the Net Zero challenge



Ensuring no one is left behind



Meeting our customers' evolving needs



Helping customers in vulnerable circumstances

83 outcomes

54 outcomes

66 outcomes

155 outcomes

This year we delivered **358 outcomes** for our stakeholders and customers, some of which are highlighted across the three parts of this submission. A summary of some of our initiatives and how engagement has led to outcomes is demonstrated below.

How engagement has led to stakeholder outcomes

Stakeholder priority area	Reason for engagement	Engagement mechanism or tool	What we did to act on stakeholder feedback	Measurable outcomes
Tackling the Net Zero challenge	Reduce our business carbon footprint by identifying areas of focus	Environment Critical Friends Panel (CFP)	Worked with our PPE supplier to switch plastic packaging for recycled alternatives for over 7,300 items of equipment	19 tonnes of CO₂ avoided each year through using low carbon packaging
	Improve network capacity for Distributed Energy Resources (DER) customers	DER Forum, Flexibility Forum and Net Zero Forum	We launched a UK-first digital control scheme with the Electricity System Operator (ESO)	600MW additional renewable generation can now connect affordably to the network
Ensuring no one is left behind	Understand how to support Small and Medium Enterprise (SMEs) with their decarbonisation plans	1,200 responses to an online survey and 88 interviews with SMEs	We developed an SME electric vehicle (EV) decarbonisation action plan with 13 recommendations and segmented engagement strategy	Central information hub co-designed with SMEs to support the EV transition of c.790,000 SMEs who operate a vehicle for business
	Provide additional support to SMEs during power cuts	Commissioned research by Huntswood and formed an SME online community	Proactively enrolled 13,533 businesses for additional support during a power cut on our SME Extra Care Register	1.1% increase from 2019/20 to 89.4% SME customer satisfaction
Meeting our customers' evolving needs	Improving quality of service to customers	Analysis of customer feedback through 'Rant and Rave' survey	Unlocked smart meter technology to deliver real time power cut checks on a property's supply	94% smart meter customer satisfaction
	Understand the most impactful way to open up our data to be of use to stakeholders	Engagement with over 60 stakeholders including DER customers, the ESO and academics	Created a 'DSO dashboard', going further than other DNOs by making data available at Grid Supply Point level	Over 200 data points opened up for the first time Opened up detailed visibility of 2.5GW distributed generation to the ESO.
Helping customers in vulnerable circumstances	Improve our Priority Services Register (PSR) data and registrations for under-represented areas	CEO Panel, Utility Networks and engagement with 1,198 customers in vulnerable circumstances	We applied a data-driven approach to understand drivers and target under-represented areas	1.97 million customers – 24% of our total households , on the PSR
	Understand how to support those in greatest need during the pandemic, as well as those already in fuel poverty	Partners and Fuel Poverty Forums	We conducted research and adopted tailored approaches to support those disproportionately impacted by the pandemic	£27.9 million financial value created over 10 years for 841,205 people

AA1000 assurance of our stakeholder engagement strategy

“The embeddedness of UKPN's Stakeholder Engagement Strategy is reflected in its agility and flexibility demonstrated in developing a holistic, urgent and inclusive response to COVID-19 restrictions for its customers and stakeholders.

UKPN has developed a mature, robust and triangulated approach to impact measurement, allowing the organisation to prioritise a wide range of initiatives based on their overall real and potential impacts to stakeholders and wider society.”

Daniel Metzger,
Senior Manager,
AccountAbility



Our Stakeholder Engagement Strategy

Listening to and acting on customer and stakeholder insight enables us to make better business decisions. Understanding the diverse participants in the market segments we serve, and the role we can play in supporting them, helps us deliver initiatives which have genuine impact.

This year we held over 1,312 engagements reaching over 23,676 stakeholders through 19 mechanisms, leading to 358 outcomes for stakeholders, our highest number ever. We benchmark our engagement approach against the AccountAbility principles to ensure effectiveness and impact.

Why we engage

1. Create new services and improve our existing services for customers

2. Use customer feedback to challenge and shape our projects, strategies and company vision

3. Improve performance through applying innovative practices from organisations within and beyond the utilities industry

Our stakeholder engagement approach



We carry out a stakeholder mapping exercise each year and identify new stakeholder groups. This year we applied particular focus to reviewing stakeholders in data, digitalisation, heat and consumer vulnerability, as these areas rose-up the national policy agenda.

Our tools and processes

- ✓ Annual stakeholder mapping and auditing, with new stakeholder maps created to support teams to run their own engagement **ENHANCED**
- ✓ Annual refresh of our 12,000+ stakeholder database **EMBEDDED**
- ✓ Rolled out the use of digital software Tractivity across the business to ensure stakeholder data consistency. **NEW**
- ✓ 62 research projects to understand stakeholder and customer needs **ENHANCED**

We consider which engagement mechanism is suitable for securing feedback from a particular stakeholder group. This year we revamped our mechanisms to facilitate continued engagement during the pandemic and provided training to staff on how to run digital engagement events.

Our tools and processes

- ✓ Developed a new toolkit for effective planning and running virtual engagements with stakeholders **NEW**
- ✓ Over 19 mechanisms, with three new or enhanced digital mechanisms used during the pandemic **ENHANCED**
- ✓ Tractivity used to best manage feedback and associated actions **NEW**
- ✓ Live web chat support and discussion during webinars **NEW**
- ✓ Greater dissemination of learnings to colleagues across the business **ENHANCED**

We use feedback as part of an impact measurement approach to assess whether to progress with initiatives, which we explain in greater detail on pages 07-08.

ENHANCED

Our tools and processes

- ✓ 55 projects assessed using Social Return On Investment (SROI) calculations to evaluate initiatives **ENHANCED**
- ✓ Machine learning applied to feedback from more than 100,000 customers **EMBEDDED**
- ✓ Integrated bespoke wellbeing research into our impact measurement framework **ENHANCED**
- ✓ Further embedded the vulnerability and inclusion assessment to our project governance when evaluating initiatives **ENHANCED**
- ✓ Natural Language Processing used to review over 60,000 pieces of qualitative feedback from customers **ENHANCED**

We continue to review projects with stakeholders and identify localised or specialised partners who can help us ensure that we are reaching the right target audiences for maximum impact.

Our tools and processes

- ✓ Engagement, project plans and projected benefits regularly reviewed by senior managers to ensure ongoing engagement is continuously shaping the initiative **EMBEDDED**
- ✓ Monthly CEO-led strategic customer service meeting to review customer feedback **NEW**
- ✓ Continuous horizon scanning of initiatives delivered by organisations within and beyond the industry to adopt best practice **EMBEDDED**
- ✓ Implemented six recommendations this year from AccountAbility on stakeholder engagement **EMBEDDED**

Throughout the duration of projects we measure the impact and benefits delivered for stakeholders, and continue to seek their feedback once projects have been rolled out to ensure that they deliver benefits.

Our tools and processes

- ✓ Regular review of embedded initiatives to ensure projected outcomes for stakeholders and KPIs continue to materialise **EMBEDDED**
- ✓ 5 star Trustpilot rating with over 15x more reviews than all other DNOs combined **ENHANCED**
- ✓ Feedback tools and communications channels such as stakeholder newsletters and dissemination events **EMBEDDED**

Evolution of our strategy



1. Developing our approach to digital engagement

As a result of the restrictions of the pandemic, we are spending more time with smaller focus groups of customers and stakeholders to encourage participation and in-depth discussion.



2. Using expert research partners

We are working with companies like Huntswood to undertake research projects

which supplement our traditional engagement approach with hard to reach groups like SMEs. This has helped rapidly deliver additional support when the demands of the pandemic require an urgent, proactive response from us as their DNO.



3. Creating enduring partnerships across our business

We are building collaborative relationships with forward thinking local authorities to

develop actionable climate action plans. Through the development of our Distribution Future Energy Scenarios (DFES) interactive data map, local authorities spent over 25 hours with us in 1-2-1 interviews to make the data richer and the tool more intuitive, making it easier for all 116 local authorities to utilise it to plan their low carbon transition.

Our engagement approach in action

This year we have acted on feedback from the SECV Panel to dispense with headline figures and highlight in-depth examples of our engagement approach to tackle problems faced by two senior managers.

Enhancing our London PSR Numbers

Ian Cameron, Head of Customer Services

I wanted to improve our PSR registrations in under-represented areas like London and to address COVID-driven vulnerabilities



Stimulating a flexibility market

Sotiris Georgiopoulos, Head of Smart Grid

I needed to understand and address barriers to increase participation in our flexibility markets



1 Identify, map and understand stakeholders

Stakeholder segments engaged

- Disability and consumer vulnerability experts
- Advocacy groups
- Delivery partners

2 Tailor engagement and gather feedback

Engagement mechanisms

We held a Partners Forum in Summer 2020, reviewing our database of expert vulnerability and NGO stakeholders, some of whom are experienced in offering services in the London area.

Feedback received

70 pieces of feedback received, complemented by additional engagement with five Citizen's Advice London offices and 14 relevant expert stakeholders.

3 Assess feedback, prioritise and develop initiatives (pages 07-08)

Key pieces of feedback prioritised

Stakeholders' feedback suggested that a one size fits all approach would not be enough to increase PSR registrations in London. They also encouraged us to consider the impact on wider customer groups, as well as groups disproportionately affected by the pandemic.

4 Deliver improvements

Outputs

- Established a strategic initiative in London to enhance PSR registrations using in-depth customer research and data analytics to inform a tailored and targeted action plan
- Focused our Power Partners programme to support those disproportionately impacted by the pandemic identified by local trusted organisations embedded in the communities, supporting PSR registrations
- Trialled 12 communications channels to promote our PSR including radio, social media and social influencers

5 Measure and report

Outcomes

- 17.7% (101k) increase in London PSR registrations to receive additional support during a power cut. 50% of eligible households in London now registered on our PSR
- £71 average saving unlocked for 13,373 householders in fuel poverty impacted by the pandemic
- 10% increase in PSR registrations for COVID-driven vulnerabilities

Stakeholder segments engaged

- DER customers and community energy groups
- Flexibility aggregators
- Battery storage stakeholders

Engagement mechanisms

With flexibility stakeholders being part of a rapidly emerging market, I am constantly reviewing our stakeholder list in this area. I held a Flexibility Forum in July 2020 to test how to stimulate the market.

Feedback received

307 responses to six questions received.

Key pieces of feedback prioritised

Stakeholders asked us to increase the locations for potential flexibility as well as lowering the participation threshold to just 10kW to enable consumer flex propositions to flourish.

Outputs

- Launched the largest flexibility tender in the UK with 138 locations, enabling 1.2m customers to participate
- Hosted two webinars targeted at Community Energy Groups to help them understand how they could participate in future flexibility markets
- Provided simplified procurement information via our online Flexibility Hub
- Undertook multiple online sessions to support flexibility providers with the application process

Outcomes

- 5x expansion in flexibility tender locations and 4x growth in flexibility tender providers
- 7.5x increase in flexibility capacity unlocked through batteries and electric vehicles
- Unlocked 350MW flexibility capacity, saving £95.5m of immediate network reinforcement off customer bills by 2028
- More than two-thirds of new capacity will come from EVs demonstrating year on year improvement in opening up markets at the low voltage (LV) network level

Our Consumer Vulnerability Strategy

Our ambition is to be the most socially responsible network operator in how we deliver services that support our diverse communities and all of our customers in vulnerable circumstances, today and in the future.

Our guiding principles

Inclusive



Collaborative



Innovative



Building blocks of our strategy

1 2 3 4 5

Continuously understand the needs of our customers

We use over 15 mechanisms to extensively engage with stakeholders representing consumers in vulnerable circumstances and with our customers directly, gathering feedback daily. This, along with bespoke research, guides our understanding of the evolving needs of customers and helps us to design appropriate initiatives that lead to measurable benefits.

1 2 3 4 5

Focus on data to deliver tailored support

Our research insights combined with our social indicator data, vulnerability mapping tools and our extensive PSR dataset, provide a solid foundation to our strategy. They allow us to understand who needs our support, target our partnerships and PSR campaigns, and inform our continuous improvements and investment decisions.

1 2 3 4 5

Deliver excellent service through the help of our partners

Our customers deserve excellent service, regardless of their situation or the area they live in. Our approach to consumer vulnerability relies on an extensive portfolio of tailored services, delivered by highly trained colleagues and a vast network of specialist partners across our areas.

1 2 3 4 5

Learn and embed knowledge

Everyone at, and partnering with, UK Power Networks has a role to play in providing outstanding support for our customers. Our approach to training and ongoing coaching has created a customer-first culture that has resulted in a PSR customer satisfaction score of 93.5% and, at the same time, yielded wider support improvements across our spectrum of support offerings (covered in Part 3).

1 2 3 4 5

Review, measure and evaluate outcomes

We are a performance-driven business and as such we track, measure, review and tailor all of our initiatives to deliver a meaningful and positive impact to customers in vulnerable circumstances, whilst keeping costs low for our whole customer base.

- ✓ BSI 18477 inclusive service provision standard achieved for the 7th consecutive year
- ✓ Co-created a social segmentation framework with our stakeholders to identify drivers of exclusion in our communities
- ✓ Collaboration with over 189 partners who are integral to the development of our services

Our Consumer Vulnerability areas of focus

2020 presented unprecedented changes to the people and communities we serve. As a local socially responsible business, we wanted to do more to help support customers that need it the most. That's why this year we continued to focus on four strategic priorities that were defined last year with customers and stakeholders. This enabled us to deliver the most value as a DNO and address some of our customers' most pressing wants and needs. Our resolve to keep focus on these priorities was strengthened by the result of our continued engagement and in-depth research.

Changing world: COVID-19

Changing world: Evolving energy system



Managing and developing our Priority Services Register



Tackling fuel poverty



Providing inclusive services to ensure no one is left behind



Maximising our partnerships and training our staff

Our Consumer Vulnerability Strategy is challenged, shaped and endorsed by our stakeholders

Each year we review our strategy with our stakeholders to ensure it meets the evolving needs and expectations of customers and stakeholders. In light of the significant change experienced by our communities in 2020, we re-validated our approach and focus areas at the Summer Partners Forum. Our strategic stakeholders advised us to maintain the overall framework as it provides a robust foundation to focus our efforts where we can deliver real value to our customers. They challenged us to ensure we continue to understand the evolving needs of our customers and adapt our initiatives accordingly. They indicated we should both conduct research on the impact of the

pandemic and work with partners upfront to identify those who are most affected. Therefore, in parallel we: 1) deepened our understanding using data and engagement through national and regional cross-utility research; and 2) expanded our partnerships to work with local trusted organisations embedded in the communities. Our partners helped us to identify those disproportionately impacted by the pandemic, register those experiencing new vulnerabilities onto our PSR and deliver fuel poverty support through new tailored approaches.

In addition to this, our stakeholders were clear that we needed to take specific actions

to help address domestic abuse this year. Therefore we trained frontline staff to identify and signpost victims of domestic abuse to national and local support services, we embedded the 'Safe Spaces' initiative on our website, and we enhanced home safety and energy efficiency programmes for victims of domestic abuse in fuel poverty.

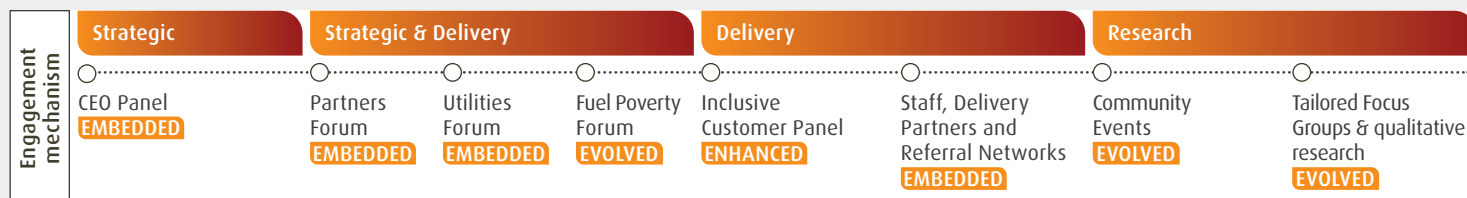
Our stakeholders supported where we have focused our efforts this year and advised us on where ongoing support is needed based on the emerging trends in the community and which support models could work best post-COVID.

How we engage on consumer vulnerability

Building on our established engagement mechanisms, we evolved our approach to adapt to these challenging times. Restrictions significantly limited in-person opportunities and community events. Our strategic partners highlighted how the

third sector has been affected by the pandemic due to limited resources combined with an increased need of support (as more time is required to support more people in need, often remotely). By listening to the needs

of our customers, partners and stakeholders we tailored our engagement approaches to gather their feedback in the most flexible and effective way.



Examples of how we adapted our engagement this year:

To flex our engagement around increasingly time-pressured Fuel Poverty Forum partners, we undertook in excess of 25 individual engagements to understand their experience of supporting customers in the pandemic. This was followed by a shorter Forum to share best practice and prepare our future plans across the group.

We enhanced our domestic Inclusive Customer Panel by setting up a SME online community to better understand their specific needs and test our support offering with 60 SME representatives.

Community engagement, such as Scouts' activities, was largely carried out virtually. However, 'hyper-local' engagement was the best way to serve certain communities: e.g. dedicated energy advice providers were available on site at food banks and representatives from BAME communities were employed to ensure those with limited English were not left behind.

We adopted a blended approach to focus groups and quantitative research, maximising the insights we could gather via surveys, e.g. via Scope's crowd-sourcing tool specifically designed to develop accessible online surveys. However, in some cases a COVID-19 secure focused face-to-face engagement was required.

Through this flexible approach we directly engaged over 1,350 stakeholders at 273 engagements on vulnerability, and along with our partners we reached an additional 309k stakeholders and customers in the community.

Our strategy for tackling fuel poverty

This year we refined our guiding principles, co-designed in 2019 and revised with our expert stakeholders, to recognise those in transient fuel poverty.

In addition, to better target our support, we refreshed our definition of 'hard-to-reach and seldom heard' based on the latest literature and research. We recognise that a static list is inadequate as this is a non-binary characteristic. Therefore we defined the five types of circumstances that can make anyone 'hard-to-reach or seldom heard' leveraging research by Sheffield Hallam University and Citizens Advice, as illustrated below (including examples of initiatives described in Part 3).

Our fuel poverty strategy is underpinned by five guiding principles



We sought challenge from our stakeholders and, as a result, refined the categories to ensure they are fit for purpose. Our stakeholders supported the new definition and the shift towards a perspective that is focused on the energy sector being unable to reach certain individuals and communities.

We define as 'hard-to-reach and seldom heard' all customers who are less likely to be involved by the communication, engagement and support efforts that would typically reach our wider customer base.

Easier

Level of efforts required to engage with hard-to-reach and seldom-heard customers

More challenging

New to energy use, untrusting

People who have never had to manage energy use on their own and are unaware of UK Power Networks' role and/or distrust the energy sector.

2020/21 INITIATIVES:
e.g. Community-funded Diverse FM engaging with younger generations

Big lifestyle change

Those who have experienced lifestyle changes that radically affect their circumstances, planned or unplanned.

2020/21 INITIATIVES:
e.g. HEET, AgeUK, Imago and Public Voice CIC targeting those who recently left the hospital

Lack of financial means

Customers in payment difficulties who are susceptible to falling into financial trouble.

2020/21 INITIATIVES:
e.g. Affinity Water, Energise Sussex Coast, Groundwork East and Epsom and Ewell foodbank

Social exclusion

People and communities excluded from public discussion due to their social circumstances or geographical location.

2020/21 INITIATIVES:
e.g. Repowering London, Groundwork London (BAME communities), HEET, Age UK (private renters), Rural Coffee Caravan (rural areas)

Can't do this on my own

People who face major obstacles in engaging with 'the outside world' due to health-related factors and complex life circumstances.

2020/21 INITIATIVES:
e.g. Scope, Refugee programme, Mind in Enfield and NEA Warm Minds

Measuring the impact of our engagement

With 40% of our customers having less disposable income due to the pandemic, it is more important than ever that we ensure every pound we spend delivers maximum benefit for customers and wider society.



Why we measure impact

Our social role is evolving. We have grown from focusing purely on financial cost-benefit analysis to recognising and quantifying the social and wellbeing impact of our work. As a performance-based business, we are measuring this impact to allow us to make informed choices and develop a roadmap to grow our social impact even further.

With limited resources, we need to target actions that deliver the greatest benefit.

We measure impact because we want to:

- Understand the impact an action might deliver if we progressed it
- Compare impacts against other potential actions we could take
- Select the best possible actions to take forward
- Assess our initiatives along the way to ensure they remain impactful
- Validate whether an action delivered the impact we expected

We needed a consistent method to assess and choose between different actions we could take. This year we teamed up with other DNOs to deliver a common social valuation tool to provide greater transparency and comparability. Applying our strength in measuring wellbeing impacts, we played our part by contributing associated measurement proxies to the common tool so that all DNOs can capture the full benefits delivered to the consumer and society.

The improvements we made this year

We have evolved our understanding of impact measurement tools, learning from our practical experience of applying them to a range of initiatives over the last year. Learning from our RII0-ED2 business planning process has also enhanced our understanding of the strengths and weaknesses of different research techniques when triangulating feedback and results. This year we improved our measurement approach in three ways:

Implementing a holistic end-to-end approach

We are making better decisions by using measurement tools more consistently throughout the lifecycle of an initiative,

from inception through to assurance and lessons learned.

Developed a sophisticated toolkit

- We extended our social impact valuation approach (Social Return on Investment, or SROI) to model costs and benefits over one, five and 10 year timeframes to more easily compare initiatives
- We embedded bespoke Social Value Bank wellbeing research, developing sophisticated new proxies
- We continued to embed 'vulnerability by design' principles across our business, refreshing our project governance

methodology to assess potential vulnerability and inclusion impacts when evaluating investments.

Broadened and deepened our social valuation

This year we applied SROI analysis to 55 initiatives across Parts 2 and 3 – triple the number assessed in last year's report.

"UK Power Networks has continued to improve its adoption and sophistication of SROI from last year. Our review confirms that the values and approach used are robust."

Scott Flavell, SIA Partners

How we measure impact

First, we identify the needs of our customers, communities and stakeholders, using a range of channels including ongoing stakeholder engagement, market research and priorities put forward by Ofgem and BEIS. During this stage we use willingness to pay (WTP) research as a guide to customers' relative priorities.

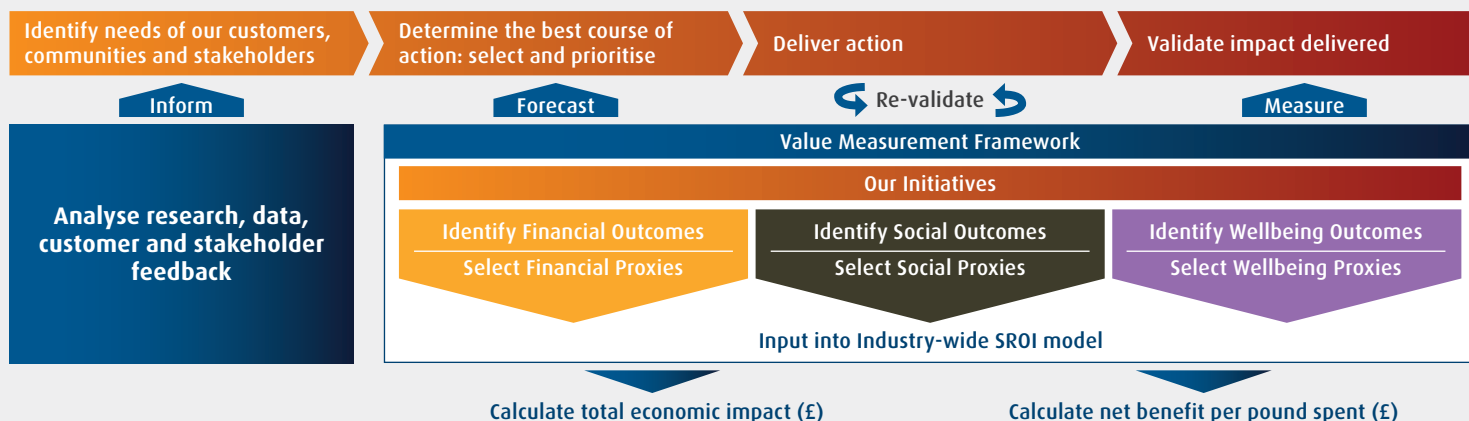
Once we have identified the actions we could take, we apply our value measurement framework to evaluate and compare the potential financial, social and wellbeing benefits of individual initiatives.

Where assumptions are sufficiently firm, we quantify the potential benefits by using proxies to assign a monetary value to three types of outcome:

- 1. Financial outcomes** – where customers save money or avoid spending money as a result of our initiatives, e.g. savings due to switching to a cheaper tariff.
- 2. Social outcomes** – avoided costs to society, the environment and public bodies such as the NHS as a result of our initiatives, e.g. reduced CO₂ emissions.

3. Wellbeing outcomes – positive impacts of our initiatives on someone's physical, mental and emotional wellbeing, based on bespoke Social Value Bank wellbeing research, e.g. feeling in control over things such as finances and bills at home.

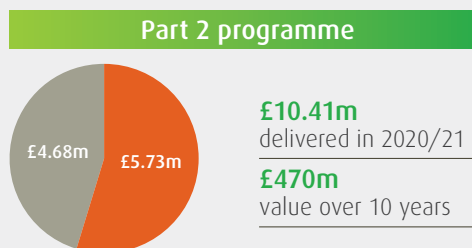
Once we have chosen to take forward an initiative, we revise the impact valuation at key points throughout delivery, based on actual impact and better information on forecast impact, to decide whether to continue, adjust our approach or stop the initiative.



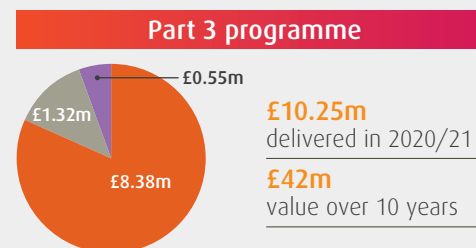
The value delivered by our initiatives

This year, based on our holistic impact measurement framework, we have evolved how we report on the impact of our actions to provide greater consistency and transparency. The adjacent pie charts show the total value delivered by our Part 2 and Part 3 programmes, providing a breakdown of our social valuation by financial, social and wellbeing impacts – which we previously reported as a single consolidated SROI figure. For the first time, we clearly differentiate between the value delivered during 2020/21 and the value forecast to be delivered by our initiatives over the next 10 years.

The overall impact delivered by our programmes this year



The Part 2 programme includes larger-scale programmes delivering financial and social benefits, while the Part 3 programme delivers targeted support to customers in vulnerable circumstances, resulting in wellbeing benefits as well as financial and social benefits. We assessed



Financial value delivered in 2020/21
Social value delivered in 2020/21
Wellbeing value delivered in 2020/21

the value created for Part 3 initiatives with a specific focus on wellbeing (e.g. helping people returning from hospitals).

Our measurement framework in practice

Below we provide two examples that provide evidence of how we have applied our framework to evaluate initiatives from inception through to delivery:

Case Study 1: Strategic fuel poverty partners, such as HEET, told us we should do more to support private renters who live in inefficient homes and face the challenge of fuel poverty. We applied our measurement framework to evaluate which initiative would deliver the

greatest impact in expanding our support in this area. Our assessment of partnering with Advice4Renters, which focuses on supporting the most energy inefficient private rented properties in Brent, demonstrated an initial SROI of £14.26 per £1 spent in its first year of roll-out,

which could nearly quadruple by year five with a SROI of £43.98 for every £1 spent, due to increased financial skills and improved health and wellbeing. This assessment informed our decision to support this partner.

Case Study 2: Stakeholders carrying out groundworks supported the idea of improving safety by crowdsourcing more accurate network data through feedback on our underground asset maps. SROI suggested a positive return of £2.60 per £1 over ten years, based on the safety

benefits of a reduced risk of cable strikes. We monitored actual feedback and map corrections during our trial with LineSearch Before U Dig (LSBUD) to validate the potential benefits. None of the 12 responses received resulted in improvements to network data, calling

into question the positive SROI suggested by our desktop analysis. After further customer engagement, we invested to increase feedback volumes and will monitor the impact to decide whether to stop or upscale the initiative.

Assessing trade-offs from engagement feedback

Fundamentally, our stakeholder engagement strategy assesses and prioritises stakeholder feedback, weighs this against business needs and decides on the appropriate action to take. Below we highlight notable examples of feedback where we decided to take a different approach than stakeholders originally requested.

Stakeholders said	This would mean	The alternative approach we decided to take
Obtain individual households' smart meter consumption data and use this to drive and manage fuel poverty programmes	Acting outside of our licence conditions	We looked at other ways to gain insight into fuel poverty while remaining compliant, for example, we co-designed an innovative solution to identify those in or entering fuel poverty with Energy Systems Catapult, Data Communications Company (DCC) and Urban Tide, helping target our future fuel poverty interventions while protecting customers' privacy and personal data.
We should be investing to socialise the cost of public EV charging given that it is a key barrier to EV transition	We would be acting against regulations by discriminating in favour of a specific customer segment	Working with local authorities, we devised an approach that enabled us to identify what price the market is willing to pay for connections and coupling this with data about air quality and housing stock (e.g. lack of driveways) to target EV blackspots where communities could be left behind and therefore build a stronger case for intervention. We worked with Ofgem to allow our approach as part of its 'regulatory sandbox' and will share the findings with all DNOs.
Form only long-term local partnerships and not short-term ones to maximise the benefit delivered to customers who are living in vulnerable circumstances	Not being able to adapt flexibly to emerging needs	To remain flexible, we continue to adopt a dual approach. On one hand, our Fuel Poverty business-as-usual programme includes partnerships which tend to be multi-year to deliver long-term support for established needs. On the other hand, our Power Partners programme is focused on providing immediate support to emerging or escalating societal needs.

An embedded culture of stakeholder engagement

The Institute of Customer Service highlights that a one point improvement in employee engagement leads to a 0.41 increase in customer satisfaction. With a record high employee engagement rate of 88.6%, and 93% of our staff believing UK Power Networks has the right culture to improve customer service performance, we believe our engaged workforce undertakes more passionate stakeholder engagement, delivering more impactful outcomes for stakeholders and customers.

Stepping up when others were stepping out

In a year defined by disruption and uncertainty, all levels of UK Power Networks stepped up their engagement:

- As COVID-19 set in, our CEO led by example, recording a daily staff video, with staff setting topics for the following day – ensuring our staff felt safe and supported as they conducted their key roles.
- With our staff classed as key workers, they stepped up their game, delivering our best ever customer service, scoring 92.8%, answering the phone to customers in less than three seconds, when the utility industry average

exceeded 45 minutes. They also used their volunteer allowance to support customers isolating through Age UK's befriending initiative.

- Our employees equally refused to drop the ball on engaging with stakeholders to reflect how we can meet their diverse needs. Through the initiatives across Parts 2 and 3, we demonstrate how the embedded culture of stakeholder engagement has continued unhindered despite the obstacles of the pandemic to engagement.
- Engineers engaging with our customers on their doorsteps learned how the

impact of an outage on their lives had increased this last year, so we reduced our planned outage durations to a maximum of six hours, and made provision for those working from home in a power cut through the provision of free battery powered wifi routers.

These are a few examples of how each and every level of our business is empowered to engage and develop new initiatives which lead to real impact, resulting in us being ranked 10th in the Sunday Times Top 25 Best Big Companies to Work For once again this year.

Employees building strong collaborative relationships with stakeholders

Engagement is everyone's responsibility at UK Power Networks, and each employee takes pride in building genuine and trusting relationships with their stakeholder groups. This ultimately leads to stronger collaboration and co-design to deliver impactful outcomes.

Our employees



“I've thoroughly enjoyed working with a number of local authorities to unlock the viability of installing chargepoints, so that they support their residents and businesses in areas where chargepoints are sorely needed.

Shira Lappin, Innovation Technology Lead



“I want our data to be as useful and accessible as it can be to help the UK reach Net Zero. It was fascinating to work with a range of stakeholders to understand what we could do to genuinely make our data comprehensible and easy to navigate.

Harshil Sumaria, Power Systems and Data Analyst



“Never before has working with partners been so crucial to support customers during this pandemic. I love engaging with our partners to find and deliver urgent solutions which have the most impactful outcomes for our customers in the greatest need.

Cody Prior, Partnerships Manager



“The decarbonisation of heat is an exciting and rapidly evolving policy area that requires me to engage with a range of diverse stakeholders to understand consumer needs, now and in the future.

Zain Habib, Heat Decarbonisation Programme Manager

What our stakeholders say

“

Through working with Shira we are developing approaches to overcome barriers to chargepoint accessibility and testing them in the real world through deploying chargepoints in our area. The approaches we are shaping will ultimately support residents with decarbonisation in places that might otherwise have been left behind.

Emily Bolton, Cambridgeshire County Council



“

It was a pleasure to co-develop the DSO Dashboard with Harshil and UK Power Networks. Opening up data in this way and finding out what users of that data want will make a big difference in the push to Net Zero, and enable organisations such as Open Climate Fix to make a difference.

Jack Kelly, Open Climate Fix



“

Thanks to our strong working relationship with Cody, we were able to immediately repurpose our Power Partners programme to redirect support to help 211 local families in food poverty, which made a world of difference to them when they were adjusting to the start of the pandemic.

Kate Meakin, Energise Sussex Coast



“

Working with Zain and UK Power Networks over the 'Communiheat' programme in Barcombe has been really exciting. It's fantastic to see them taking a leadership role bringing all of the parties together to help address the complex issue that is heat decarbonisation.

Ollie Pendered, Community Energy South



Partnerships, collaboration and external recognition of our efforts

We work with a diverse group of partners to secure greater impact in the delivery of outcomes for our stakeholders and customers. Localised partnerships help us reach the hardest to reach communities; whilst national partnerships provide us with the cutting-edge expertise necessary to rollout new technology and bring best practice to our industry.

Enhancing our existing partnerships and forming new ones

New



Enhanced



Collaboration with a range of local, regional and national partners

Local Delivering fuel poverty and education around major projects

We have developed a fuel poverty partnership approach to our major capital projects, working with more local partners to deliver energy efficiency or skills training to fuel poor communities. For example, in a current refurbishment of a West End substation, we partnered with Community Energy South and Energy Garden to deliver specialised energy skills training to young people nominated by a local school from the BAME community.



Regional Enhancing our safety partnerships with the emergency services

This year we reached over 436,899 people with safety advice around our electrical equipment. Emergency services stakeholders highlighted the need to co-review their agreed safety protocols following safety incidents around our infrastructure. We worked with 22 individual fire and police services to discuss safety and agreed new safety frameworks with the majority of them, helping ensure over 99,000 emergency services staff remain safe in incidents involving our cables.



Regional Collaborating together to reduce the impact of streetworks

Stakeholders regularly highlight the need to collaborate on roadworks. In London alone, through collaboration with other utilities and the GLA, we have helped reduce streetwork-related disruption, with London-wide collaboration saving over £750k and wider social value of up to £5.4m.

We are also leading on the creation of a national 'collaboration' toolkit to benefit all UK utilities, engaging with partners such as the Highways Authority and Utilities Committee (HAUC) to test and develop this.



National Leadership in creating UK-wide Vehicle to Grid (V2G) processes

With over 380k V2G chargepoints expected in our network alone by 2030, engagement with leading chargepoint operators highlighted there was no standardised chargepoint application process for this new technology. Through working with the Energy Networks Association (ENA), and companies such as Octopus Electric Vehicles and Nuvve, we led the creation and testing of a simpler and faster UK-wide application process to facilitate this rapidly emerging technology.



We are recognised in areas which stakeholders focus on

Our engagement is recognised through the achievement of numerous awards and accreditations. Below we have described how engagement has specifically supported our work.



Global Smart Grid Index

Our pioneering engagement with a wide range of consumers, DER customers, flexibility providers and technology aggregators helped us to secure first place in Singapore Power's global Smart Grid Index, improving our position from third smartest in the world last year. As a result of our leading work with stakeholders in developing flexibility services, we also secured the Utility Week Awards Disrupter Award.



Disruptor Award



Utility Week Network Awards:

- Network of the Year
- Stakeholder Engagement Initiative of the Year

Our engagement and outcomes delivered with all of our stakeholders and through collaboration with partners secured us the Network Awards Network Of The Year.

We also secured the Stakeholder Engagement Initiative of the Year due to our 'Lifting Families out of Fuel Poverty' initiative, which was directly informed by our customers and shaped with our Fuel Poverty partners.



Charitytimes Awards 2020: CSR Project of the Year

Resulting from our industry-first Scope Utilities Membership co-founded with Scope, SGN, npower and Together Energy to change attitudes and deliver greater service for disabled customers.



Science Based Targets initiative verification

Through working with the Carbon Trust, we are the first DNO to achieve SBTi verification through setting science based targets covering the entirety of our emissions.



BSI Inclusive Service provision

Maintained through our community engagement and partnerships, our inclusive customer panel, cross-utility campaigns, staff training and robust performance metrics.

Our lowest carbon submission journey ever

This year we challenged ourselves to produce a printed low carbon Stakeholder Engagement and Consumer Vulnerability submission, from production to output.



I am passionate about finding and adopting the latest sustainability measures to help us reduce our business carbon footprint. I am pleased to have helped deliver a low carbon journey of this report - ultimately every little bit helps.

Jen Bäckström, Sustainability Lead



225kg of CO₂ avoided

using digital materials rather than printing documents to support engagement.



9,020kg of CO₂ avoided

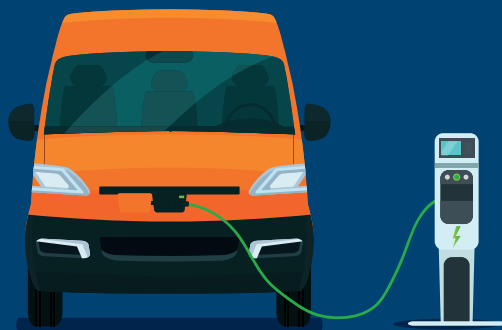
through switching to over 1,200 digital meetings with stakeholders.

Offset 43kg of CO₂

from using carbon-balanced paper in partnership with the World Land Trust.



WORLD
LAND
TRUST™



7kg of CO₂ avoided

by using electric vehicle couriers to transport our submission from the printing office to our London office.

Digital meetings have had a huge positive impact on reducing the carbon footprint of all the engagement activities making up this report. I wanted us to go a step further by ensuring the production and delivery reflected our enthusiasm to continue innovating and our ambition to deliver Net Zero in everything that we do.

Michael Horwood, ED1 Stakeholder Engagement Manager



1.21kg of CO₂ avoided

by Michael cycling the submission copies across London to deliver at Ofgem offices.

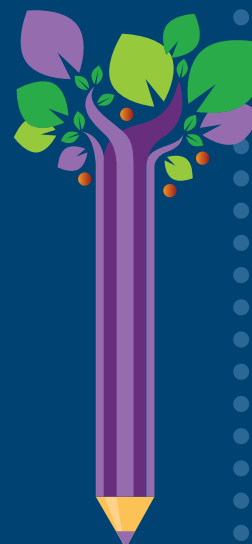
181kg of CO₂ offset

for the entire production of this report through the supporting of planting 31 trees with Trees for Cities.



So now it's over to you...

We hope you enjoy reading our submission as much as we did preparing it. However we would like to pass this challenge forward, so have provided a fully recyclable pencil for your marking, which can be planted helping you reduce CO₂ even further.





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