



## Part 1

# Our strategic approach to stakeholder engagement and consumer vulnerability

2021/22 Stakeholder Engagement and Consumer Vulnerability Incentive

Redacted Version



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# Part 1

UK Power Networks is the UK’s largest electricity distributor, delivering power to 8.4 million homes and businesses across London, the east and south east of England.

Every year we take the opportunity through the Stakeholder Engagement and Consumer Vulnerability (SECV) submission to summarise how engagement with our wide range of customers and stakeholders has led to real action – showcasing how insight informs the decisions we take, how we support our vulnerable customers and how we deliver positive outcomes for our customers, stakeholders and wider society.



Levelling up launch event



Meet the innovators event during Energy Networks Innovation Conference – first in-person event for over a year

One of our community support vehicles offering assistance to customers during Storm Eunice

Our submission is divided into three parts:

### Part 1

Outlines our strategic approach to engaging and working with stakeholders as well as our strategy to support those in vulnerable circumstances.

### Part 2

Demonstrates the impact we have delivered through engaging with our stakeholders across our key focus areas: empowering customers and communities to deliver Net Zero, enhancing our services, and keeping costs down through data-driven approaches.

### Part 3

Explains how we understand our customers’ evolving needs and ensure that those in vulnerable circumstances receive the most impactful support.

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Some text has been redacted due to commercial sensitivity.

True leadership requires engagement and collaboration

We are living through tumultuous times. Emerging from a global pandemic, we are witnessing conflict in Ukraine and seeing the cost of living rising rapidly. Meanwhile, the challenge of delivering Net Zero to avert climate crisis remains one of the greatest challenges facing our generation. There is no precedent for the level of change this requires from all of us. The cost of living crisis reinforces more than ever that the path to Net Zero must be inclusive and affordable for all. These are complex challenges which no organisation can solve on its own, and this means engagement and collaboration is critical.

A key tenet of our business vision is to be a respected and trusted corporate citizen. Engagement allows us to think about problems differently by understanding the key issues and trade-offs from our customers’ and stakeholders’ perspectives – which is pivotal to achieve this vision. This mindset has also propelled us to become the best performing network company in the UK and to deliver changes that make a tangible difference

to customers – from streamlining the process of connecting low carbon technologies (LCTs), to ensuring customers in vulnerable circumstances only need to register once to receive extra support from all their utilities.

True leadership does not mean acting in isolation, but bringing others with us. It means forging coalitions to address complex challenges. It means recognising we do not have all the answers, and that we deliver the best outcomes for our customers by learning from others and taking action together. I am proud of the examples we present in this year’s submission, which demonstrates evidence of the actions we have taken and the corresponding impact directly flowing from our engagement.

*Basil Scarsella*

Basil Scarsella, Chief Executive Officer



Responding to the unprecedented changes that affect our customers’ lives

Our customers are facing unprecedented challenges affecting their relationship with energy now and in the future. Engagement helps us better understand how these pressures are affecting customers and changing their expectations of us, our role and the services we provide. Throughout this submission, we provide examples demonstrating how we have responded to these challenges.

Affordability

What has changed

Rising energy bills driven by unprecedented wholesale fuel prices are putting extra pressure on the cost of living, adding to the impacts from the COVID-19 pandemic. National Energy Action estimates the number of UK households in fuel poverty will increase to over 6.5 million following the April price cap change – an increase of more than 50% in over six months. Customers told us they expect us to keep costs low, whilst delivering great value.

How we have responded this year

- Expanding our fuel poverty support programme, with more partners awarded funding than ever before to deliver practical support to more customers
- Taking an ‘inclusion by design’ approach to ensure all customers can benefit from smart and low carbon energy services – such as rewarding customers for shifting their energy usage
- Developing a cost effective approach to the Net Zero transition, including the establishment of an independent DSO; ensuring investment decisions are made in the interest of customers

Resilience

What has changed

The significant disruption caused by Storms Arwen, Eunice and Franklin highlights how much customers depend on electricity and other services such as water, and how important it is that we continue to deliver in the worst conditions. Dependency on electricity will grow even more as transport and heating are electrified – as will demand on the network. Customers told us we should provide even more support for those who are most impacted by power cuts.

How we have responded this year

- In-depth resilience planning – scaled up call agents across the business answering, within seconds, three months’ worth of calls in the week following Storm Eunice
- Partnerships and collaboration – first DNO to support another DNO with call handling during Storm Arwen; collaborated with British Red Cross to proactively contact customers in vulnerable circumstances during Storm Eunice
- Collaborated with water companies in our regions to reduce the impact of outages on the water supply

COVID-19 impact

What has changed

Our research at the start of the pandemic found over 40% of our customers who experienced a power cut felt a significant impact on their lives. Analysing customer experience data throughout COVID-19 showed that expectations of our service have risen and customers now expect more accurate information about power restoration. Our research showed that customers want to choose their preferred contact channel, including digital options.

How we have responded this year

- Used data modelling to improve our Estimated Time of Restoration messages helping customers plan their day with more confidence, increasing customer satisfaction with accuracy of information by 2 points
- Working with local partners to support digitally excluded customers at risk of being left behind
- Benchmarked ourselves against leading customer service organisations beyond our sector and enhanced the information we provide to customers before, during and after power cuts

Decarbonisation

What has changed

To deliver on the UK’s Net Zero Strategy and COP26 commitments, customer lifestyles will need to change, including how they refuel their vehicles and heat their homes. However, our research found most customers are not aware of the changes they need to make and need support to take action. Local authorities can influence 80% of the UK’s carbon emissions according to the Climate Change Committee, but need support to plan their approach. Stakeholders expect us to enable a fair and just transition for customers whilst leading by example and reducing our own environmental impact.

How we have responded this year

- Made the end-to-end process of installing LCTs at home quicker and easier for customers by collaborating with LCT suppliers and installers
- Developed a blueprint for off-gas grid communities to decarbonise their heating at lowest cost
- Co-designed a practical framework and tool to support local authorities in their local area energy planning
- Continued taking action to deliver our accredited Science-Based Targets

Summary of engagement in 2021/22

We carry out a broad and inclusive programme of engagement on an ongoing basis, working iteratively to build on and deepen our understanding of our customers’ and stakeholders’ evolving needs. On an annual basis we review the focus areas under which we structure our engagement, develop initiatives and measure the impact and outcomes.

- We moved from ‘Tackling the Net Zero challenge’ to ‘Forging a path to Net Zero’, reflecting stakeholders’ expectations that we take an active and collaborative role in driving the scale and pace of change required
- ‘Meeting our customers’ evolving needs’ now includes our communities to better reflect our ambition to place our customers and communities at the heart of what we do
- Introduced a new focus area, ‘Operating at the lowest cost’, which reflects our focus on delivering the lowest possible bills

- while enabling a dynamic distribution system that unlocks participation, innovation and low carbon generation
- ‘Helping customers in vulnerable circumstances’ remains an important priority for us and our customers
- Embedded ‘Ensuring no one is left behind’ as a cross-cutting enabler since our ‘inclusion by design’ approach now underpins everything we do.

Parts 2 and 3 explain in more detail how we engaged on these issues and the outcomes we achieved

Ensuring no one is left behind



Forging a path to Net Zero



Meeting our customers’ and communities’ evolving needs



Operating at the lowest cost



Helping customers in vulnerable circumstances

Top outcomes

**£13.7m** local authority savings from our local area energy planning framework

**#4** ranked customer service provider in the national UK Customer Satisfaction Index

**16,000** hours effort reduced to 15 minutes through image recognition

**26,102** PSR records automatically shared with water companies

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Priorities for stakeholder engagement in 2021/22

Focus area	Key questions driving our engagement	Who we engaged with
Forging a path to Net Zero	<ul style="list-style-type: none"><li>• How can we better support customers and communities to transition to low carbon technologies?</li><li>• How can we ensure customers transitioning to low carbon technologies receive an excellent service?</li><li>• How can we ensure a fair and inclusive transition?</li></ul>	Domestic customers, business and Small and Medium Enterprises (SME), low carbon technology providers, installers and operators, local authorities, community energy groups, Motability, electricians, Utility Week Heat Council, other DNOs
Meeting our customers’ and communities’ evolving needs	<ul style="list-style-type: none"><li>• How are customers’ expectations of our service changing?</li><li>• How can we enhance the customer experience during power cuts?</li><li>• How can we minimise disruption to communities during works?</li><li>• How can we better support customers in high impact events?</li></ul>	Domestic customers, business and SME customers, BEIS, Smart Energy GB, other DNOs, water companies, telecoms companies, Highways and Utilities Committees, National Trust, Natural England
Operating at the lowest cost	<ul style="list-style-type: none"><li>• How should we build trust that we are putting the needs of customers first?</li><li>• How can we unlock further whole system benefits?</li><li>• How can we enable greater participation in flexibility services?</li><li>• How can we maximise the benefits of opening up our data?</li><li>• How can we reduce the cost to customers through innovation?</li></ul>	DSO Council, Electricity System Operator, Transmission Operator, distributed energy resources customers, Heat Pump Federation, flexibility providers and aggregators, other DNOs, energy suppliers, academia, Carbon Trust, technology sector
Helping customers in vulnerable circumstances	<ul style="list-style-type: none"><li>• How are customers’ needs and vulnerabilities changing?</li><li>• How can we enhance PSR data-sharing to benefit customers?</li><li>• How can we encourage increased PSR registrations?</li><li>• How can we maximise the impact of support to customers in or at risk of entering fuel poverty?</li></ul>	Customers in vulnerable circumstances, delivery partners, water companies, gas networks, local authorities, energy suppliers, subject matter experts



Our Stakeholder Engagement Strategy

Effective engagement with customers and stakeholders is critical to understanding the diverse needs we serve and determining the role we can play in supporting them. The insights we gain through engagement allow us to shape initiatives that drive sustainable performance improvement and deliver benefits to customers and wider society.

Why we engage

- We engage for four key reasons:
- To shape our strategies
  - To improve our services
  - To learn and develop best practice
  - To share and influence

Evolution of our strategy

Over the past two years we have gained valuable learning from the engagement that shaped our RIIO-ED2 business plan. We learned that engaging with domestic customers on complex, long-term issues is not straightforward as many customers are not aware of their electricity network or what their network operator does. Our Customer Engagement Group reinforced the crucial need for engagement participants to be given enough context and time to be able to provide us with informed responses. This important principle, coupled with our own reflections, reinforced that:

- Engagement must be purposeful** – We must be clear on why we are engaging, understanding the questions or issues we are trying to answer or solve and ensure we design engagement to deliver on that purpose.
- Engagement must provide insight which drives change** – The insight our engagement generates must drive decisions and actions that lead to positive outcomes for customers and society. This means we must evaluate, weight and compare multiple sources to reach reliable conclusions to inform our direction of travel.
- Engagement must incorporate learning** – The learning and insight we gain through engagement must be embedded in the right parts of our business to shape meaningful action and foster increased awareness and understanding.

Our stakeholder engagement approach

Meaningful engagement guides decisions at each stage of the process.

Delivery stage	Identify needs of our customers, communities and stakeholders	Determine the best course of action: select and prioritise	Deliver action	Validate impact delivered
Engagement activities	<ul style="list-style-type: none"><li>Analyse research, market intelligence, strategic changes in the environment</li><li>Identify gaps in understanding</li><li>Engage to understand the issue and identify specific challenges or opportunities to address</li></ul>	<ul style="list-style-type: none"><li>Engage to explore our potential role and actions we could take, including working in partnership</li><li>Assess and triangulate feedback, evaluate costs and benefits and trade-offs – is there value?</li><li>Decide on actions</li></ul>	<ul style="list-style-type: none"><li>Take forward actions, including working in partnership</li><li>Engagement through co-design, testing and/or trialling with customers and/or stakeholders</li></ul>	<ul style="list-style-type: none"><li>Measure impact delivered</li><li>Decide whether to scale, change or stop</li><li>Report on impact</li><li>Share learnings and best practice, internally and externally</li></ul>


Learning in action

This year we have established a Citizens’ Panel to allow us to explore issues with customers in greater depth by bringing the panellists to a level of understanding that enables meaningful engagement with complex questions. We are trialling this mechanism to help us make trade-offs and decisions about challenging and long-term issues and will use the practical learnings to enhance the value of the Citizens’ Panel as we embed it further.

*“Just to say well done for consulting with residents from different backgrounds to shape your services.”*

Citizens’ Panel member

AccountAbility Assurance statement



*“UK Power Networks has demonstrated an embedded, innovative and inclusive approach to its stakeholder engagement programme this year. It has shown its engagement to be flexible and agile in its adoption of new practices and technologies which ultimately benefit its stakeholders and its customers. It has also gathered new insights with impact measurement and applied SROI in a mature way in its decision making, recognising not all initiatives can be appropriately measured in this way.”*

Daniel Metzger,  
Associate Director, AccountAbility

Designing and delivering effective engagement

Learning the lessons from our RIIO-ED2 engagement programme and the constructive challenge we received from our Customer Engagement Group, we have enhanced our articulation of how we design our engagement using a common set of questions to ensure our engagement is effective, representative and drives meaningful change.

- 1 Why do we want to engage?**

We start by identifying a clear purpose for the engagement and clarifying which decisions it will inform.

**Tools and processes:** The need for engagement is informed by issues we identify through continuous horizon scanning and market intelligence, questions emerging from earlier stages of engagement, or insights from data analysis including machine learning and Natural Language Processing of feedback.
- 2 Who should we engage with?**

The breadth of stakeholders we engage with is vast, from policy makers to local authorities to technology providers to domestic customers. When designing engagement, we identify the range of relevant interested or affected stakeholders to involve.

We aim to engage with a representative range of stakeholders, including those harder-to-reach or at risk of being left behind due to limited time, resource, or knowledge.

**Tools and processes:** Our annual stakeholder mapping refresh and ongoing market intelligence identifies emerging groups, changes in a group’s influence or concerns of how a group is impacted. Our vulnerability and inclusion assessment, embedded within our innovation project governance, helps identify groups at risk of being left behind. We use an information management system called Tractivity to record our engagement with stakeholders and created a new categorised repository of research and engagement insights, as a central reference for business leads.
- 3 How should we engage?**

Given the variety of customers we serve and stakeholders we engage with, no single mechanism will work for everyone, even when engaging on the same issue. We identify which mechanism or blend of mechanisms are best suited to the purpose of engagement and the participants and ensure we do not introduce barriers to participation, e.g. for customers experiencing digital exclusion.

Since knowledge levels vary between stakeholders and across issues, we are working harder to provide enough information and time for participants to understand the context and answer questions with meaningful responses.



**Tools and processes:** We choose from a range of over 20 engagement mechanisms, and communication channels, from our toolkit for planning and running engagements. We then use a variety of methods to capture feedback on the quality of our engagement, e.g. polls and surveys.
- 4 How will we act on the insights?**

Following engagement, we evaluate the feedback we received and identify the key insights. Through triangulation we weigh up the insights and evidence gathered from across our research and engagement activities, taking into account the limitations of each approach, before making decisions.

For example, feedback on the growing scale of the fuel poverty challenge and the importance of ensuring an inclusive transition to Net Zero informed our decision to bring together our vulnerability, innovation and engagement teams under a single senior manager to drive a joined-up delivery programme.

**Tools and processes:** Engagement, project plans and projected benefits are regularly reviewed by senior managers to ensure ongoing engagement is continuously shaping initiatives.

Our engagement approach in action

This section highlights two examples where we trialled and evaluated new methods of engagement.			
	 Geo-targeted social media posts	 Citizens’ Panel	
1 Why we engaged	Customers told us they want to be kept up to date about work in their local area. We wanted to test if they would value targeted social media updates	Customer research highlighted a gap in customer awareness of low carbon heating so we wanted to understand what support and information customers need to make the switch	
2 Who we engaged	Customers living in areas affected by works and in areas with a significant number of visitors and commuters to the affected area, as identified using anonymised mobile phone movement data from O2	Representative sample of 42 customers from across our regions	
3 How we engaged	Geo-targeted Facebook posts to customers in targeted areas	We established a Citizens’ Panel to explore how we should support customers through the transition to low carbon heat via deliberative engagement over three sessions	
4 How we are acting on insights	We expanded the approach across our regions and to further use cases, including targeted campaigns to raise awareness of the Priority Services Register	The insights will inform our heat strategy and direct our next actions through our innovation programme over the coming year. Panellist feedback following the first session highlighted most customers recognise the need to act to reduce emissions, but are concerned about the practical barriers and costs involved	
How we evaluate effectiveness of engagement method	<ul style="list-style-type: none"><li>Customer feedback on the posts: very positive</li><li>Average reach per post: 1,000-3,000 customers</li><li>Average cost per post: £10</li><li>Up to 89 engagements per post (likes, comments, shares) plus positive feedback.</li></ul>	Once the Citizens’ Panel has concluded, we will evaluate the full process based on panellists’ feedback on their understanding of the process and its purpose and their satisfaction with the conclusions. We will internally assess the usefulness of the outputs and learnings from trialling the process.	

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.

Evolution of our strategy

Soaring energy bills, the rising cost of living and the economic impact of the COVID-19 pandemic are putting our customers under enormous pressure. Through research, data, engagement, and speaking with our local trusted partners, we learned that customers' needs are becoming more complex, with many experiencing multiple intersecting forms of vulnerability. Mental health needs are increasing, and more people are leaving hospital with respiratory illnesses, increasing the health risk when returning to a cold or damp home. Meanwhile, the energy transition presents customers with both new opportunities and potential challenges.

It is more important than ever that we identify and reach the customers who most need our support, deliver actions that make a real difference to their lives, and scale up our impact to deliver on our ambition of seven times more in-depth support for households in or at risk of entering fuel poverty by 2028, compared to current levels.

To enable this, we:

- Embedded an 'inclusion by design' mindset by training customer-facing staff up to executive level on vulnerability; formally combining our vulnerability, engagement and innovation teams; and advocating for accessibility in EV charging
- Developed an innovative cross-sector affordability delivery framework with gas networks, water companies, energy suppliers and local authorities to maximise the impact of our collective efforts for our shared customers
- Rolled out automatic Priority Services Register (PSR) data-sharing with water companies, making it easier for customers to receive the support they are entitled to.

Our guiding principles

We have revised our guiding principles, supported by feedback from our Consumer Vulnerability Council, to reflect the transition towards our vision for RIIO-ED2.

Inclusive

Collaborative

Innovative

Agile  
NEW

Impactful  
NEW

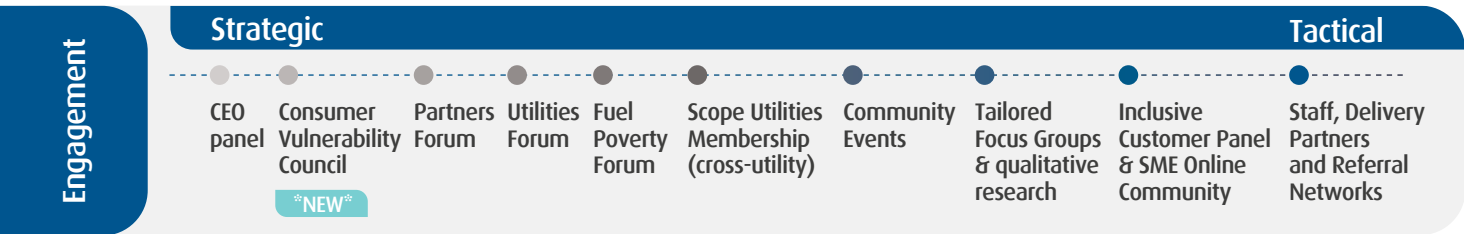
Building blocks of our strategy

Continuously understand the needs of our customers	Focus on data to deliver tailored support	Deliver excellent service through the help of our partners	Learn and embed knowledge	Review, measure and evaluate outcomes
Over the last year we held 39 insight sessions with delivery partners, as well as engaged directly with customers and experts in consumer vulnerability to understand how needs are changing, helping design initiatives that deliver positive impact.	Research insights, combined with our 253 social indicator datasets, vulnerability mapping tools and PSR, provide a solid foundation for our strategy. It allows us to understand who needs our support, target our partnerships and PSR campaigns, and inform our continuous improvements and investment decisions.	We partner with 189 trusted organisations to deliver tailored advice and practical support to customers, investing in innovative new approaches together. We are increasingly collaborating with utilities, public sector and third sector providers to deliver joined-up support and maximise impact.	We trial and learn from new approaches before deciding which to take forward and scale up. For example, this year we trialled a range of tailored messages to increase PSR uptake among under-represented groups in London, and scaled up our rollout of PSR data sharing with water companies in our regions.	We measure the impact of our actions through a range of qualitative and quantitative tools, including SROI. We individually review every customer satisfaction survey with a score under 8, as well as tracking PSR customer satisfaction during storms.

How we engage on consumer vulnerability

- We utilise a range of tailored engagement approaches and mechanisms to ensure the methods are fit for the purpose and suitable for the participants taking part. Specifically this year we have:
- Dedicated over 50% more time to engaging with fuel poverty partners bilaterally to gain a better understanding of the issues on the ground
  - Surveyed those who applied to or expressed interest in our Power Partners programme, to continuously improve the application process

- Increased focus on our cross-utility collaboration to maximise our collective impact and simplify customer access to our services
  - Established a Consumer Vulnerability Council, bringing together vulnerability experts to advise us on our strategy



This year we directly engaged over 1,000 stakeholders at 285 events or meetings on vulnerability, and along with our partners we reached an additional 378,350 stakeholders and customers in the community.

Our Consumer Vulnerability areas of focus

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  
Innovating for all

Maximising our partnerships and training our staff is an enabler that underpins everything we do to deliver our strategy and focus areas. This year, we also introduced 'Innovating for all' as a cross-cutting pillar to reflect that we are applying creative thinking to tackle these challenging issues. We are already working to make smart solutions accessible to harder-to-reach customers and those in vulnerable circumstances, for example, in flexibility services and EV charging.

Our strategy for managing and developing the PSR

We triangulate data and research with engagement with delivery partners who interact directly with customers to understand how vulnerability is changing in our regions. This approach helps us identify and target the areas least-represented on our PSR, trialling and scaling the most successful approaches to increase registrations based on local needs. We tailor our support for PSR customers based on how they are affected by power cuts, for example, recognising that medically dependent customers are likely to need extra support.

We have shared our PSR eligibility framework with all other DNOs to help define a common methodology to assess PSR reach, identifying common principles as well as differences between existing approaches.

To advance PSR data sharing, we took the initiative to develop fully-automated, two-way, near real-time data sharing with water companies in our regions – leading to thousands of new registrations for Thames Water, Northumbrian Water and UK Power Networks. We put the benefits of our learning into practice by collaborating on designing and building a cross-sector multi-utility PSR hub demonstrator with Northumbrian Water.

Our strategy for tackling fuel poverty

We have set an ambitious target to support 500,000 households in or at risk of being in fuel poverty by the end of 2028.

Our approach to tackle fuel poverty is threefold:

- 1. Breadth:** we provide general fuel poverty advice to reach a wide range of customers either in or at risk of falling into fuel poverty
- 2. Depth:** we provide individual customers with in-depth personalised support delivered through our community partners, empowering customers to take practical steps such as applying for benefits and grants, reducing costs, saving energy and installing energy efficiency interventions such as low-energy cookers
- 3. Enduring support:** we support partners to train energy champions, advisors and front-line workers embedded in communities, to provide fuel poverty advice and support on an ongoing basis to deliver enduring impact.

We deliver this by:

- Building a sustainable ecosystem of partnerships with local trusted organisations
- Using data on customer needs and barriers, feedback from our delivery partners, and learnings from past initiatives to prioritise and tailor our actions to maximise impact.

Our strategy for providing inclusive services to ensure no one is left behind

Learning from the social model of disability, which describes how people are disabled by barriers in society and not by their impairment or difference, we now understand that vulnerability in our field is driven by the interplay of energy system barriers with personal circumstances and characteristics.

We are embedding an 'inclusion by design' mindset in our business by:

- Formally combining our vulnerability, engagement and innovation teams under a single accountable senior manager
- Training customer-facing staff and managers on vulnerability – including at executive level
- Embedding our Socially Green mapping tool, which helps us forecast where and when customers will face various barriers, into our initiative governance process to ensure we design inclusive and accessible solutions
- Tailoring our approaches and partnerships to best address the barriers these different groups face
- Actively advocating for the needs of customers in vulnerable circumstances, for example by ensuring the needs of disabled motorists are represented in the rollout of public on-street charging.

Our customer segmentation framework and definition of hard-to-reach customers are included below.

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

Our two stage customer segmentation framework

Stage 1: Consumer

Stage 2: The energy system

What is driving the customer towards exclusion and disadvantage?

What aspects of the energy system are driving the customer towards exclusion or disadvantage?



Embedding a culture of engagement

Why a culture of engagement matters

Engagement is integral to delivering the best possible outcomes for our customers and communities. It allows us to identify and understand the issues that matter and to take impactful action. Ultimately, a culture of engagement means we have formed a consistent pattern in the way we learn and solve problems. It means looking outwards and seeing beyond organisational and industry siloes, and choosing to do the right thing by our customers even when the path is difficult. A culture of engagement extends to how we engage with employees. Research by the Institute of Customer Service shows that a one-point improvement in employee engagement leads to a 0.41 uplift in customer satisfaction, reinforcing the benefits of an engaged and motivated workforce that is representative of the communities we serve.

How we embed a culture of engagement

- Embedding a customer-centric, outcome-driven mindset requires everyone in the company to understand and take responsibility for how their actions contribute to outcomes for customers and stakeholders. This level of ownership cannot be achieved if engagement is carried out by a separate team and the findings disseminated to subject matter experts. Engagement needs to be driven by the teams working to address the issues. This means:
- Our subject-matter leads are accountable for engagement within their area
  - We empower teams with the tools and processes to design and deliver quality engagement (described on p.4)
  - We bring teams together to triangulate and debate insights and decide on the best course of action, putting aside seniority in favour of ensuring everyone can voice their ideas to reach the best possible answer
  - Teams who engage with their customers and stakeholders see the impact of their actions, creating a positive feedback loop.

Attributes of an embedded engagement culture

Measuring culture can often be subjective. We mapped the key attributes of highly engaging businesses to measure ourselves against these and monitor our progress. The ultimate measure of culture is feedback from our stakeholders on how we differentiate around these attributes.

Attribute	What our stakeholders say	
1 Open	Seeking out new ideas, being approachable and open to challenge, embracing change so we can serve our customers better, not being constrained by traditional organisational roles and thinking	 <p><i>"We're pleased that UK Power Networks has made a commitment to open data, in their digital strategy and open data portal. This is a positive contribution to the UK's national data infrastructure and a commitment to improving outcomes for energy consumers and society more broadly."</i> Emma Thwaites, Director of Communications, Open Data Institute</p>
2 Driven	Taking action, focusing on practical results, seeking continuous improvement, not being discouraged by complexity and always driving to be at the frontier	 <p><i>"Your experience and belief in sharing PSR data between utilities is really coming through and helping to get others on board. The work UK Power Networks has already done in this area is nothing short of inspiring!"</i> Lisa Connell, Customer Service Manager, Northumbrian Water</p>
3 Agile	Being brave to try out new approaches, embracing learning, continual adaptation, responding as the situation evolves	 <p><i>"I use the Smart Connect portal regularly and think it's terrific so thanks for producing it."</i> James Harding, Director of a network of over 2,300 EV installers</p>
4 Outcomes based	Focusing on the ultimate impact delivered for our customers and stakeholders, seeking to deliver more value for more people	 <p><i>"UK Power Networks' community-led energy planning strategy will help us deliver our community energy goals. We look forward to continuing to work with you to deliver real outcomes for our off-gas grid communities, including savings and greater community energy awareness and resilience."</i> Ollie Pendered, Chief Executive of Community Energy South</p>

Our social role and representing the communities we serve

Providing an essential service gives us the opportunity to interact with over 19 million individual customers. To deliver on our vision to be a respected and trusted corporate citizen we engage to understand how we can best give back to the communities we serve.

Levelling Up Goals

We are the first DNO to develop and launch a Levelling Up Action Plan that maps our activity against the UK's Levelling Up Goals. This framework aims to focus efforts on driving equality of opportunity at key life stages. This includes internships and work experience for young people from underrepresented groups, as well as STEM outreach and school engagement.



*"I'm thrilled to be working with UKPN on measuring its impact against the Levelling Up Goals. Part of what we do is about sharing best practice and UKPN is demonstrating this with some fantastic work around social mobility and equality of opportunity."*  
Rt Hon Justine Greening

Our partnerships and collaboration approach

We collaborate with a diverse group of organisations to maximise great outcomes for our stakeholders and customers and scale the impact of our service.

Why we partner

Given the scale and complexity of the challenges we face, from forging a path to Net Zero to delivering resilient capacity at lowest cost, acting in isolation will not be enough. We need to influence and work with others to bring together complementary capabilities and expertise to deliver sustainable change. We also recognise that engaging in collaborative innovation and knowledge sharing is a key to growth and development in our sector and regions in the long term.

How we identify partners

In line with our engagement approach, we aim to understand the challenges our stakeholders face to enable us to identify the partners who are best placed to help us solve them and deliver better outcomes for customers and stakeholders. Each stage of this process is informed by engagement:

- Understand the issues** – we engage with our customers, communities and stakeholders to clarify the specific challenges to address
- Identify delivery approach and potential partners** – we explore our options to address the challenge and the opportunities to collaborate to achieve better outcomes; assess the strengths and capabilities we and our partners bring
- Agree roles and responsibilities** – we clarify the role that we and our partners should each play and agree what we will deliver

Bringing partnerships to life

The table below highlights examples of strategic and tactical partnerships across our four focus areas, and why we chose to partner with each of them.

PURPOSE	Strategic Insight into strategic issues, identify key challenges, shape our approach, influence policy	Tactical Collaborative delivery, access to hard-to-reach stakeholders, deliver targeted support to customers, referral to Priority Services Register
Forging a path to Net Zero	<ul style="list-style-type: none"><li>• Understanding the challenges in planning and rolling out EV charging infrastructure to establish an approach to scale across industry</li><li>• <b>Local authorities</b> – understanding how we could support local authorities to develop robust climate action plans within their resource constraints</li></ul>	<ul style="list-style-type: none"><li>• <b>Federation of Small Businesses</b> – access to hard-to-reach Small and Medium Enterprise (SME) customers to help them understand the steps to transition to EVs</li><li>• <b>Community Energy South</b> – developing a practical, replicable blueprint for heat decarbonisation in off-gas grid communities</li></ul>
Meeting our customers' and communities' evolving needs	<ul style="list-style-type: none"><li>• <b>Thames Water</b> – identifying areas of risk in our network to mitigate the impact of power cuts on local water supply</li><li>• <b>Highways and Utilities Committee England</b> – sharing our leading practice on streetworks collaboration to minimise disruption</li></ul>	<ul style="list-style-type: none"><li>• <b>Smart Energy GB</b> – promoting smart meter take-up to customers in vulnerable circumstances who would benefit from additional support in a power cut</li><li>• <b>Gas and water companies</b> – collaborating on individual streetworks projects to minimise disruption and reduce time and cost of works</li></ul>
Operating our network at the lowest cost	<ul style="list-style-type: none"><li>• <b>ESO</b> – learning from their experience of separation to inform our approach to establishing an independent DSO</li><li>• <b>Distributed energy resources customers</b> – understanding the challenges and opportunities of a world-first reactive power marketplace to inform its design</li></ul>	<ul style="list-style-type: none"><li>• <b>BT and Anglian Water</b> – developed a digital representation of the physical world to enable better climate resilience decisions for energy, telecoms and water infrastructure systems</li></ul>
Helping customers in vulnerable circumstances	<ul style="list-style-type: none"><li>• <b>All eight water companies in our regions</b> – understanding the challenges to overcome the barriers to automatically share PSR data</li><li>• <b>Gas and water companies, energy suppliers and local authorities in our regions</b> – developing a coordinated affordability delivery model to maximise our collective impact on fuel poverty</li></ul>	<ul style="list-style-type: none"><li>• <b>Thames Water</b> – developed a replicable PSR data-sharing solution between power and water so customers only need to register once to receive support</li><li>• <b>Scope, SGN, Anglian Water</b> – extended the scope of the Disability Energy Support service to include water advice as well as energy advice for disabled people</li></ul>

Collaborating with other networks to deliver more for our customers

- Supporting customers across Britain during storms

When Storm Arwen hit in November 2021, we sent 350 specialist engineers to the north to help restore power to tens of thousands of people still without electricity. We also reached out to Northern Powergrid to offer call handling resource in a first-of-a-kind collaboration, answering over 1,250 calls and supporting calls for customers across Britain, not just in our areas. A few months later, Storm Eunice hit our regions and was the biggest storm for more than a
- decade in terms of causing a month's worth of faults in a single day.

We collaborated with local resilience forums and delivery partners to enhance our response and the reach of our communications. For example, we proactively shared information about our compensation arrangements with our vulnerability partners such as Scope, who shared this information with customers via their Disability Energy Support advice line.
- Joining forces to solve our future challenges

Research by the Energy Innovation Centre revealed that SME innovators would benefit from more pace and collaboration from the energy industry, so we have signed up to a pioneering Innovator and Industry Charter along with seven other UK energy networks. This will result in a more effective and coordinated industry innovation pipeline.

Why we measure impact

As a performance-driven business we measure the impact our initiatives could deliver to inform our decisions, calculating not only the financial benefits, but also the social, environmental and wellbeing benefits for our customers and wider society. This helps us target the actions that deliver the greatest benefit, and identify how we can grow our impact even further:



Evolution of our approach

Last year we improved our measurement approach in three ways:

- Implemented a holistic end-to-end approach to make better decisions throughout the lifecycle of an initiative
- Developed further our approach to evaluate the impact of initiatives, including extending our use of Social Return on Investment (SROI), embedding new proxies to enhance accuracy and triangulating the results with other sources to inform decisions
- Broadening and deepening our application of social valuation across our initiatives

✓ Deepening our understanding of social valuation

We have developed our in-house SROI capability through expanded training and further embedding SROI analysis into our decision-making processes. As well as building a sustainable capability in the business, this has enhanced our insight into the uses and limitations of SROI.

We have learned that social valuation:

- Is not appropriate for every type of initiative. For example, we decided against valuing the safety benefits of a new way of working with emergency services since there was not a credible way to quantify the reduced risk of injury or death
- Results need to be weighed up against other factors to make effective decisions. For example, we used social valuation to compare the estimated impact of potential Power Partners initiatives, but we also considered the unit cost of providing in-depth support per customer and the rate of fuel poverty in the area to be supported. We also took a programme-level view to achieve a balanced portfolio, ensuring we support a range of vulnerabilities across our regions and allowing us to invest in innovative approaches as well as established organisations

- Does not convey which stakeholders benefit from an initiative or the nature of those benefits, e.g. better air quality, reduced stress and/or lower bills. Furthermore, there is no agreed-upon method to determine what constitutes a ‘good’ SROI other than a positive figure.

As a result, SROI needs to be contextualised and complemented with other measures of impact and we have placed greater focus on the quality of SROI analysis and applying social valuation where it is appropriate and useful, prioritising this over the quantity of initiatives assessed and ‘big number’ outcomes.

We have concluded that the value of SROI analysis lies in:

- Ensuring we consider the full range of potential impacts of our actions, and identify opportunities to maximise positive impact where possible
- Helping us select between two initiatives with similar cost-benefit forecasts by factoring in the social and environmental benefits
- Comparing the relative benefits of initiatives that would not be directly comparable otherwise – alongside considering other factors.

✓ Communicating impact more clearly

Our aim is to be transparent about the impacts we deliver, but the tools we use to evaluate initiatives are not always the best way to communicate to an external audience. This year we have broadened our focus beyond SROI analysis to explain the impact of our actions more clearly.

- qualitative measures where quantification is not possible or credible
- Identified the key benefits that drive our SROI analysis, rather than simply including the ‘pounds and pence’ SROI figure on its own
  - Described how our evaluation of social and environmental benefits has informed our actions, rather than simply reporting the SROI analysis result
  - Identified which stakeholder groups experience the impact.

Quote from SIA Partners



“UKPN has embraced the use of SROI using the industry-agreed common methodology. The business has continued to improve the adoption and sophistication of this approach, building upon the SROI measurements undertaken as part of its annual engagement programme. Our review of UKPN’s initiatives confirms that the values and approach are robust and aligned to best practice in the sector.”

Scott Flavell, Partner – Energy & Utilities, SIA Partners

How we measure impact

When developing new initiatives we could take forward to address the needs of our customers, communities and stakeholders, we first develop a high-level view of the impacts we should aim to deliver. Once we have identified the actions we could take, we evaluate their potential impact using a range of qualitative and quantitative techniques:

Qualitative tools	Qualitative and quantitative tools	Quantitative tools
<ul style="list-style-type: none"><li>• Feedback from customer and stakeholder engagement</li><li>• Assessment of risks and trade-offs</li></ul>	<ul style="list-style-type: none"><li>• Market and customer research</li><li>• Surveys and polls</li></ul>	<ul style="list-style-type: none"><li>• Cost benefit analysis</li><li>• Social valuation (SROI analysis)</li><li>• Data-led modelling, e.g. impact on KPIs</li></ul>

- **We compare** and triangulate the results of evaluation, and weight the information based on the nature of the source. For example, we would weight an insight gained through quantitative research with thousands of customers more heavily than an anecdotal qualitative insight from a small group.
- **We take into account** the inherent limitations of each source. For example, willingness to pay research is used carefully because it is challenging for customers to evaluate complex issues quantitatively, with the limited context available. We therefore use results as an indication of customer preferences, which needs to be triangulated with other information.
- **We consider** risks, trade-offs and whole system impacts before deciding on a course of action. This may include comparing multiple options before deciding which to take forward.
- **We revise** the impact evaluation at key points throughout delivery, based on evidence of actual impact and better forecast information, to decide whether to continue, adjust, scale up or stop the initiative.
- **We monitor** benefits realisation once a change has been implemented, using a blend of qualitative and quantitative methods tailored to the nature of the initiative.

How we ensure our impact measurement is robust

- We seek feedback from the customers and stakeholders directly impacted, wherever possible
- We triangulate between a range of evaluation methods to avoid over-relying on any single approach
- We use information on actual impacts instead of estimates wherever possible, including when developing proxies to assign a monetary value to outcomes in social valuation
- We clearly state assumptions and uncertainties and take a conservative approach to avoid over-stating benefits.

Our measurement framework in practice

We have amended our approach to presenting social valuation based on the SECV Panel feedback. We decided against presenting aggregated social valuation figures since these do not convey which stakeholders benefit and the tangible nature of the benefits they experience. Instead, we provide two examples that demonstrate how we apply impact measurement to evaluate initiatives.

Example 1:  
Switching from diesel to biofuel



The use of diesel in mobile generation is one of the highest CO2-emitting activities in our supply chain. Stakeholders encouraged us to look at alternative fuels, so we explored using hydrotreated vegetable oil (HVO) fuel in our mobile generation fleet. To evaluate the impact we:

- Modelled financial impacts: comparing HVO fuel costs with diesel costs, scenarios to reflect potential changes to fuel duty rates and potential tax rebates, and comparing the cost of carbon offsets based on each fuel’s emissions. The financial benefits case was strengthened by the recent rise in global diesel prices.
- Modelled environmental impacts, identifying a 90% reduction in CO2 emissions and a 30% reduction in NOx emissions by switching from diesel to HVO fuel. These were assigned financial proxy values in our SROI modelling to reflect benefits both in the short term and in future years.
- Evaluated the total social value: SROI analysis showed a positive net benefit of £0.33 in excess of every £1 spent over one year and £0.40 over ten years.
- Considered risks and benefits which cannot be quantified through SROI analysis. For example, we decided to purchase sustainable and traceable HVO fuel to mitigate the risk of purchasing anything using virgin palm oil, which perpetuates environmental damage.

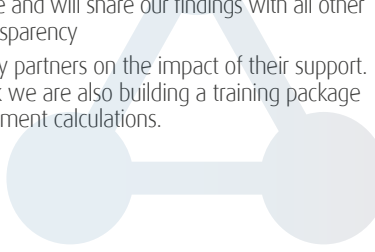
After considering the financial, environmental and sustainability impacts, we decided to switch our East and South East generator contracts to use HVO fuel.

Example 2:  
Fuel poverty in-depth personalised support



We use a range of measures to assess the impact our in-depth fuel poverty support delivers for customers:

- Total number of customers who receive in-depth support through our delivery partners
- Number of hours of in-depth support delivered, as an indicator of the depth and complexity of support required. There may be a trade-off between time spent with customers and the total number of customers supported
- Last year we developed a bespoke fuel poverty financial proxy value, to estimate the average savings per customer who receives support. This is a weighted average of the impact of behaviour change, energy efficiency measures, income maximisation and tariff switching. More recently, tariff switching has no longer been a viable option to reduce bills, so we have engaged with SROI experts for advice on revising our approach. We are reviewing our proxy values to reflect this change and will share our findings with all other DNOs in the interest of transparency
- Reporting from our delivery partners on the impact of their support. Based on partner feedback we are also building a training package covering benefits measurement calculations.









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