

Delivering a safe
and secure gas supply

Smell gas?
Call free 0800 111 999

Stakeholder Engagement Incentive Scheme Submission 2020/21 Part 2

Part 2 – Our Stakeholder Engagement Outcomes

This document sets out the changes we've made in our strategy and operations in response to stakeholder feedback, and the outcomes of these changes for our business and our communities.

It is intended to be read in conjunction with Part 1 which outlines in further detail our engagement strategy and initiatives that have been paused/closed in response to stakeholder feedback.

1. INTRODUCTION	1
1.1. A message from Mark Horsley, CEO	1
1.2. Highlights of our year	1
2. OUR ENGAGEMENT STRATEGY	2
2.1. Our strategic approach	2
2.2. Engagement objectives	2
2.3. How we've engaged	2
2.4. Acting on feedback	2
3. VALUE-DRIVEN DECISIONS	3
3.1. Making sure our decisions deliver the right value	3
3.2. Sharing and enriching value through collaboration	3
3.3. The benefits and value our initiatives have delivered in 20/21	3
4. CHANGING WITH OUR CUSTOMERS	4
How we are supporting our customers and meeting their complex and changing needs	
4.1. Using data to visualise vulnerability and drive decisions	4
4.2. Improving access to the Priority Services Register	4
4.3. Harnessing the power of digitalisation	5
4.4. Helping our customers make connections	6
4.5. Using innovation to help communities	6
5. ACTING AS AN ANCHOR INSTITUTION	7
How we are supporting our local communities and becoming a better business	
5.1. Supporting communities through the pandemic	7
5.2. Supporting social mobility through education and skills	7
5.3. Becoming an inclusive business	8
6. A SUSTAINABLE FUTURE	9
How we are responding to the climate crisis and supporting delivery of a net zero future	
6.1. Green Transition Bonds	9
6.2. Bringing hydrogen technologies to life	9
6.3. Enabling hydrogen production	10
6.4. Joining forces to create locally owned plans	10

Key and definitions

Where we simply use the word 'stakeholders' in this document, we refer to our entire stakeholder community, split into four broad categories – National Policy Shapers, Local Place Makers, Customers and Wider Workforce and Supply Chain (see Part 1 for our full stakeholder map).

We make decisions on whether to progress initiatives, based on a clear understanding of who will benefit and how. We've used the symbols to the right throughout this document to indicate which of our four stakeholder groups have benefited from our initiatives.

- N** National Policy Shapers
- L** Local Place Makers
- C** Customers and Future Customers
- W** Wider Workforce and Supply Chain

We've also used the symbols below to indicate how initiatives relate to ongoing work programmes:

ENHANCED = An initiative that has worked well and been further developed in collaboration with stakeholders

NEW = A new initiative for 2020/21

1. Introduction

1.1. A message from Mark Horsley, CEO



Over the course of RIIO-1, we've transformed the way we engage with our stakeholders. We began already deeply committed to our local communities, but our approach was more akin to traditional CSR. As we move to RIIO-2, meaningful engagement is firmly embedded into the fabric of our business. From major strategic considerations, to our daily operations, our decisions are informed each step of the way by our stakeholders. Our enduring engagement mechanisms, like our Citizens' Jury and our new Young Innovators Council, are giving our leadership team a direct relationship and dialogue with our customers. And we've continued to embrace independent challenge and scrutiny, retaining a strong role for our Customer Engagement Group this year that ensures they can continue to effectively challenge us and hold us to account on our customers' behalf through RIIO-2 (Part 1, 5.2).

The past year has been an incredibly challenging one for our business, our colleagues and our stakeholders. The stories in this submission are a testament to the fact that, despite these challenges, we have continued to engage extensively and deliver great outcomes for our stakeholders. We've embraced the opportunities of digital engagement, finding it's helping us reach new, vital, groups we've previously had little interaction with (see, for example our webinars and engagement with Gas Safe Engineers in Part 1, 3.3.4). Refreshing our Hard-to Reach Engagement Framework for a new digital engagement age, has helped us to ensure that vulnerable customers continue to have a representative voice throughout the year.

Covid-19 has inevitably shaped many of our discussions with our stakeholders this year. It's brought to the fore once again our role in supporting the most vulnerable and ambitions for levelling up. We've responded with quick measures this year as well as establishing the building blocks for recovery, like our Social Mobility Pledge. We've also responded to calls for greater digitalisation, making sector-leading strides in this area across 2020/21, all underpinned by the guidance and challenge of our customers.

As we move beyond the pandemic, net zero will be the biggest challenge we have to face as an industry and country. This submission marks a step change in our engagement on net zero – moving beyond a focus on the industry and central policy makers, to developing new partnerships and collaborations across the hydrogen economy and with our own customers. We've become the first regulated utility to introduce a Green Transition Bond, creating a new relationship with our 'investor customers' (Part 2, 6.1). We've also brokered new relationships with the rest of the hydrogen supply chain; from our hydrogen producers (Part 2, 6.3) to appliance manufacturers (Part 2, 6.2).

As we move into an new era of engagement in RIIO-2, I do so with confidence that we have in place the right culture, processes and, ultimately, relationship with our stakeholders, to keep their insights at the heart of our business decisions. As ever I would like to thank our stakeholder community for their ongoing collaboration, guidance and support.

Kind regards

Mark

1.2 Highlights of our year

Over **250,000** voices heard



Over **14,900** stakeholders engaged through strategic engagement mechanisms



£21.6m net social benefits forecasted to be delivered over RIIO-2 from these stakeholder initiatives



£4.9m returned to consumers via reduced bills over RIIO-2 as a result of these stakeholder initiatives



Launched our Young Innovators Council



Developed a new vulnerability mapping tool (4.1)

Committed to the Social Mobility Pledge (5.2)



First energy utility company to launch Green Transition Bonds (6.1)



Built UK's first Hydrogen show home (6.3)



2. Our engagement strategy

2.1. Strategic approach

Over RIIO-1 we've embedded an engagement strategy that's owned by our leadership team and delivered by each of our colleagues. The objective at the heart of our engagement strategy is that "insight into our stakeholders' values, preferences and ideas drives business planning and change." Our strategic approach is guided by three core principles:

1. **Meaningful:** our stakeholders tell us what they want to talk about and how they would like to engage with us, allowing us to focus on the material issues.
2. **Inclusive:** we reach across our stakeholder community, including hard-to-reach groups, through 16 core mechanisms and a range of bespoke and ongoing channels.
3. **Iterative:** our integrated approach ensures that every contact counts, triangulating day-to-day feedback, third party insight and specialist engagement.

We move into RIIO-2 with the confidence that we now have established the right culture, capabilities and enduring engagement mechanisms to continue to deliver purpose-led and impactful engagement. You can read more about our approach in Part 1.

2.3. How we've engaged

Our engagement programme has adapted and evolved over the last year, as we've introduced new enduring mechanisms, embraced digital engagement and paused some mechanisms during Covid-19.

Our programme spans four levels of engagement – from informative to collaborative – reflecting Citizen's Advice best practice guidance. These changes have allowed us to engage with 252,968 stakeholders in a way that suits them. Our hard-to-reach framework (refreshed in light of Covid-19 restrictions – see Part 1, 3.2) ensures that barriers to engagement are removed – allowing us to continue to obtain a truly representative view of stakeholder needs at a time when face-to-face engagement is not viable.

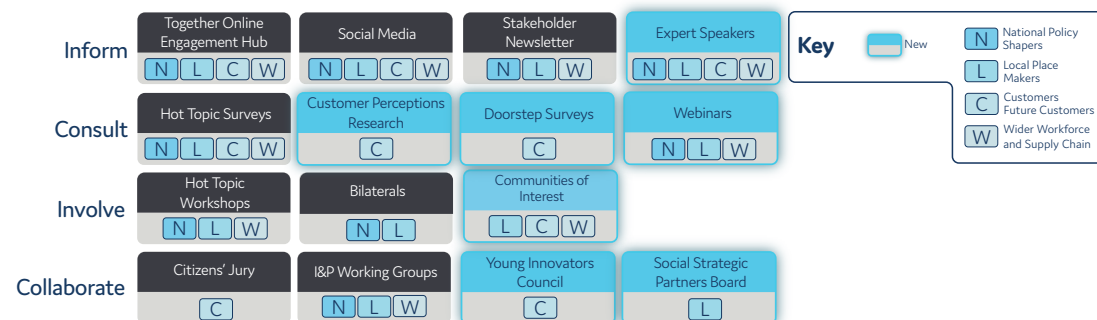


Figure 1: Strategic engagement mechanisms

2.4. Acting on feedback

Our process is a cycle that allow us to consider all sources of feedback and continuously test and change our thinking based on stakeholder feedback.

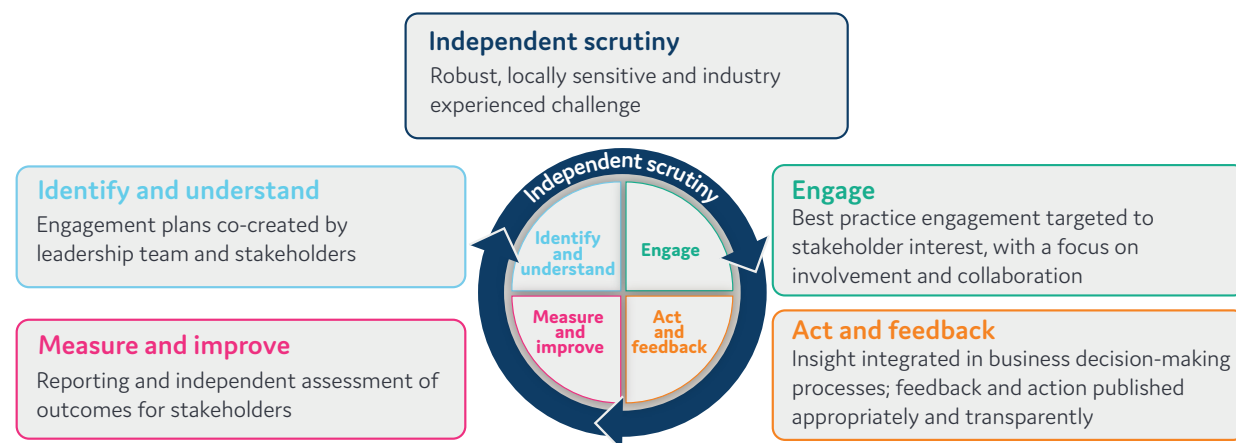


Figure 2: Engagement framework

2.2. Engagement objectives

Each year, we undertake analysis of all the insight we've heard to prioritise those issues our stakeholders most want to engage on. This analysis supports our leadership and their teams not only to develop their future engagement plans, but also to inform their strategic business objectives at a directorate level for the year. The three hot topics that led our engagement this year, and form the structure of this document, are:

- **Changing customer needs:** reflecting our customers' expectations in an increasingly digital world and responding to a renewed focus on those in vulnerable situations.
- **Creating opportunities and levelling up:** utilising our power as an engine for good, creating societal benefits by the way we conduct business and using our assets as a positive force in communities.
- **Responding to climate change:** supporting the delivery of a net zero future and, in particular, the role of hydrogen in the future energy mix.

Within this loop we triangulate all sources of feedback available to us, to make sure that every contact we have with a stakeholder counts.

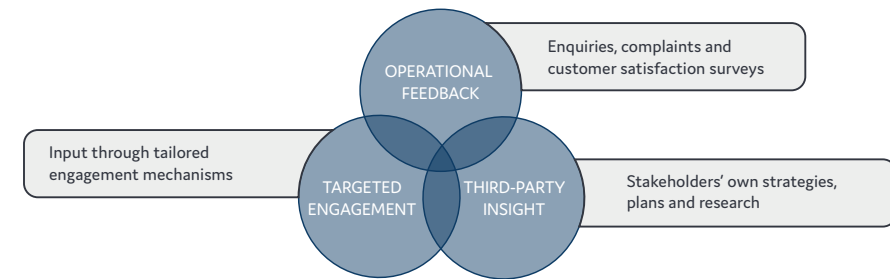


Figure 3: Triangulation of stakeholder feedback

3. Value-driven decisions

We make decisions based on a holistic view of the social, economic and environmental benefits. We quantify these benefits wherever we can. However, where there isn't a robust methodology for quantitative evaluation, we also consider qualitative benefits in our decision making. Throughout this document you'll see this combined approach to understanding and considering benefits before we act.

We use our Value Framework, a library of benefits, to analyse our decisions. This section outlines how we use the Framework, its ongoing evolution and the social return on investment (SROI¹) of the initiatives in this document.

3.1. Making sure our decisions deliver the right value

We've used our Value Framework to help us understand the benefit impact pathways from our activities to the outcomes experienced by our broad range of stakeholders. The framework allows us to understand the holistic cost/benefit associated with different approaches and identify outcomes that might be difficult to quantify. This data is used by the relevant teams and internal boards to inform our decision making.

Figure 4 below, shows how we mapped the benefits of the initiatives linked to our Vulnerability Mapping Tool, (see 4.1), identifying both the quantifiable and unquantifiable benefits.

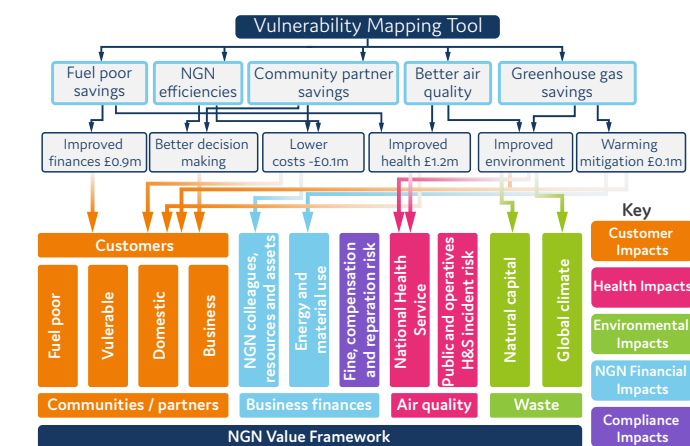


Figure 4: Mapping of the 5 year benefits for our new Vulnerability Mapping Tool

3.2. Sharing and enriching value through collaboration

Over the last two years we've engaged extensively with our stakeholders to develop a comprehensive library of benefits based on nationally recognised values, such as the Government Green Book, that underpin our Value Framework.

This year we've continued to expand our value library in response to changing stakeholder needs. We've used peer-reviewed research produced by our stakeholders to add over 70 values to our framework alongside our annual update of existing values, in particular ensuring analysis reflects changes as a result of the pandemic. For example, we've incorporated new values developed by Greater Manchester's Combined Authority to understand the impact of educational programmes.

We've also worked closely this year with our partner networks, to share best practice and utilise the framework more widely. Through the ENA Open Networks project, the framework has become the baseline for a cost benefit analysis template, methodology and tool to shape decision making at a whole systems level. We've also shared the social values in our framework with the GDN Safety and Reliability Working Group to help inform the global values update for monetised risk, ensuring network asset decision making is consistent across the industry.

3.3. The benefits and value our initiatives have delivered in 20/21

Our Value Framework has been used to inform the decisions we've made on all the initiatives included in this submission and, where possible, have sought to quantify those benefits. Where quantification is not possible, the process of identifying and mapping impacts and receptors has made our choices as informed and evidence based as they can be.

In total we project we've delivered £0.8m net social return in 2020/21 and will deliver circa £21.6m in net return on investment to stakeholders over the next five years, based on the stakeholder driven decisions we've made through 2020/21. This includes £7.5m wider society and economic benefits and £9.6m in financial savings and efficiencies, £4.9m of which will be directly returned to customers.

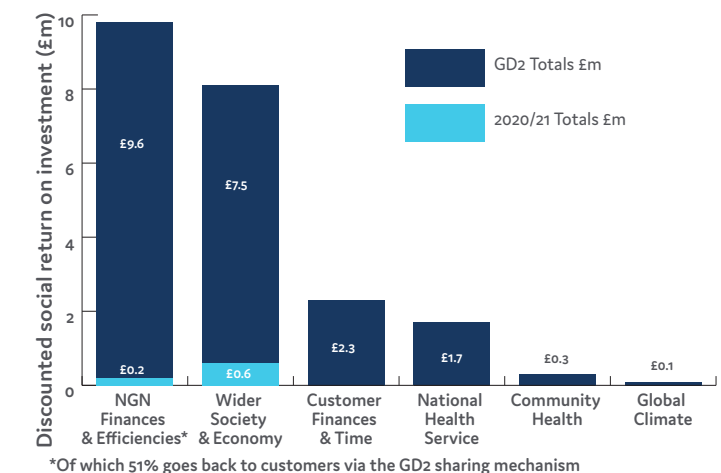


Figure 5: Cumulative total net benefit of initiatives analysed in this document

1. By SROI we are referring to whole Social Return on Investment including benefits and value returned back to customers, NGN and society net of costs and discounted in line with CBA best practice

4. Changing with our customers

This year has presented unique challenges for how we operate, serve our customers, and help those in need of additional support. Our new relationship with the Voluntary, Community and Social enterprise (VCS) organisations through our Social Strategic Partners (see Part 1, 3.3.10) has shaped many of the initiatives we've delivered, particularly where these relate to supporting hard-to-reach customer groups. More broadly, we've continued to triangulate operational customer feedback with targeted engagement, to prioritise investments that meet the needs of different customer groups. This section sets out how we've responded to these challenges and delivered outcomes that will improve customer experience and value for money for years to come.

4.1. Using data to visualise vulnerability and drive decisions NEW

We've co-created a mapping tool to visualise vulnerability and map customer challenges.

Stakeholders said:

Our VCS stakeholders told us the needs of our customers are complex and there are multiple factors that impact vulnerability. They said we could make better, more informed decisions about where to target support if we centralised our data so that we could identify drivers of complex needs and make it more accessible to partner organisations.

We did:

We undertook an internal review of how vulnerability data was stored and recognised it was held across multiple platforms. Bringing the issue to our Innovation Think Tank, we agreed there was a case for a single platform capable of combining data to answer complex queries about specific area needs. We also identified that the raw data was proving difficult for colleagues to decipher and utilise without greater context and depth. Working closely with over 70 stakeholders, we developed an online tool to map multiple factors of vulnerability across our

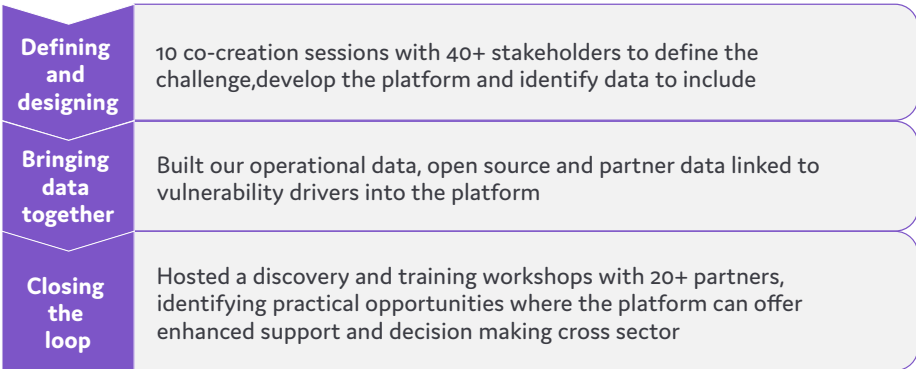


Figure 6: Developing our vulnerability mapping tool

network (Figure 6). Using a combination of partner and internal data, the tool uses over 30 indicators such as air quality, fuel poverty levels, EPC ratings, PSR, CO awareness visits and food banks to create a heat map of where vulnerability factors combine, highlighting the areas of greatest need. Individual factors can be cross-analysed, for example to identify where there are a high number of older people living in low energy efficient housing.

Outcomes: L C W

£2m net SROI projected over the next five years, including:

- NHS savings - £0.98m
- Customer financial savings - £0.81m
- Air quality benefits - £0.18m
- Carbon savings - £0.06m (938tCO₂e)
- Time saved for community partners - £0.09m
- Efficiencies for NGN - £0.02m

4.2. Improving access to the Priority Services Register NEW

We've developed a new Priority Services Register (PSR) strategy to reduce barriers to sign up and improve referrals.

Stakeholders said:

Referrals to the PSR is a leading indicator for supporting customers in vulnerable situations. We know there's more to do; while 20% of our customers are registered, vulnerable customers make up to 30% of the population across our network.

Following Covid-19, we expect vulnerability to rise further. Our stakeholders told us they want to see improved performance on this metric and we agreed. In our RII0-2 plan, we committed to 5,000 referrals annually – a 30% increase on RII0-1.

We did:

This year we've worked closely with stakeholders to establish the framework and progress early actions that will increase referrals. Figure 7 summarises our approach.

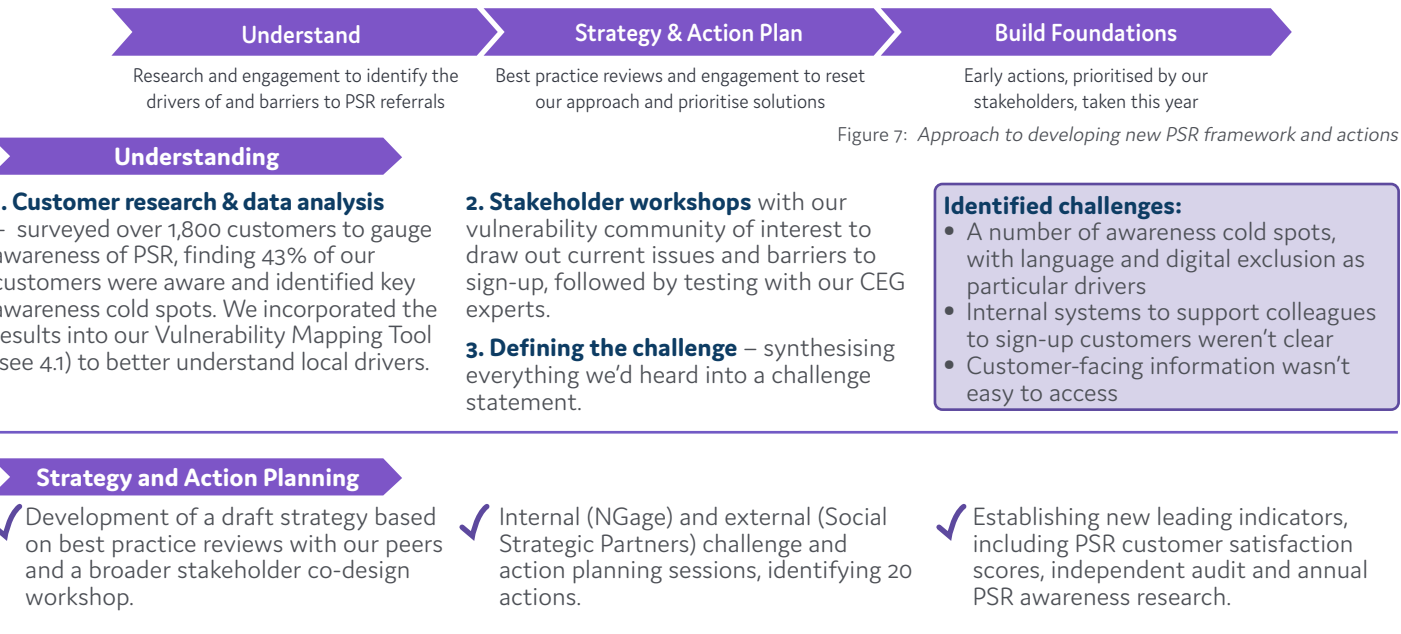


Figure 7: Approach to developing new PSR framework and actions

Building Foundations

We've already started delivering on many of the actions prioritised by our stakeholders, including:

Making better use of data and technology

- Delivered localised interventions to address our cold spots, including a new project with Cadent to establish a digital exclusion needs code
- Redesigned our website PSR sign-up process to make it easier to access the registration form
- Built the PSR registration form into our new Customer Connections Portal

Making better use of colleagues

- Updated our Customer Information Centre app so that it's easier for operational colleagues to see if a customer is registered
- Delivered refresher training for engineers with a reach of an additional circa 60,000 customers a year

Making better use of partners

- Developed PSR advice videos in Urdu and Punjabi
- Allocated each of our community partners bespoke PSR codes enabling us to track their referrals
- Identified sectors or organisations likely to have contact with key customer vulnerability groups, resulting in 10 new innovative partnerships (see Table 1 below).

Organisation	Customers	PSR touchpoints	Collaborative action focus:
Sky Bet	1.8m	Customers in financial vulnerability	Sharing best practice and collaborating on vulnerable customer support strategies
Sky TV	12.7m	Customers who are housebound and related criteria	Trialling PSR registration via TV 'set top box' services
Northern Rail	50m	Families and elderly	QR codes on trains linking to our PSR information and online application
Housing Associations (x6)	300,000	Low awareness / financial vulnerability	Promotion of PSR through tenant communication channels
The Carers Room	14,486	Support and advice for carers of vulnerable customers	Providing PSR, CO and energy efficiency advice through their members area

Table 1: New partnerships and focus areas to drive PSR referrals

Outcomes: C

£1.8m net SROI projected over the next five years² including:

- Customer savings through warm homes discount - £1.04m
- Reduced pressure on health services - £0.74m
- Improved customer satisfaction
- Reduction in complaints
- Improved customer safety

4.3. Harnessing the power of digitalisation NEW

We've invested in new systems that make smart use of data, creating savings and a better customer experience.

Stakeholders said:

Digitalisation – and calls for us to use data more effectively – is a growing theme across our stakeholder groups. Amongst policy makers, the transition to a digital economy and the ability to collaborate more effectively using big data is a core priority for every LEP Local Industrialisation Strategy in our network. And for our customers, digitalisation provides a route to one of their top three priorities; delivering a value for money service.

We did:

This year we've worked with our stakeholder community to deliver against the four pillars of our Digitalisation Strategy, established during the business planning process:

Pillar 1: Collect data at source, store it securely and use it wisely

We've implemented real-time reporting helping us identify issues before any standards are failed, and real-time root cause reporting, highlighting areas of focus for us to immediately improve our service. With better data, we've also developed our advanced analytics capacity – implementing fully interactive dashboards to explore data and use predictive and prescriptive analytics to improve our performance.

Pillar 2: Build applications and processes that are easy to use by our colleagues, our partners and our customers

We've redesigned our processes to simplify and connect them – bringing different areas of the business together on the same digital platform and improving information sharing and flow between departments.

For example by linking up front-end planning, logistics and materials management processes, we've improved our ability to accurately forecast stock levels for jobs, improving our efficiency on site by having the correct materials available and also reducing waste.

Pillar 3: Deliver world-leading technology that keeps us at the frontier of efficiency, safety, customer and integrity

We've implemented an Integrated Information Management system, SAP4Hana, that's enabled us to deliver improvements to our current systems (like our Work Execution application, Customer Engagement Management platform, our website and our online payments gateway) quickly and improve the service that we deliver to our customers.

Pillar 4: Never lose sight of the fact that it is our colleagues who will make this technology work

We've empowered our colleagues to become digital citizens who understand and own the process and data they use. Our new applications and processes have been built in-house and designed by the colleagues who use and manage them, such as our new work management app and our analytics platform. We're now sharing our learnings from our digital transformation with a wide range of partners both through established partnerships like the Leeds Open Data Institute and via cross sector conferences including Agile Sheffield, the SAP UKI SUG, SAP SAPHIRE, and the Geospatial conferences.

Digitisation in action

We built an Artificial Intelligence (AI) interface to analyse, identify and resolve inconsistencies in the daily and quarterly Meter Point data updates from Xoserve in real time.

Historically if the data upload failed through inconsistent or missing data, this required manual intervention to review the failures, amend and then upload revised data. This could result in delays of up to 10 days for data being accurately recorded, leading to complaints from suppliers and gas transporters and, subsequently mischarging.

This year the new interface has reduced the time to upload accurate data by 75%, reduced failures by 90% and seen Shipper queries on PEMS (Post Emergency Metering for Suppliers) jobs reduced significantly.

Outcomes:

£0.5m net SROI projected over the next five years, of which £0.27m passed onto customers, including:

- NGN net efficiencies - £0.5m from:
 - Reduced data errors and failures
 - Fully electronic end-to-end processes for GSR compliance
 - Field data capture means no manual data input into SAP
 - Jobs completed quicker through better decision making due to more accurate and timely data
- Increased customer and shipper satisfaction
- 100% checking of PE joints, resulting in lower likelihood of future leaks

² Based on us meeting 5,000 p/a PSR target

4.4. Helping our customers make connections NEW

We've created a new connections portal to deliver a quicker and smoother connections process.

Stakeholders said:

Our connections customers told us they want to see improved communications throughout the process and reduced delays at key stages. Our complaints data bears this out; with 66% of connections complaints over the last two years relating to communication issues, delays and progress updates.

We did:

This year we've refined our connections process and built a new online booking system, with our customers steering each step of the way. Firstly, we have refined our processes through the in-house development of a connections work execution application. By migrating the majority of the paper-based activities our colleagues undertake to an online app, we'll improve the accuracy of data we are capturing and the efficiency of the process. Concurrently, we undertook research with almost 700 customers to understand their preferences for and, in particular, appetite for an online booking system. The majority of our customers told us that an online portal would be their preferred

way of organising a connection, with over 70% saying they would use it. From there, our customers helped us design the key functionality requirements. Table 2 highlights customers' requirements and how we built these into our new connections process and prototype portal.

Customer requirement	Design decision
Ability to access status updates via an online application	Dashboard view for customers to see what their job status is within the journey
Ability to book an appointment with an engineer	Compromise; built functionality to allow customers to select a week commencing date for the works
Ability to fill out an application and receive quotes online	Capability to complete applications end-to-end online, including receiving both a provisional and full quotation
Ability to provide instant feedback and make complaints online, whilst retaining the ability to speak to someone if there's a problem	Not progressed; subject to further customer testing to identify the best solution
Email notifications should be provided at key points throughout the process	Capability built in
Only 50% of customers wanted chatbot functionality	Not progressed; not prioritised at this stage
Online functionality would need to be compatible with PCs, laptops and mobile phones	Capability built in

Table 2: Customer influence on the portal design

With our prototype new process and system complete, we're now moving to user testing with focus groups in which customers will help us test the system prior to public launch.

Outcomes: C

£1.4m net SROI projected over the next five years, including:

- Net NGN efficiency savings - £1.05m including:
 - Reduction in customer complaints £0.05m
 - Increase in customer satisfaction £0.74m
 - Net processing efficiencies after build and licence costs of £0.26m
 - Of which £0.54m passed on to customers
 - Customer time saved - £0.32m

4.5. Using innovation to help communities ENHANCED

We've improved our innovation process and invested in projects that deliver multiple benefits for our stakeholders.

Stakeholders said:

Our customers tell us that they want us to deliver an innovation programme focused on saving money, improving operational performance and delivering a better customer experience. Where possible, they want us to focus on projects that attract and unlock wider innovation funding.

We did:

As we move to RIIO-2, we've taken stock of where we could improve our processes further to make sure we're investing in the right projects and maximising their impact. To help guide our investment decisions, we've appointed an external stakeholder, a LEP member, to chair our internal innovation working group. This external perspective has helped the group challenge proposals, projected value, strategic impact and relevance to stakeholder needs. Alongside this, we've worked with the Energy Innovation Centre and our supply chain to identify alternative sources of funding for our innovation portfolio. That's resulted in over £152,000 secured match funding, enabling the delivery of four of the 23 innovation projects we've started this year.

Finally, we've continued to invest in embedding new technologies into our daily business practices, tracking the benefits of 20 projects this year. Highlights include:

- **ESEAL2** – This new technique enables remote abandonment of buried assets, meaning less time is spent on site and excavation is moved away from main carriageways. This reduces traffic disruption as well as the safety risk inherent in deep excavations.
- **EZE shoring** – To improve safety and time taken with deep excavations for our workforce and the public, we've invested in a reusable, adaptable and flexible trench support system. As EZE is becoming more frequently used, we are seeing the HSE leave sites more satisfied and it's lowering the probability of safety incidents, making us much safer.
- **Acoustic cameras** – We've invested in using thermal imaging to detect gas escapes from over ground assets – in particular high risers on multi-story buildings from ground level. These iPad sized devices reduce the need to work at heights, improve the safety of our workforce and customers, as well as addressing a specific area of concern from the HSE that we were not able to assess risers adequately.
- **Gerbrit Mapress** – This stainless steel "crimping" system involves cheaper, flexible, and non-corrosive fittings suitable for damp and wet environments including cellars, basements and under public footways. It can also be used in loft and crawl space where there are fire hazards. The new technique removes the need for hot works permits and welding equipment, reducing time spent on jobs and removing the need for specialist engineers and operational complexity and, as a result, reduces customer impact.

Outcomes: C W N

£1.5m net SROI this year and £9.1m projected for the four highlighted projects over the next five years, through:

- Air quality benefits - £0.01m
- Reduced carbon emissions and gas leaks - £0.01m (121t CO2e)
- Reduce traffic disruption – £0.1m
- Net savings to NGN - £10.4m of which £5.3m passed on to customers via:
 - Improved safety (colleagues and customers)
 - Reductions in complaints and increased customer satisfaction
 - Improved asset risk management and reliability

5. Acting as an anchor institution

Our role as an anchor institution has taken on greater significance this year - recognising the impact our decisions, as a locally rooted organisation, can have on local communities and economies.

In what has been a year of turmoil for communities, maximising our impact in our role as an employer and provider of services has been of critical importance. At the forefront is the concept of social purpose and the role of a company acting as an engine for good, creating societal benefits through our daily and strategic decisions.

We've formalised our role this year as an anchor in Leeds, operating through the Leeds Anchor Institution network. Elsewhere, we've led workshops and bilaterals with community groups, local authorities, local resilience forums and our customers, to address regional challenges, support the levelling up agenda and help our communities rebuild in the wake of Covid-19.

5.1. Supporting communities through the pandemic ENHANCED

We've worked with our stakeholders to keep customers safe and secure and develop a long-term programme of support to help communities rebuild.

Stakeholders said:

At the start of the pandemic we quickly aligned our senior leadership team to partner Local Resilience Forums (LRFs) and have continued to work with them throughout the year. We also established a comprehensive programme of online workshops to ensure we maintained continuous open channels of communication with our VCS stakeholders. It was clear from these forums that their priorities were the continued safe and reliable operation of our network, supporting local communities and customers but moreover, providing support in a sustainable and enduring way.

We did:

We've worked closely with stakeholders to keep our communities safe, support our customers and shape new ways of working during the Covid-19 pandemic such as flexible working to support colleague wellbeing, which we will adopt moving forward as a future way of working. As well as ensuring a reliable, safe gas supply throughout, we've worked closely with our partners to develop a programme of long-term sustainable support to help

communities rebuild.

Reprioritising our innovation portfolio

Stakeholders highlighted the enhanced needs of shielding customers. In response, we quickly reviewed our innovation portfolio identifying three former NIA funded projects that could enable limited customer contact. We fast-tracked roll out of two - 'Servibag' and 'Serviswap' - across the network, with a third due in May 2021. These allow us to continue our safety critical Repex programme whilst removing the need to enter customers' homes to access Emergency Control Valves.

Adapting to new drivers of vulnerability

We delivered a programme of targeted community support through volunteering, education and funding programmes but recognised these were reactive measures. Research we commissioned on the social impact of Covid-19 clearly signalled growing issues of vulnerability that would have an enduring impact. Through deep dive workshops with VCS partners, we identified ways to provide practical help for the long-term. Specifically, we've introduced the following changes as a direct result of this feedback:

- added a 'recovery from Covid-19' category into our Community Partnering Fund to support grass roots organisations
- forged holistic new relationships with hard-to-reach communities through new partnerships (see 4.2)
- made sure our future Vulnerable and Carbon Monoxide Allowance projects will respond to these new challenges
- added the data from our Covid-19 impact research into our mapping tool (see 4.1)
- implemented new initiatives to specifically address enduring vulnerability (see 5.2 and 5.3).
- built flexibility into the funding allocations of our forthcoming Hardship Fund to allow for changes in vulnerability patterns.

Outcomes: C W N

- £0.06m net SROI this year from in-year support
- Improved resilience and impact of community partners
- Improved health outcomes to customers and colleagues
- Reduced disruption to customers

5.2. Supporting social mobility through education and skills NEW

We've committed to enabling social mobility and created an education programme that removes barriers.

Stakeholders said:

Economic hardship has been a key focus for our Social Strategic Partners, particularly in the context of Covid-19. They reported a widening of the opportunity gaps for deprived communities in accessing opportunities. Social mobility is important to our customers too, with 75% of them saying we should do more to enable it.

We did:

We teamed up with This is Purpose to help us shape our role in enabling social mobility; leading to us committing to a Social Mobility Pledge and Opportunity Action Plan. Our stakeholders informed the plan each step of the way, by helping us to identify four priorities for our activity, specifically:

- **Recruitment** – Lowering barriers to apprenticeships.

- **Access to opportunities** – Creating a universal work experience placement framework.
- **Outreach** – Creating frameworks of how we can provide support in Early Years, School Years, Youth & Employability and Adult Opportunity.
- **Monitoring Covid-19 impact on communities** – Understanding the health and socio-economic consequences of the pandemic in communities.



Figure 8: Timeline of Opportunity Action Plan development

Collaborating with stakeholders on delivery

Following the launch, we've worked closely with our stakeholders to prioritise delivery. Our Citizens' Jury asked us to focus on recruitment and supporting access to work opportunities. Working with them and our new Young Innovators Council, we've progressed 21 actions this year. This includes:

- designing a new Education, Skills and Careers programme, focusing on ways to develop employability skills through

work experience, school partnerships and encouraging careers in STEM.

- removing non-essential requirements i.e. driving licences and academic qualifications where possible to increase accessibility.

- running a co-designed #ICanBeMe apprenticeship recruitment campaign (see 5.3), through which we've recruited 27 new Level 2 and 3 apprentices, including 3 female maintenance engineering technicians. At the same time our full cohort of 11 crafts

apprentices accepted permanent positions in the business.

- formalising a partnership with local colleges to design and deliver leadership and green apprenticeships courses.

Outcomes: C W N

£0.7m net SROI projected over the next five years, through:

- Enhanced economic benefit - £2m
- Improved workforce resilience - future access to required skills

5.3. Becoming an inclusive business NEW

We've taken steps to become a more inclusive business as part of a business-wide commitment.

Stakeholders said:

Our role as an inclusive business is one of the biggest growing themes we've heard in our dialogue with stakeholders. Eight in ten of our customers tell us it's important to them that we're a diverse and inclusive business, but views diverge on what this means and where we should focus our action.

We did:

Over the course of this year we have sensitively engaged with stakeholders to get to the heart of what inclusivity means for us. Our engagement has led to both a framework for long-term change and immediate, impactful action.

Creating a framework for change

We've developed the business' first Inclusion and Belonging Strategy that has the buy-in of colleagues and the support of our stakeholders.

Firstly, we partnered with Business In The Community and equality experts The Equal Group, who have advised at each stage. Concurrently, we established a Diversity & Inclusion Working Group with colleagues from across the business to lead the development of our strategy.

Through the group's leadership we've engaged with colleagues, customers and leading businesses to understand best practice and how we can build meaningful change, including:

- partnering with Energy & Utility Skills and working with cross sector companies (Cummins, Thames Water, NG Bailey, Yorkshire Water, Tarmac and Electricity North West) to learn best practice;
- extensive customer engagement including a deep-dive session with our Citizens' Jury and surveying over 1,400 customers; and
- launching our first all colleague inclusion survey.

The resulting Strategy is forming the backbone of our action and, through consultation with our colleagues, we've set up 5 new 'Colleague Communities' who will inform and power its delivery. Chosen by our workforce, the communities (LGBTQ+, Women, Men's health, disability and parents/ carers) will develop specific projects and policies on an enduring basis.

Learning as we go: Improving colleague data

Our colleague survey aimed to help us plug gaps in our data about the diversity of our workforce. However, colleague take up of the survey was lower than we hoped. Anecdotally, we found there was more we needed to do to help colleagues feel comfortable and motivated to take part. We've adapted by creating consensus on the strategy and will use our Colleague Communities to help inform how we address the challenge of gathering data.

Recruitment

From both customers and colleagues, improving inclusion in recruitment has emerged as a key priority so we've prioritised early action this year. Specifically, we've:

- made our interview process fairer by introducing standardised practises, diverse panels and raising awareness of unconscious bias,
- removing gender specific language from adverts,
- openly promoting interview adjustments to encourage those with impairments/ disabilities to apply,
- working with specialist partners like WISE and CIPD to promote roles to people in hard-to-reach groups.

We've seen some fantastic early results, particularly in terms of gender diversity. In our #ICanBeMe apprenticeship recruitment campaign we saw a significant increase in women being shortlisted for interview and a 21% increase in the offers made to female applicants enabling us to quadruple our female engineering workforce.

Developing skills

We're engaging with specialist organisations to ensure workplace skills aren't a barrier to diverse recruitment. We've partnered with the Lighthouse Futures Trust to provide work placements for 16-25-year olds with neuro-diverse needs. Interns will help shape the IT team's strategy and provide fresh perspectives, such as how we can use gamification and augmented reality to solve our business challenges.

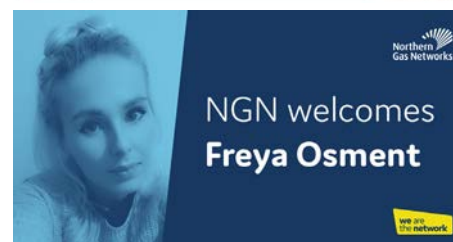
Compromise Area: Transparent reporting

Around two thirds of customers want us to be more transparent on aspects of workforce diversity and inclusion. However, at present we don't feel our data allows us to meaningfully report on a broader range of factors.

As a compromise, we've published our first Inclusion and Belonging Annual Report. Qualitative in nature, the report sets out what we've achieved this year and our focus for the following 12 months. As our data and approach matures, the Report will add a more quantitative view.

Outcomes: C W N

- Improved business performance across multiple indicators
- Reduced employee turnover
- Increased work attendance



Social media posts used as part of the #ICANBEME campaign and two of the female engineering apprentices that joined the business in 2020/21

6. A sustainable future

Decarbonisation remains a key priority for our stakeholders and our plans for reaching net zero have been a sharp focus for many. In previous years we've focused engagement on policy makers. We continue to actively support the work of government and have seen this work reflected in significant steps forward such as the Government's 10 Point Plan.

But as the UK begins to transition from policy to delivery, we've broadened our engagement to make sure we're reaching wider audiences. In this section, we set out the strides we've made in engaging with the public and the hydrogen supply chain both up and downstream. Whilst policy is still uncertain, we've been led by our stakeholders to take these early actions that pave the way for a net zero future.

6.1. Green Transition Bonds NEW

We've launched the sector's first retail Green Transition Bond, allowing our customers to invest in their local community and a net zero future.

Stakeholders said:

The question of how our business is financed is a recurring theme for our stakeholders, arising in both national discourse on utilities and directly from our customers. As our Citizens' Jury grew in understanding, they increasingly challenged us to explain our financial model. So, during a half-day session, our Finance Director talked members through concepts like the RII framework and debt and equity investment, providing a clear picture of our investors and returns. The resulting dialogue was open, constructive and challenging. In particular, only 34% felt that the investment model was fair and inclusive for customers.

We did:

A review of cross sector practice identified Retail Green Transition Bonds (RGTB), where customers can directly invest in local infrastructure, as a potential option for

addressing this feedback. A number of local councils had successfully issued Bonds to finance local renewables projects. As well as raising finance these schemes allowed council's to deliberately engage with residents on climate change.

Changing the way we finance our company is major strategic decision. An initial discussion with the NGN Board agreed that we should fully explore the case with stakeholders to inform a decision.

We started by discussing with our Citizens' Jury, 88% of whom supported the idea. They counselled we should be engaging with the public on our hydrogen vision now and use the Bond as a way to do that. Using the Jury's feedback, we surveyed 2,000 adults, which confirmed the Jury's preference for investment in hydrogen enabling investments and helped us understand how the Bond would need to be structured.

Ultimately, our engagement showed a

RGTB would address customers concerns with fairness whilst also raising awareness of the changes facing householders in future on how they heat their homes. In consideration of these benefits, the NGN Board agreed to undertake a pilot bond.

In March 2021, we became the first regulated utility to launch to a RTGB, allowing individuals to invest in our business with a minimum of £5. We joined forces with ethical investment specialist Abundance, who have issued and managed the Bond on our behalf and ensure that our investors fully understand and can afford any investments they make in our business.

Outcomes: C W N

£0.01m net SROI over the next five years, including:

- Customer benefits - £0.07m from interest received
- Increased awareness amongst customers of the need to decarbonise heat
- Diversification of NGN's investor base

6.2. Bringing hydrogen technologies to life ENHANCED

We've built a house that will showcase hydrogen technologies as the first step in our new Customer Energy Village.

Stakeholders said:

Our customer perceptions research shows that only 28% of our customers are aware of hydrogen technologies as a potential solution to the decarbonisation of heat. Our Citizens' Jury told us being able to see, touch and interact with hydrogen technology would be one of the most powerful things we could do to help.

We did:

We've enhanced our innovation site, InTEGReL, with the UK's first Hydrogen Home. The project, a collaboration with BEIS and Cadent, will demonstrate hydrogen appliances in a domestic setting. Design of the house was informed by

our Citizens' Jury. We made a number of changes to our plans in view of their feedback; prioritising investment into interactive dashboards and virtual tours as a direct result. The home is now built and will launch in summer 2021, in view of Covid-19 restrictions. It will be open to members of the public, as well as being available for tours and educational activities that are being co-designed by our Young Innovators Council.

Designed as a Citizen Science project, customer interaction with the home will produce data that our partners, including appliance manufacturers, can use to test and refine new technologies. And in partnership with Leeds Beckett University,

we'll undertake ongoing research to understand air quality in hydrogen homes, helping government and industry to better understand how these technologies perform.

The Customer Energy Village

The Home is the first building in our wider Customer Energy Village, which will house facilities to test how different technologies operate in a whole systems world.

We've collaborated with customers, VCS, academic and industrial stakeholders to design an additional nine homes of different archetypes, based on research priorities. Each home will include embedded monitoring allowing us to test use of services, building performance and technology and help address the technical barriers to achieving net zero in older properties across the energy mix. They will also enable a series of vulnerability and behavioural change innovation projects. Figure 9 on the next page outlines how we engaged, and the impact stakeholders had on developing the plans.

As a result of our collaborative approach, we've now secured £1.86m of funding from the North East Local Enterprise Partnership. Additionally, our academic partners are developing £1.25m bids for two CEV based research projects.



Map of our InTEGReL innovation site in Gateshead

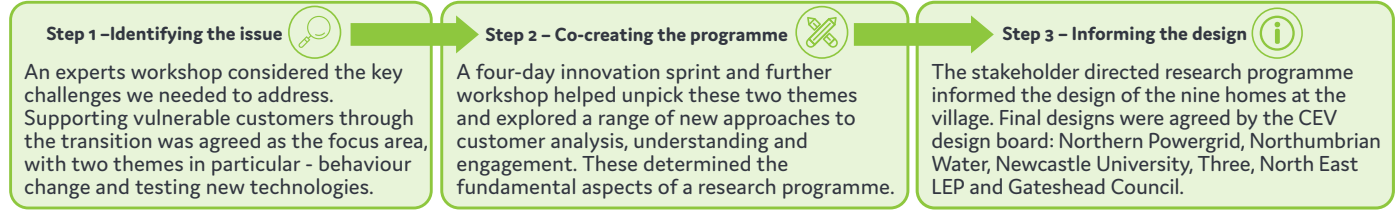


Figure 9: Engagement to develop plans for the village

Outcomes: C W L N

£5.4m net SROI over the next five years, including:

- £5.9m net benefits to wider society and the economy through:

- Job creation & research opportunities
- GVA benefits from innovation & collaboration
- Marketing opportunities for demonstrating firms
- Innovation funding for site partners

- Development of new insight and technologies to meet net zero
- Creation of assets that enable engagement with the community on net zero

6.3. Enabling hydrogen production NEW

We've opened our doors to hydrogen producers, facilitating the development of new projects.

Stakeholders said:

This year we've developed relationships with the hydrogen production community, engaging with a wide range of hydrogen producers to understand their aspirations and how we could help. Through these conversations we heard they wanted to understand where hydrogen could be injected at scale within our network, to help them identify project opportunities.

We did:

Responding directly to this feedback, we developed prototype maps to identify the best opportunities on our network for injecting large volumes of hydrogen. Having tested with a number of producers, we now offer this mapping as a standardised data set available for all enquiries.

However, whilst this data provides an initial guide, producers feedback was that they needed more detailed network data to help them understand detailed project opportunities. Additionally, we heard that data on smaller scale injection

opportunities would be welcomed. To support this, we put in place a pilot hydrogen injection point modelling process. Our new process provides a clear and simple route for hydrogen injection enquiries, and a standardised output showing network constraints and injection opportunities.

We've now tested our new process on multiple connection enquiries. Responses to the data have been positive and, in turn, resulted in over 10 formalised partnerships for joint working, including the H2 Teesside project that is targeting 1Gw of hydrogen production by 2030 – a fifth of the government's national target.

Once we had the right processes in place for industry, we turned to our stakeholders in Local Government to understand how this data might be able to support their planning. Working with the Tees Valley Combined Authority (TVCA) as a trial, we developed mapping of the sub-region to help local policy makers understand spatial opportunities for hydrogen production.

This data was used by the Authority and the Department for Transport, to inform a hydrogen transport masterplan for the Tees Valley area.

Following this successful trial, we've now engaged with local government stakeholders to understand the appetite for similar local data and received overwhelming support. As a next step, we will publish the same data for each LEP area to assist in the development of Local Area Energy Plans.

Outcomes: W L N

We are targeting 4Twh of hydrogen injection in our network by 2026, realising the following benefits:

- Carbon emission reduction
- Jobs created/safeguarded
- GVA, including from potential exports
- Improved air quality
- Greater energy system resilience and reliability
- Export value from leading UK role in global hydrogen economy

6.4. Joining forces to create locally owned plans ENHANCED

We've helped councils to develop holistic roadmaps to hit their net zero targets.

Stakeholders said:

Almost 70% of our councils have in place a target to reach net zero for their local areas and told us they wish to develop, or build on, plans to deliver on these ambitious and transformative goals this year.

We did:

Firstly, we undertook research to understand the current landscape for local area energy planning across our network. Through desk top research, we established a matrix to analyse the relevant maturity of each area, from target setting, to action planning, detailed pathway analysis and, finally, spatial energy plans. From this emerged two key findings, firstly that local government was at a relatively early stage in planning across our whole geography and, secondly, that progress was swifter where councils were working together in partnership over a wider geographic area.

We checked our findings with a series of engagement events with key actors within the Local Government sector, including a series of joint workshops with Northern Powergrid (NPG). These meetings confirmed the findings of our desktop research, as well as a high degree

of ambition to create local plans.

Notably, stakeholders welcomed our joint approach and asked that we engage with them in this way in future. Based on this feedback, we worked with NPG and a small working group of Council officers, to develop the industry's first Joint Charter. The Charter sets out how we will enable a single conversation between networks and Councils and will be reviewed annually with our Council working group. It includes a range of clearly defined principles and actions covering engagement, joint data sharing, funding and a commitment to a full consideration of all routes to net zero. We're already delivering those commitments now:

Pathways to net zero: We've supported four significant Council-led projects to map out future energy scenarios covering over half of our network area. In West and North Yorkshire, detailed scenarios now allow the regions to flex their planning and investments depending on national policy. We're now working with them both to develop briefs for the final stage of LAEPs. In Cumbria we've agreed to co-fund their early investigation of hydrogen pathways and in the Humber, we're contributing to

their development of a multi-pathway study.

Data sharing: As well as new mapping tools to understand the spatial opportunities for hydrogen production (see 6.3), we've responded directly to policy makers' need to understand the costs of different pathways. Specifically, we've led national 'cost to customer' research. The report forecasted the amount of blue and green hydrogen needed to reach net zero and how much that will cost energy billpayers, taking account of technology developments, potential uptake rates, supporting markets and emissions trajectories.

Outcomes: L N

- Increased awareness and understanding amongst local partners of the challenges and potential solutions to decarbonisation of the energy system
- Increased capacity and capability amongst local partners to engage communities on complex issues
- Locally sensitive, evidence-based local action plans that, in turn, will allow local partners to develop investment plans and leverage external funding



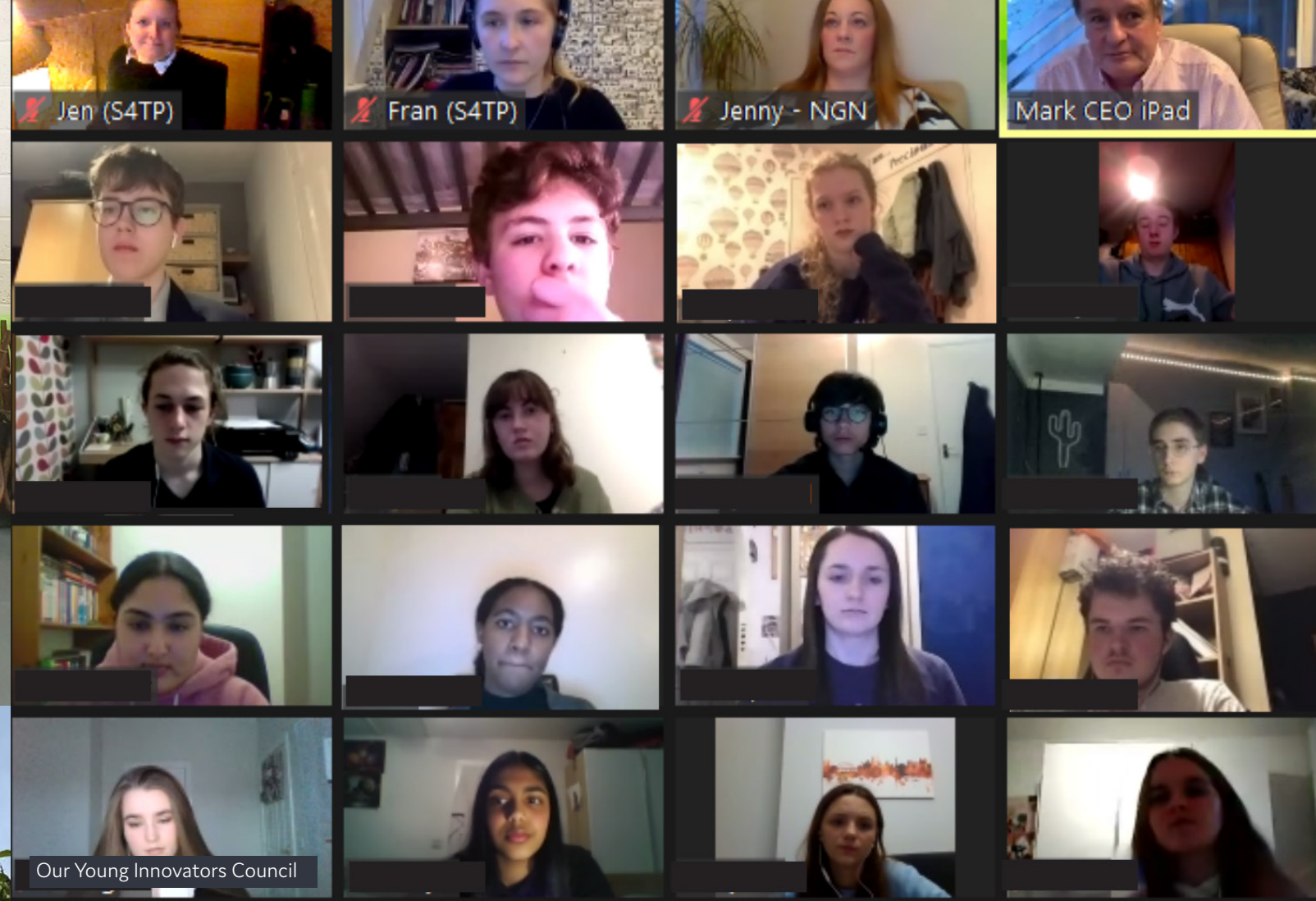
Care Package Delivery to Harlington House Care Home



Supplies delivered to the Sunderland and Durham food bank distribution centre



Care packages delivered to The Sunderland community Soup Kitchen ahead of Christmas 2020






East Riding ground force team volunteering to build a garden for Manor Croft care home in Dewsbury



Computer generated render of the Customer Energy Village

a Northern Gas Networks
1100 Century Way, Thorpe Park
Leeds, LS15 8TU

 @NGNgas
 @northerngasnetworks
 northerngasnetworks.co.uk

together
**we are
the network**