

2012-2013

STAKEHOLDER INCENTIVE SCHEME



WALES & WEST
UTILITIES

*WORKING TO KEEP
OUR CUSTOMERS SAFE*

PART 2

The following section outlines the significant level of interaction with some of the principal stakeholder groups as outlined by our stakeholder strategy. It also indicates that WWU is a 'listening' organisation, by changing our outlook, processes and procedures as a result of this interaction.

WWU is developing and implementing a stakeholder management system which identifies and delivers relevant and valued outputs to all of our stakeholders. Our approach builds upon the successful methods employed by expert consultants used to develop our well justified Business Plan for 2013-2021 and combines this with the feedback we received from stakeholders at these events.

This section of our submission identifies, for a number of relevant case studies summarised in Part 1 of our submission:

the link to our engagement strategy

the impact of this engagement

the nature of activities undertaken

how we evaluate success

Case study A *Developing our 8-year Business Plan*

Strategic link

As a business, Wales & West Utilities is committed to the delivery of a safe and reliable service to the 7.4 million people who live and work within our network. To help develop our Business Plan for 2013-2021 and determine our allowed revenues, WWU carried out extensive engagement with our stakeholders to understand their views, ensure that investment was targeted in areas valued by our stakeholders and in order to achieve value for money whilst performing against key output categories of:

Safety

Reliability

Environmental priorities

Customer satisfaction

New connections

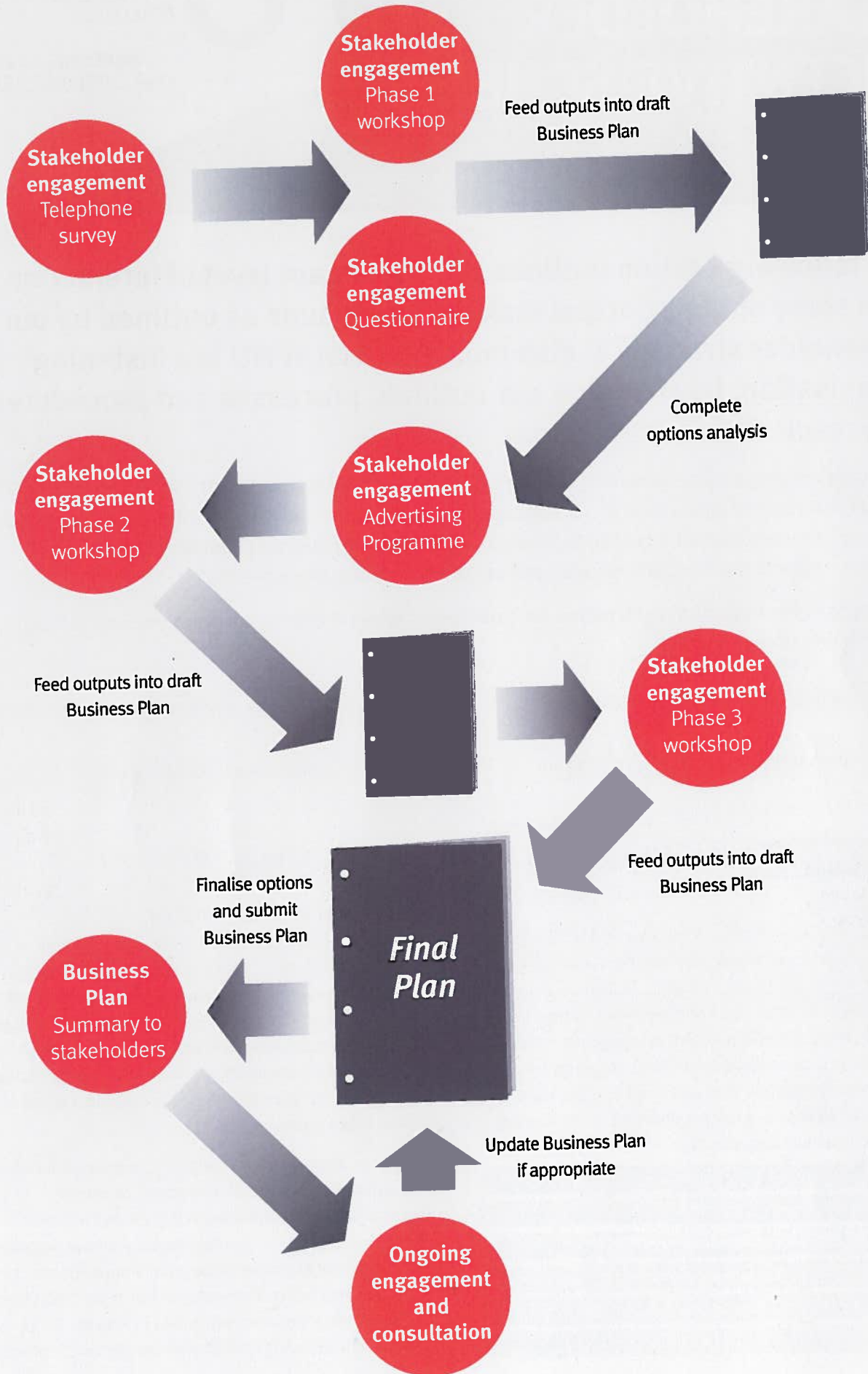
Social obligations

Nature of activities undertaken

Our engagement was supported by Green Issues Communique who in their final report acknowledged that WWU "began with no preconceived ideas about the methods it should use to engage with its stakeholders and was committed to being flexible and responsive throughout the process." Our engagement comprised a variety of methods including a telephone survey, on-line questionnaire and a series of 12 workshops across our region.

Workshops involved a cross section of people representing local authorities, individual consumers, consumer organisations and vulnerable groups. Around 450,000 people were also asked for their feedback on our proposed plan through an extensive media programme. The results were published both on our website and in our 'Headlines for Stakeholders' brochure which was sent to the 2,754 stakeholders, including all staff, who engaged in the process.

Developing our Business Plan



Impact of our engagement

The headlines from the overall feedback can be summarised as follows:

Category	Feedback	Action
Safety	<p>Our performance in attending emergency calls from the public was considered good – with the current targets viewed as appropriate</p> <p>The mains replacement programme targeted at removing old metallic mains and reducing the risk of gas explosions was considered a high priority that should either remain at its current pace or be accelerated</p>	<p>We will continue to respond quickly when the public report a gas escape – 97% of the time we will attend in just one hour if customers can't turn their gas off and within two hours if customers can make the situation safe</p> <p>We plan to reduce the risk posed by deteriorating metallic gas mains by replacing 2,963km from 2013 -2021</p>
Reliability	<p>The current low level of gas supply interruptions was considered excellent – improving this was not considered a priority</p>	<p>We will ensure gas is available for use when its needed; minimising the amount of time gas is not available and making sure if we need to interrupt supply it's for the shortest time possible, keeping customers informed throughout</p> <p>We will maintain and invest in our assets to make sure they stay in an acceptable condition to ensure a reliable and safe gas supply to homes and businesses</p>
Environment	<p>Our focus on reducing gas leakage from our pipes was considered a top priority – given that this accounts for around 96% of our total carbon emissions. There was support for introducing renewable gas into gas networks from landfill sites or waste digestion</p>	<p>We take our commitment to the environment very seriously and plan to reduce our carbon footprint by 13% over the next eight years. We will achieve this by replacing our old metallic gas pipes as well as focussing on our vehicle fleet and our own energy usage</p>
Customer satisfaction	<p>There was positive recognition for our position as an industry leader in customer service and satisfaction. The service levels for connecting new consumers were considered good</p>	<p>We plan to maintain our position as one of the top gas distribution companies for customer service as measured by Ofgem</p> <p>We want to maintain our excellent reputation for customer satisfaction and we will continue to focus on this with both our operational and office staff, providing them with the training and tools to provide excellent levels of service</p> <p>If in the unlikely event a customer is disappointed with our service, we will aim to respond to a complaint whenever possible on the same day, if this isn't possible we will ensure regular contact is made and resolved promptly</p>

Category	Feedback	Action
Social obligations	<p>Connecting households suffering from fuel poverty to mains gas was widely praised</p> <p>Raising awareness of carbon monoxide poisoning was considered a valuable social service – with recognition that there was a need for wider industry involvement</p>	<p>We will continue to work with partner organisations to help address the issue of fuel poverty by supporting programmes to provide low income households with a gas connection</p> <p>We have plans to continue to raise awareness of the dangers of carbon monoxide poisoning both through our daily activities of visiting customers' homes and via specific campaigns targeting vulnerable groups in our communities</p>

This formed the basis of our submission to the regulator, and the final proposals which came into force as of the 1st April 2013. Where we were unable to reflect stakeholder feedback within our plan, this was referenced in the relevant business plan document and also communicated to the stakeholders concerned. For example, holder demolition was not seen as an investment priority for stakeholders; however, environmental and legislative requirements influenced our plans and investment in demolition was included where there was a statutory requirement to do so.

Evaluating success

Evaluation of the methods used by WWU to engage with its stakeholders was sourced after all workshops. Those who attended unanimously stated that they found this method of engagement useful and the majority stated that enough information had been provided to allow them to make their comments from a position of knowledge and the comments received were overwhelmingly positive.

“Good cross-section of stakeholders offering different perspectives on their interface with WWU”

“Good ideas. Good discussion. Well run exercise”

Following a critical review of our engagement processes and feedback from the regulator, we recognised that future bill payers were under represented at our business planning stakeholder events. In order to address this, we held an event through common purpose at which Cardiff University students were able to influence our future plans with one young stakeholder commenting:

“I was so happy to have the opportunity to contribute ideas which could impact the organisation – this challenge turned my theory into practice”

We plan to continue the partnership in order to access feedback from young people across our network.

From the specific RIIO stakeholder engagement process, 95% of stakeholders told us that they would like to be engaged in our business planning process going forward but only when they can add value. The preferred method of contact was e-mail. We will use the learning from

our existing engagement to shape our future engagement strategy.

Engaging with Future Bill Payers



Following our business planning process process, WWU has built upon our engagement in a number of key areas; providing further support to vulnerable stakeholders; using feedback to improve our daily operations, policies procedures and processes in order to improve the customer experience and fulfilling commitments we made to our stakeholders, particularly those from highway authorities as part of our business planning process.

Case study B Supporting vulnerable stakeholders (Carbon Monoxide)

Strategic link

WWU's strategic position on carbon monoxide poisoning includes taking appropriate steps to detect the presence of CO while carrying out visits to consumers, and to follow up any instances where carbon monoxide has been detected. Our supplementary initiatives serve to raise awareness – which was supported by our stakeholders – particularly targeting vulnerable groups and 'hot spot' areas. By working in partnership with other organisations and charitable groups we can keep costs associated with these initiatives at an acceptable level, thus meeting stakeholder expectations.

Nature of activities undertaken

Taking a more proactive approach to raising awareness, amongst both our direct labour and contract staff and more widely to the 7.5 million people within our network area our initiatives all serve to raise awareness, of which stakeholders were supportive. We use quality datasets and consider our unique geography to engage a broad range of stakeholders in areas at most risk – maximizing partnership working opportunities to ensure that messages are delivered effectively, by trusted people within local communities such as Age Cymru and the Salvation Army, and at a minimum cost to the consumer.

Initiatives implemented include:

Production and distribution of a film highlighting the dangers of carbon monoxide. The film is publicised on YouTube, Twitter and Facebook as well as WWU's own website. Over 1,000 requests have been received for copies from interested groups, including other Gas Distribution Networks and the Emergency Services who have used the film for their own educational projects.

Bespoke safety exhibition – In 2012 we interacted directly with over 3,600 families providing each of them with safety advice and an opportunity to test their improved knowledge to win a CO alarm. The approach won WWU the coveted 'Best Stand of Educational Value 2012' at the Royal Welsh Show.



Carbon Monoxide – 'what you should know' at the Royal Welsh Show

Our exhibition has already saved one family from potential injury. After receiving and using a free audible CO alarm from our exhibition, a family was immediately alerted to a CO problem at home. The boiler was found to be faulty, emitting CO into the atmosphere. The family returned to the exhibition the following day to thank WWU 'for potentially saving our lives'.



Radio campaigns – Initially borne out of the receipt of a cost prohibitive quotation for

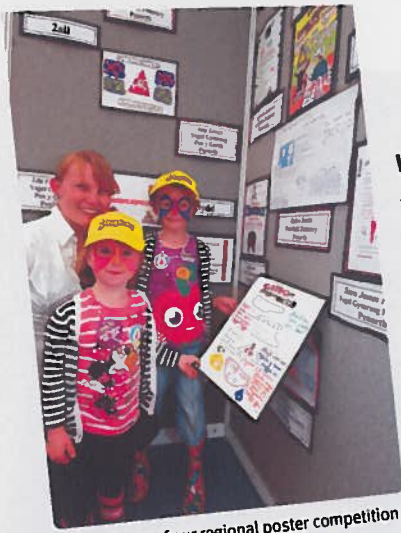
radio advertisements, this partnership with Swansea Sound focused on one of our key 'hotspot' areas and asked children to write and star in their own radio commercial to raise awareness of CO poisoning. The competition was promoted and winning ads played on air for over 6 weeks reaching more than 247,000 listeners at a fraction of the cost of traditional advertisements.



Some of the winners creating their commercial



Baroness Finlay of Llandaff, Co-Chair of the APPGSG who attended the launch and "gave (the film) five stars."



Winners of our regional poster competition

Working with children
 – WWU is working with a local theatre company to produce a 45-minute play on CO. Workshops involve WWU FCOs and local school-children to shape, produce and take part in the play.

Working with students and communities – WWU has introduced a programme of CO awareness for students. CO leaflets are included in 'Fresher' packs, links to WWU's CO website are promoted in literature and the 'Silent Killer' film is played on televisions in Student Refectories. Drama and music students are also delivering WWU's safety messages to community groups across the region. The CO message is delivered through a programme of creative activities to a wide demographic group and the message is also reinforced to students as they deliver WWU's message.



We have also taken the message to students at Fresher's Fairs across our network, providing advice and alarms

Working with the elderly – Older people is being reminded of how to look out for signs of CO through a unique partnership with Age Cymru. Cardboard thermometers have been distributed to 30,000 older people in the lead up to the winter period giving key advice on how to keep warm and key facts about CO.

In our efforts to prompt a broader response inclusive of shippers, suppliers and other fuel groups, acknowledging stakeholder feedback that raising awareness of this silent killer is not solely as gas issue. WWU is partnering with

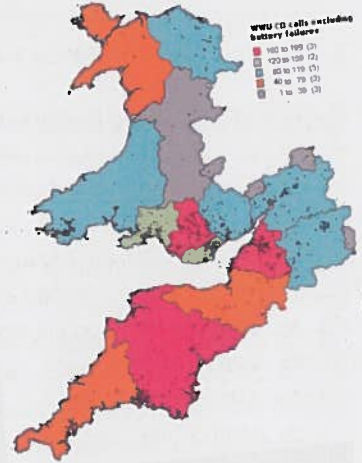
Handing out complimentary shopping bags displaying the message at an Age Cymru lunch



Igem and the All Party Parliamentary Group to deliver an interactive conference around CO in July this year. The conference invites all interested parties to participate in sharing best practice and innovative thinking to develop a UK response to address the risk of CO.

Impact of engagement

Thus far, over one million people have benefitted from our campaign, with vulnerable groups including children, students and older people in areas most at risk specifically targeted as a result of the data analysis tool we have developed which uses the information our Emergency engineers collect onsite to map our incidents geographically, producing a 'hotspot' analysis.



Evaluating success

We proactively seek feedback at our events and when trialing initiatives across our region. Where feedback is positive we look to extend programmes across our network. Feedback from surveys of >3,600 people at a variety of events has verified that WWU's message has improved awareness with over 70% citing an improvement, and over 85% committing to pass the message onto a friend or family member.

The overwhelmingly positive reaction from stakeholders has energised this campaign and with at least one family's life potentially saved as a direct result WWU are committed to continuing our wide ranging innovative programme of events tailored to target those most vulnerable from Carbon Monoxide poisoning.

Case study C Gas consumers – improving the customer experience

Strategic link

With 2.5 million supply points across Wales & the South West of England, gas consumers are by far the most numerous of our stakeholder groups. Consumers who have received actual services of emergency and repair, connections or replacement are of particular importance to WWU because over 170,000 consumers experience at least one of these services from WWU every year. The majority of our directly employed and contract staff are able to influence stakeholder perception in this area. By improving the customer experience in these areas where we can see demonstrable benefits in our customer satisfaction results.

Whilst WWU is, generally, the leading industry performer for customer service, as demonstrated by our winning of the Society of British Gas Industries Customer Service award for four consecutive years and the Customer Care award at this year's Utility Achievement Awards, we realise there is more work to do to maintain this position. This includes an internal and external stakeholder focus.

Replacement customers to assess areas for improvement. Our engagement took the form of focus groups of 8-12 participants including a wide range of consumer groups, businesses, professionals, students, families with children, different social groups as well as vulnerable and retired groups. Sessions lasted approximately 90 minutes and consumers sought feedback around a variety of issues relating to the overall customer service experienced:

- Application process
- Internet based services/working hours/telephone quotes
- Understanding of pricing
- Payment
- Scheduling
- Communication throughout the process
- Timescales
- Range of services provided
- Quality of work.

Recognising the impact of internal stakeholder focus on this area, we have also measured our customer service ethos using the Institute of Customer Service (ICS) ServCheck Index benchmark. WWU scored 76.42 which not only improved on our 2011 score of 70.01 but is considerably higher than the energy and water sector benchmark of 60.53. To put this score into context, a score of 80+ is considered to be world class.

Impact of engagement

External discussions gave us first hand feedback and help us further understand our consumers' views, motivations and perceptions and enabled us identify and prioritise service improvements.

The benefit of this process of engagement has improved service levels to consumers in a number of key areas through:

- Better systems to make the service more efficient
- Reducing 'lead times' (time from payment to work completion) on connections work
- Offering consumers' shorter appointment time slots
- Reviewing and improving communication with consumers
- Improving consumer self-service online opportunities
- Employing innovative training methods to develop the skills of staff who have direct consumer interaction.

Internal focus identified a potential for further staff development, over 130 back office staff have since achieved NVQ levels 2 and 3 in Customer Service and front line connections staff have been trained to evaluate customer vulnerability and make referrals to the Energy Savings Trust for advice as appropriate.

Nature of activities undertaken

Our external interaction with these groups over the past two and a half years has included leaving impression cards with consumers following completion of work at their property and logging and responding to their feedback as well as inviting feedback through our web site, and carrying out and acting on complaints through root cause analysis.

In November 2012, we set up a programme to engage more directly with consumers who have experienced one of the services that WWU currently delivers. We engaged Accent to support us in a comprehensive review service touch points experienced by WWU Connections and Planned



Stakeholder	Finding	Action
Direct customers	External communications could be improved	<ul style="list-style-type: none"> • Application forms reviewed and wordy paragraphs revised and bullet points used where possible • Quotation covering letter revised to bullet point format • Pictures of meter box and termination included on quotation from February 2013 • Alternative options now shown on quotation to a customer to allow simple comparison
Gas suppliers	Process delays becoming an issue	<ul style="list-style-type: none"> • Introduced greater flexibility around quotation process to ensure suppliers can meet their clients timescales • Postal delays addressed by email exchange of data
Fuel Poor customers	Customer confusion over eligibility for support	<ul style="list-style-type: none"> • Invested in training for all front line connections staff to enable them to give general advice on energy and make customer referrals to the Energy Savings Trust for eligibility checks for NEST scheme in Wales where appropriate
Fuel Poor Partners	Concerns raised in relation to cashflow	<ul style="list-style-type: none"> • We have amended the administration fee payment process
Developers, Third Parties	Connections requirements documents wordy and unclear	<ul style="list-style-type: none"> • Clear, concise Developers Pack document produced – hardcopies sent to developers and pdf version on website

In addition, an integral part of our connections process is to request customer feedback as part of our Platinum Customer Service Scheme. This provides the customer with the opportunity to express their views on the attitude of our people; our communication; the site tidiness as well their overall view of the work undertaken. Further written comments can also be provided which are then processed and issued to the relevant managers within WWU for action. Improvements as a result of this process include; improved complaint handling process by appointing managers to make

personal visits to consumer properties and offering a free phone number for consumers to log complaints. Our representatives, including contractors, also now offer to wear plastic shoe guards before entering consumers' properties as a sign of respect for their homes.

Evaluating success

A combination of all these improvements introduced as a direct result of our engagement has resulted in tangible improvements in our customer service scores (below).

Customer satisfaction survey scores

(Out of 10)	2008-09	2009-10	2010-11	2011-12	2012-13
Wales & West Utilities	7.9	8.1	8.2	8.5	8.6
Scotia Gas Networks	7.7	7.9	8.0	8.3	8.5
Northern Gas Networks	7.4	7.6	7.1	7.9	8.3
National Grid Gas	7.3	7.6	7.2	8.0	7.9

The awards received to date and the short listing WWU again, for the fifth consecutive year, at the Society of British Gas Industries Awards for Customer Service provide demonstrates our leading performance in this area.

Case study D Engaging with street works authorities

The highway authorities made a valuable contribution to the development of our 8-year Business Plan, however during this engagement, they also voiced a clear desire to engage with us more often. Consequently we developed a schedule of follow up events to meet this need.

Strategic link

There is a wide range of legislation in place governing how activities in the public highway are undertaken, compliance with which is monitored and enforced by highway authorities. As highway authorities are legally required to co-ordinate works in the public highway with the aim of minimising the impact on the travelling public and local residents, they are increasingly directing the timing and duration of works. This has potential to impact the efficient delivery of our various engineering activities, particularly the mains replacement programme.

Although highway authorities in the South West of England and Wales continue to operate under Noticing schemes, the terms of the Traffic Management Act gives individual highway authorities the ability to implement a permit scheme, giving them increased powers to direct the timing and duration of works and apply specific conditions.

In order to ensure the needs of WWU, highway authorities, local residents, businesses and the travelling public are met, as well as minimising the need for a highway authority to consider an alternative scheme, an on-going collaborative and pro-active approach is required.

Nature of activities undertaken

We have a number of business as usual methods which enable us to engage proactively with this group of stakeholders:

England – South West highway authorities and utilities committee is a quarterly meeting with all highway authorities and utilities in the South West of England. In addition to this, WWU is also actively involved in the South West best practice working group working with highway authorities and utilities to improve specific areas of performance, with reinstatement ‘coring performance’ being a present focus area.

Wales – South East Wales, South West Wales and North Wales highway authorities and utilities committee meets quarterly with all highway authorities and utilities in each of the respective areas. In addition Welsh highway authorities and utilities committee is held three times a year with all highway authorities and utilities.



Through the various National Joint Utility Group meetings and forums, we are also engaged with the wider street works community (highway authorities and utilities) on a regular basis: Energy Networks Association street-works forum, National Joint Utilities Group, Co-ordination Working Group, and a number of specific working groups. In addition, we attend various specific highway authorities and utilities committee and co-ordination meetings throughout the year, as well as being engaged in daily, weekly site and works specific meetings.

WWU also meets with highway authorities where there is a high level of replacement workload, on an annual basis, generally late September through to January, to discuss the following year's workload and to update the rolling 5-year information we have been circulating.

However, during our Business plan engagement, highway authorities expressed a desire to engage further with us around a number of areas, consequently we have since held two separate follow-up sessions each consisting of four events across our geography and have committed to delivering further events on a regular basis, annually as a minimum.

Impact of engagement

Whilst these sessions cover a wide range of related subjects, improving communications and advanced notification of our intended works programme are key issues. We have therefore committed to further improving how we share our 5-year replacement plan and more detailed scheme files 12-18 months in advance.

At these events we tabled our plans to invest in a mapping system via which the public could view our proposed, planned and active works online. Feedback suggested the money would be better invested in uploading the data to highway authorities in a suitable format to enable them to map this geographically alongside other utilities.

We are now working with Devon CC to see how this can be progressed to meet the needs of all parties.

Recognising the impact our engineering works can have, particularly the mains replacement programme, over the last two to three years we have pro-actively shared the following financial year's mains replacement programme with highway authorities at least three months in advance. This allows us to agree a high level works programme which takes into account local needs and requirements. Having agreed a high level programme we then submit forward planning notices to register our interest in a street, further

aiding the highway authorities in their co-ordination duty. WWU is the only utility to consistently do so.

In addition to the 12-18 month co-ordination, we have also developed processes for sharing our potential 5-year replacement works through a simple IT application, to aid the highway authorities in co-ordinating our programme with any resurfacing plans or other highway works.

Following feedback from national and local forums we have also actively developed a communications process to improve the level of information shared with stakeholders prior to and during our engineering works. This includes site specific signage, joint press releases, radio adverts, local presentations and drop-in centres and standard

information sheets – all of which have been well received. We have also developed a DVD which is sent to all consumers explaining the nature of the work and how we propose to deal with the potential disruption.

As well as the areas mentioned above, we are also involved in various other initiatives to improve the standard of our works.

An example of this is the South West Best Practice

Group where we have been working with a number of utilities and highway authorities to improve the standard of reinstatement works which, although still on-going, has already increased our performance by circa 20% in a 12-month period.

Evaluating success

Improved noticing performance, reduced complaints and quality feedback from those in attendance at our events have all proven our engagement to date has been a success. Ultimately, the successful rollout of the new system currently under development with Devon County Council will be a measurable benefit to stakeholders resulting directly from our engagement.

WALES & WEST UTILITIES

Mae'n ddrwg gennym am unrhyw anhwylystod yn ystod y gwaith hanfodol yma

We apologise for any inconvenience during these essential works

Argyfwng nwy, galwch for gas emergencies, call 0800 111 999

www.wwutilities.co.uk

Major Gas Mains Replacement work being carried out near your School

Please take care!

Working together to improve your gas supply

Gas work information: 01920 276653

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