

Report on the Electricity Distribution Customer Service Reward Scheme 2008/09



Introduction

The electricity distribution customer service reward scheme ("the scheme") is designed to encourage better service for consumers in areas that cannot be easily measured or incentivised. We seek to achieve this by recognising leading performance within the industry and driving innovation and creativity through the promotion of best practice. The scheme is designed to reward the performance of those DNOs that exceed their licence requirements and demonstrate a holistic approach to promoting best practice embedded in broader business processes.

Each year DNOs are invited to submit entries to Ofgem detailing the initiatives and strategies they consider have best served the interests of customers across the chosen categories throughout the reward period. For the 2008/09 scheme (the fourth reward period since the scheme began) the chosen categories were '**priority customer care**' and '**corporate social responsibility**'.

All seven DNOs submitted entries for the scheme this year. Those companies were Central Networks, Electricity North West, CE Electric, Western Power Distribution, EDF Energy, SP Energy Networks¹ and Scottish and Southern Energy. The entries were assessed by an independent panel of experts² appointed by Ofgem in a panel meeting which took place on 2 July 2009. The DNOs attended a question and answer session with the panel.

DNOs' entries were expected to meet the minimum requirements specified for each category. For priority customer care the minimum requirements specified, amongst other things, that DNOs must have procedures and standards in place for staff on contact with priority customers and to ensure that information on customers eligible for inclusion in the priority services register is readily transferred between DNOs and suppliers. For the corporate social responsibility category the minimum requirements specified, amongst other things, that DNOs should have a range of corporate social responsibility programmes which are linked to their distribution businesses and result in benefits to their customers. Many companies also demonstrated that they had implemented best practice initiatives identified from previous years' schemes. These initiatives included partnership work with voluntary groups to offer support for priority customers during power cuts, active participation in the community and establishing links with stakeholders/agencies.

Decision

The panel commended all DNOs that entered the scheme for the positive aspects of their submissions. The panel was pleased with the way best practice identified in previous years had been both built upon by the DNOs and widely adopted across the companies. This lies at the heart of the scheme whose aim is to raise overall levels of service. The panel also noted a number of initiatives that stood out as being particularly creative and worthy of recognition.

Priority customer care

A reward of £500,000 was available under this category. Western Power Distribution is to receive £300,000 for exceeding its obligations to support vulnerable customers. In particular their efforts to maintain the quality of customer information on their priority services register (PSR), being proactive in contacting customers during outages and having a positive approach to working with suppliers to overcome data protection issues were highly commended. Western Power Distribution demonstrated a wider business commitment to supporting vulnerable customers.

¹ SP Energy Networks submitted an application in the corporate social responsibility category only.

² The panel included representatives from Age Concern, Consumer Focus, the Centre for Management Under Regulation (CMUR), the Fuel Poverty Advisory Group and the Royal National Institute for the Blind (RNIB).

Created 16/07/2009 11:11
Modified 15/09/2009 11:01

EDF Energy is to receive a flagship award of £50,000 to recognise its partnership work with the British Red Cross. This was seen to be a creative and valuable initiative to support vulnerable customers during power cuts.

The panel also commended priority customer care initiatives put forward by Central Networks and Scottish and Southern Energy which are described in the case studies at the end of this report along with other examples of good practice from this year's scheme.

Corporate social responsibility

A reward of £500,000 was available under this category. Scottish and Southern Energy is to receive £200,000 reward in recognition of the breadth of its corporate social responsibility programme which was seen to go beyond the core business drivers. They demonstrated an enduring, long term commitment to corporate social responsibility in their partnership work with Barnados to tackle youth unemployment in Scotland and their support for a local radio station (Isles FM) to serve customers in isolated communities. Scottish and Southern's initiatives were seen to be good examples of corporate social responsibility that delivered wider benefits for the community and demonstrated senior management engagement with the cause.

Central Networks and Western Power Distribution are each to receive a flagship award of £50,000 to recognise individually outstanding initiatives in this category. Central Networks was commended for its staff visual awareness training programme designed to minimise the safety risk and inconvenience of temporary street works to visually impaired people. Western Power Distribution was commended for its empathy training project which encourages improvements in the way staff engage with vulnerable customers and those with special needs and delivers benefits for the wider community as well as the company.

This year's submissions can be viewed on the Ofgem website. Other companies were also commended in both categories as is detailed in the case studies at the end of this report.

Areas for improvement

The panel did not make the full award in either category this year as they considered that there is scope for DNOs to make further improvements in particular areas. For example, there should be more effective engagement between DNOs and suppliers to improve the two way processes for sharing data flows on priority customers and therefore the accuracy of the PSRs. Also, the panel was surprised to note that the proportion of customers registered on the PSR varied significantly between DNOs and the reasons for these differences weren't always clear. For corporate social responsibility initiatives DNOs should ensure that their programmes are focused beyond the core business drivers and they should deliver customer and wider community benefits.

The panel identified some other key areas which they expect to see demonstrated in future years' schemes and applications:

- Entrants should seek to demonstrate senior management buy-in to their initiatives and show how they are embedded in wider company processes and decisions.
- In preparing their applications, entrants should scrutinise successful submissions from previous years schemes for an indication of the standard and quality expected;
- Although some submissions demonstrated better measurable customer outcomes than in previous years and some use of feedback loops, this is not yet as embedded and consistently applied as it needs to be.

The panel was pleased that some entrants had demonstrated taking on board feedback provided in the previous years. As this was not yet a persistent theme in all submissions, the panel reiterated some of the feedback provided last year:

- Entrants should demonstrate the proactive use of customer/stakeholder feedback loops to inform their submissions;
- Entrants should demonstrate a range of initiatives in the assessed areas;
- Entrants should quantify the impact of their initiatives and strategies on customers and give more focus to the outcomes and customer benefits
- Entrants should aim to build on their efforts from previous years and demonstrate a process of continuous improvement;
- Entrants should aim to actively participate in the sharing of best practice identified in previous years' schemes; and
- Entrants are encouraged to demonstrate a holistic approach in the assessed areas and show that their initiatives and strategies are embedded in wider company processes and decisions.

Comments specific to individual entries will be fed back to the relevant business directly.

Although the panel was supportive of maintaining the focus of the scheme on broad criteria, they suggested that the focus within the categories should be more specific during the last year of the scheme. This approach would better enable the panel to differentiate applications and make overall judgements. We have taken this feedback into account in setting the criteria for the 2009/10 scheme.

Scope of the 2009/10 scheme

The 2009/10 scheme has a total annual reward of £1 million available across all DNO groups and will cover:

Wider communication strategies	£600,000 reward
Corporate social responsibility	£400,000 reward

For 2009/10 greater weighting has been placed on the wider communication category. Given the focus on stakeholder engagement, customer service and environmental obligations for DPCR5, we have reflected these themes in the final year of the DPCR4 scheme. To date we have identified a range of best practice examples in each category that we would like entrants to adopt and demonstrate in their submissions. Entrants should also pay particular attention to the areas for improvement identified above.

The following aspects of each category will form the focus of the 2009/10 scheme:

Wider communication strategies £600k

- Proactive engagement with suppliers to improve two-way processes for sharing data flows on PSR customers;
- Stakeholder engagement strategies to understand and respond to the needs of those customers looking to adopt low carbon and energy saving initiatives (e.g. DG developers, large customers, ESCOs etc)
- Making use of feedback loops to constantly review the quality of communication with customers and demonstrating how feedback is incorporated into processes.

Corporate social responsibility £400k

- Proactively engaging and serving disadvantaged groups within the community;
- Tackling social and environmental issues linked to the distribution business and its customers such as unemployment, fuel poverty and carbon reduction;
- Demonstrating the wider customer and community benefits of the CSR programme above and beyond the core business drivers;

Ofgem will issue detailed guidance notes and entry forms for the 2009/10 scheme to the DNOs in autumn 2009.

Best practice case studies identified and commended by the panel

CE Electric ("CE") - Priority customer care

CE demonstrated a proactive approach to communicating with vulnerable customers via its "Preparing for Mother Nature campaign" which aims to raise awareness of steps that vulnerable customers can take to minimise the impact of winter power cuts. This campaign raised the number of households on their register from 94,000 in 2007/08 to 174,686 in 2008/09. CE was recognised for proactively promoting access to information for priority customers in alternative formats and demonstrating increased demand for their leaflet.

Central Networks ("CN") - Priority customer care

CN had good range of PSR initiatives which included the process of communicating with hard to reach customers, writing to newly registered customers as well as the 170,000 current PSR customers on their register, to provide them vital advice in the event of a power cut or an emergency. CN was recognised for providing customers with the most critical medical dependencies with 4,000 free analogue telephones with dedicated priority services contact number printed on the handset, to ensure these vulnerable customers can seek assistance whenever they need to.

EDF Energy ("EDF") - Priority customer care

EDF was recognised for its compelling and holistic partnership work with the British Red Cross to help vulnerable customers during lengthy power cuts or in response to emergency calls. The British Red Cross offer practical help, support as well as real time information to customers regarding power outages.

Scottish & Southern Energy ("SSE") - Priority customer care

SSE was commended for its 'Lights On' initiative, which aims to minimise the impact of power cuts on vulnerable customers in remote communities. The 'Lights On' initiative makes use of standard uninterruptable power supply technology which can be applied to essential appliances in a customer's home for up to three hours. The scheme was trialled and subsequently rolled out to a remote village community where there are many elderly residents.

Western Power Distribution ("WPD") - Corporate social responsibility

WPD was highly commended for its partnership work with Odyssey, an outreach programme of Hijinx theatre group, to provide support and training to people with learning disabilities. This is a two way partnership to provide empathy training to WPD contact staff and training opportunities to Odyssey members. WPD clearly demonstrated the wider community benefits of this initiative in terms of equipping people who have limited employment opportunities with transferable skills and rolling out the scheme to other call centres in the Cardiff area.

SP Energy Networks ("SP") - Corporate social responsibility

SP was recognised for its proactive engagement at industry level and for seeking out learning opportunities to improve its CSR programme. SP demonstrated a good public safety record.

Electricity North West ("ENW") - Corporate social responsibility

ENW was recognised for the improvement to their submission this year compared to last year and for their digital television broadcasting initiative. This initiative aims to highlight safety issues in respect of aerial installations and risks associated with working near overhead lines.