

# 2012-2013 STAKEHOLDER INCENTIVE SCHEME



**WALES & WEST  
UTILITIES**

*WORKING TO KEEP  
OUR CUSTOMERS SAFE*

## PART 1



### *Welcome*

First and foremost, 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 region. The views of our stakeholders are critical, and their input has underpinned our business planning since 2005, when WWU was established.

We have, and will continue to engage proactively with a range of stakeholders from consumers who receive our services, through to regulatory bodies such as the Health & Safety Executive, local authorities, highway authorities and Ofgem.

Feedback from engagement with stakeholders has made a major contribution to our business planning process, shaping our submission to the regulator. We have also delivered significant stakeholder valued outputs over 2012-2013 including:

- **Customer service** – retaining our position as the leading distribution network for customer service
- **Safety** – maintaining our world class safety record
- **Environmental footprint** – on target to achieve our overall carbon reduction target of 16% in carbon dioxide emissions over the next eight years
- **Value for money** – being one of the most efficient networks, delivering all our regulatory and business obligations.

The requirement for a systematic and fully documented approach has nonetheless presented its challenges and there are some gaps around culture and process that we are still working to close. There is, however, a great deal of success highlighted within this submission and I am committed to the the continuation of regular and proactive engagement with our stakeholders using their feedback to:

- Inform our strategies to innovate and deliver stakeholder valued outputs
- Improve our daily operations, policies, procedures and processes
- Shape our current and future business plans
- Inform and educate stakeholders of developments in which they may wish to influence or be involved
- Provide further support to vulnerable stakeholders
- Meet and where possible exceed their expectations.

As part of our business planning process I appointed a Director responsible for our Stakeholder Management System and

I review our strategy regularly and annually sign off the commitments we have made to stakeholders along with an external assurance provider who provides independent confirmation we are meeting these requirements each year. More broadly, I encourage everyone at WWU to be a champion for our customers and stakeholders. Being open and transparent in our dealings with them, communicating effectively and keeping our promises, and ensuring that stakeholders are an integral part of everything we do as a business.

Our submission outlines and demonstrates how our stakeholder engagement process:

- Identifies who our stakeholders are and why they are important to our business
- Ensures a broad and inclusive range of stakeholders are engaged
- Uses a variety of suitable methods which have been influenced by stakeholder views, to ensure effective and accessible engagement for our stakeholder groups
- Acts on stakeholder feedback and has been an essential part of the development of our business priorities for 2013-2021.

We are deeply committed as a company to ensuring inclusive all-encompassing and proactive engagement with a broad range of stakeholders. We will continue to develop this in order to ensure they are informed, engaged and empowered to influence our business going forward.

**Graham Edwards**  
Chief Executive

# The structure of our Part 1 submission

## 1. Our stakeholder strategy

*Development process | Objectives and approaches | Ownership and governance | Engaging a broad and inclusive range of stakeholders  
Engagement mechanisms | Acting on stakeholder input | Process evaluation and feedback | Independent assurance*

## 2. Overview of evidence – demonstrating effective engagement

*Case Study A – Developing our 8-year Business Plan | Case Study B – Supporting vulnerable stakeholders (Carbon Monoxide)  
Case Study C – Gas Consumers – improving the customer experience | Case Study D – Highway authorities*

## 3. Future engagement

# 1. Our stakeholder strategy

## Development process

Stakeholder views have been important to WWU since our inception in 2005. We recognise that stakeholder requirements shape the environment in which WWU operates and that ultimately, WWU exists only to deliver outputs that are valued by stakeholders. As such, our internal processes and outputs are tailored to satisfying the needs of our stakeholders with key strategic documents such as our Business Requirements Manual and investment processes fully reflecting this requirement. For the 2013-2021 period, however, it became evident that there was a growing need for a systematic and fully documented approach to the methodology for and outward demonstration of:

- Identification of our stakeholders, key issues and appropriate engagement mechanisms
- Regular, appropriate, proactive engagement with a broad range of stakeholders
- A comprehensive understanding of stakeholder requirements

- How our plans, policy and processes are successfully influenced as a direct result of feedback
- Informing stakeholders of relevant issues and business activities and progress against plans to deliver their requirements
- That outputs achieved are borne from stakeholder requirements and have ultimately benefited stakeholders and satisfied their needs.

As with our other management systems and in line with the best practice of AA1000 Stakeholder Engagement Standard, we have adopted a traditional Plan, Do, Check, Review approach to developing our engagement. Additionally, we have employed and encourage the principles set out by Ofgem for effective enhanced engagement conveyed in its document titled, *'Regulating energy networks for the future: RPI-X@20 Recommendations: Implementing Sustainable Networks.'*



## Objectives and approaches

Our stakeholder management system is designed to deliver the following objectives:

### Develop strategy, ownership and governance

- Formulate engagement objectives
- Top level focus and drive to deliver stakeholder requirements
- Clear appointment of ownership with a Director, newly appointed Senior Manager and Manager responsible for the process
- Cross business steering group review strategy, deliverables, progress and offer support to enabling factors quarterly
- Responsibility for each stakeholder group assigned to WWU Directors/Senior Managers to manage and report on Business as Usual activities
- Embed stakeholder engagement in strategic documents
- Stakeholder valued outputs considered in investment papers.

### Plan an effective engagement programme

- Identify stakeholders through a process led by the Executive Committee
- Undertake consultation to fully understand stakeholder interests and requirements
- Prioritising engagement by ranking importance of stakeholder issues
- Update stakeholder map and matrix of issues as required with a formal annual review
- Working with experienced providers where appropriate to develop the process for effective engagement
- Reviewed and benchmarked to identify and implement best practice
- Plans align against AA1000SES.

### Strengthen engagement capacity

- Ownership encouraged throughout the organisation and measured via WWU's behavioural competency framework
- Developing skills and capability via effective bespoke stakeholder engagement training developed in conjunction with industry specialists
- Involving internal stakeholders in development of monitoring process to encourage ownership
- Embed engagement best practices into business culture
- Stakeholder Manager attended external training to understand practical application of stakeholder theory.

### Undertake engagement

- Devise a fully resourced, timely engagement plan
- Working with experienced providers where appropriate to deliver effective engagement and ensure independence
- Fully inform stakeholders of issues and provide enough balanced detail to enable them to commit productively
- Seek to innovate in our methods of engagement to deliver more challenging stakeholder requirements
- Where specific stakeholder issues arise, targeted follow-up engagement is arranged to address specific topics.

### Act, review and report

- Close out process – mapping requirements across to actions for all areas of engagement
- Demonstrate incorporation of stakeholder feedback into plans, policy and processes
- Revisit stakeholders with outcomes and actions following engagement requesting feedback
- Evaluate effectiveness of the engagement by requesting and monitoring feedback
- Deliver continual improvement as a result of experience
- Updates provided to Executive Board quarterly
- Chief Executive and external assurers review our annual plan
- Plan to seek independent external gap analysis against AA1000SES
- Test as part of annual audit process and close actions in a timely manner
- Track independently from Business as Usual consultation owner to ensure honest evaluation
- Continual review and benchmarking against GDNs, DNOs and other industries.

## Ownership and governance

Our commitment to stakeholder engagement is demonstrated by our ownership and governance structure which lays out accountability at all levels of the organisations.

The system is:

### Governed by

WWU Executive Committee (a sub-set of the WWU Board)

### Owned by

Director of Business Services

### Managed by

Stakeholder Engagement team

### Delivered by

All WWU direct and contract labour employees.

A steering group including, the Director of Business Services, Corporate Affairs Manager and Stakeholder Engagement team and, recognising the importance of our people in the success of our engagement, the Director of Human Resources, meets regularly to review progress against plan and offer their support to any enabling projects and communications.

The importance of stakeholder engagement is reflected in the performance management framework's behavioural competencies which apply to all WWU employees.

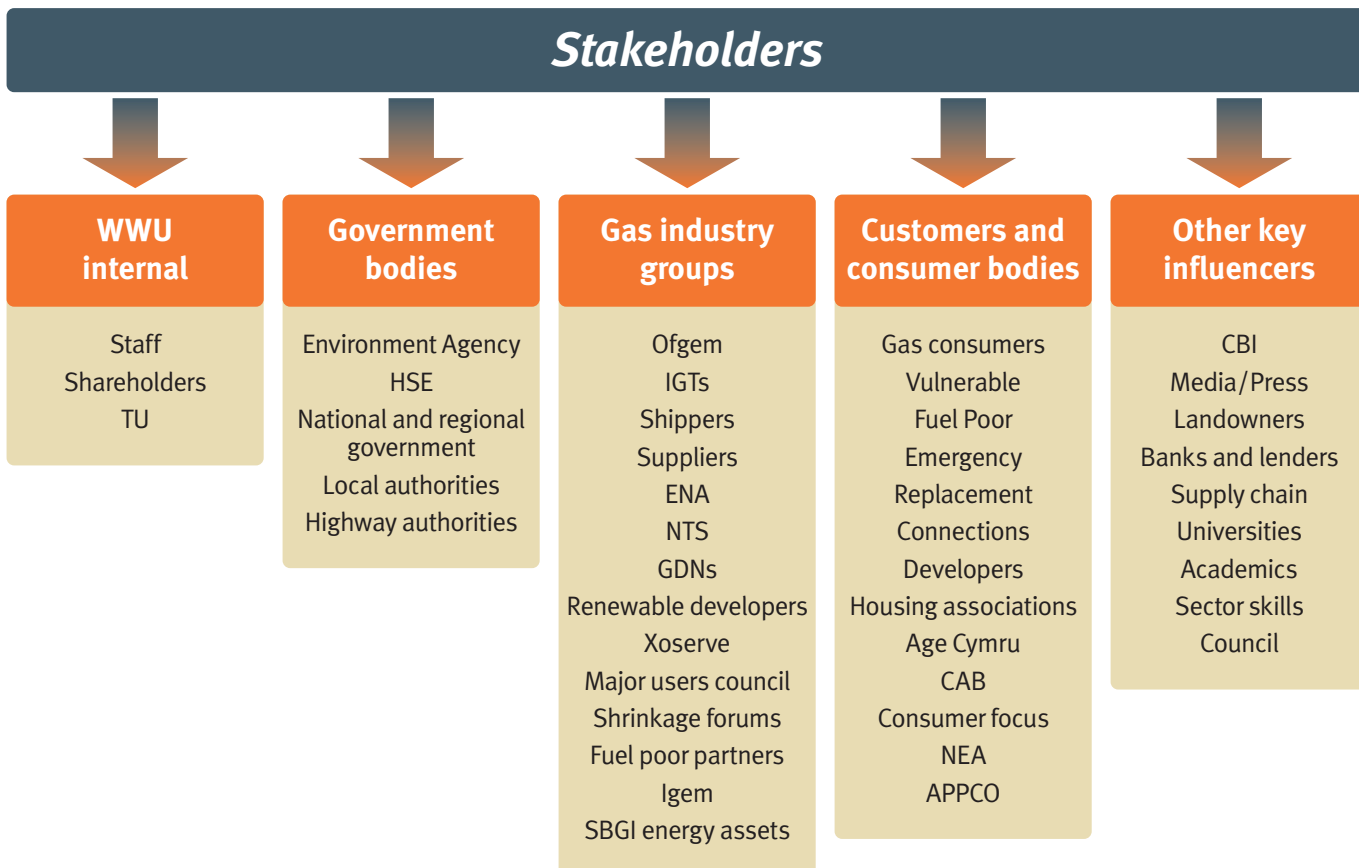
Two new appointments in this area are tasked with driving the process and innovating to further develop our strategy and processes, and have been set SMART performance objectives to ensure the development and implementation of a quality engagement strategy.

The Executive team evaluate and assess progress on a minimum of a quarterly basis with our CEO and Board having committed to review our stakeholder plan annually.

## Engaging a broad and inclusive range of stakeholders

A primary need for effective stakeholder engagement is the formulation of an inclusive **stakeholder map**. WWU's stakeholders were assessed through a process led by the

Executive Committee, in consultation with senior managers. The stakeholder map for primary stakeholders is shown in the following diagram:



# Engagement mechanisms

Our engagement methods vary and strive to find innovative approaches to engagement accommodating varied levels of interest in and knowledge of our business. Such approaches mentioned later in our submission include:

**Printed materials – brochures, flyers, press releases**



**Public events programme – road shows, presentations, agricultural shows, tea dances**



**Focus groups, workshops, forums, panels, meetings**



**Arts programme – theatre productions, radio campaign, poster competition, educational film**



**Online, surveys, updates**



We recognise that different stakeholders respond to differing methods of engagement and are committed to being adaptable and responsive to feedback seeking to innovate to engage more challenging groups and facilitate the delivery of their requirements.

## Acting on stakeholder input

Undertaking early consultation and acting on feedback from our stakeholders has become, to a certain extent, an integral part of our Business as Usual processes and as such, the documentation and outward demonstration of how all of our engagement activities with such a diverse range of stakeholders have directly impacted our business has been a significant challenge. Whilst the four case studies detailed in our submission demonstrate this feedback loop, we recognise that there is further work to be completed in this area. Particularly around organisational culture to promote benefits of engagement and in order for it not to be seen as an unnecessary administrative burden. The Stakeholder Managers will ensure that we are following up on all the feedback received from our stakeholders whether that be reflected in a policy, process or investment change, or simply closing the feedback loop around our reasoning for not making a change. This is a key focus area for us going forward into next year's submission.

## Process evaluation and feedback

In putting our system and processes together, WWU has taken account of a number of areas of best practice, including, but not limited to, AccountAbility's AA1000 Stakeholder Engagement Standard to which we have aligned our processes and documentation. We plan to undertake a full gap analysis of our plans against this standard.

In the interim, we have confidence that our efforts thus far are working by the fact that a number of initiatives detailed in our submission are well regarded across the industry and by the coveted awards we have won.

- Winning the Customer Care Award for the first time and the Supply Chain Award for the second consecutive year at this year's Utility Industry Achievement Awards, WWU was one of the leading industry performers at the prestigious awards ceremony.
- We also won the SBGI award for Customer Service for the fourth consecutive year and have been recently shortlisted in four categories, including Customer Service for this year's awards.

## Independent assurance

TwoTomorrows, a leading independent Stakeholder Engagement assurance provider, has independently reviewed our submission and associated documentation. Two Tomorrows have provided us with an Assurance Readiness Review Statement which we have included in the supplementary evidence, which included their opinion: "Based on the readiness review work we have undertaken, we have seen that the WWU submission has substantially met Ofgem's minimum requirements for stakeholder engagement. WWU is currently working towards fulfilling the activities that, in the Guidance, Ofgem has noted as demonstrating high quality stakeholder engagement and demonstrating performance beyond business as usual standards."

**Two Tomorrows**  
— a DNV company

In addition, Green Issues Communique who facilitated our Business Planning Engagement process which we used to test our methodology said: "commitment to responsiveness is demonstrated by WWU identifying a number of 'learning points' and amending its engagement strategy accordingly."

We recognise there is some further work to be completed particularly around organisational culture and the outward demonstration of the effectiveness of our engagement in all areas and these are our main areas of focus going forward.



# 2. Overview of evidence

## Demonstrating effective engagement

The following section provides an overview of the case studies and evidence contained within Part 2 of our submission. Case studies have been selected to represent a cross section of our engagement activities.

Case Study	Reasoning
A – Developing our 8-year Business Plan	New requirement to engage, develop a methodology and processes. Acted as a baseline for future engagement.
B – Supporting vulnerable stakeholders (Carbon Monoxide)	New post business plan area of engagement – renewed focus and drive as a result of business plan feedback. Qualitative demonstration of stakeholder input.
C – Gas Consumers – improving the customer experience	Business as usual engagement with proven record of delivery – varying methods to drive further process improvement. Quantitative demonstration of stakeholder input.
D – Highway authorities	Business as usual engagement which was highlighted as an area for improvement as part of our business plan engagement.

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

As part of our business planning process we carried out extensive engagement with our stakeholders to understand their views and engaged Green Issues Communiqué, who had previous experience in this area, to ensure independence.

#### Stakeholder identification

We first identified our stakeholders before consulting with them to understand their priorities and how they would like to be involved in the process.

Green Issues supported a review our stakeholder map and created a comprehensive database of individuals and organisations at whom the business plan consultation should be aimed. These stakeholders included representatives from national, regional and local government, local authorities, individual consumers, consumer organisations and vulnerable groups.

#### Engagement mechanisms

We held multiple engagement phases using a variety of different methods including telephone surveys, on-line questionnaires and 12 individual workshops across our region a cross section of our stakeholders. In order to maximise the reach of our engagement, we also ran an extensive media programme to seek feedback on our proposed plans. This campaign reached around 450,000 people across our region.

#### Acting on stakeholder input

We sought stakeholder views around the Ofgem output categories, firstly whether they were acceptable and covered all of our stakeholder priorities and secondly around the measures, targets and willingness to pay for service enhancements. These views informed the basis of our Business Plan as detailed in *Supplementary Info #1*. 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.

Headline results were published on our website and a copy of our *'Business Plan Headlines for Stakeholders'* was sent to 2,754 stakeholders, including staff, who had been engaged in the process. *Supplementary Info #2*.

In summary, our engagement has directly influenced our investment choices and the development of our key priorities and deliverables from 2013-2021.

#### Process evaluation and feedback

In line with Ofgem guidance on effective enhanced engagement, evaluation of the methods used was sourced after all workshops. Those who attended the workshops unanimously stated that they found this method of engagement useful and the vast majority stated that enough information had been provided to allow them to make their comments from a position of knowledge.

#### Continually updating stakeholders

Following acceptance of the Final Proposals we have developed an update for stakeholders, confirming how they influenced the regulatory settlement, our commitments for 2013-2021 and inviting them to continue to help us shape our business.



## Case study B Supporting vulnerable stakeholders (Carbon Monoxide)

A key area of feedback from our business plan engagement was around our social obligations and services offered to the vulnerable. Raising awareness of carbon monoxide (CO) poisoning was considered a valuable social service and we consequently developed a strategy to deliver a targeted campaign benefitting those most at risk.

### Stakeholder identification

We have collected, analysed and acted upon quality datasets including publicly available research, feedback from our experienced emergency operatives who attend over 6,000 calls a year relating to CO poisoning, and links with partner organisations; Age Cymru, the Salvation Army, local authorities in order to identify and proactively engage the age groups, housing stock, and localities most at risk.

### Engagement mechanisms

We have implemented a diverse and far reaching engagement programme in this area which has to date engaged over one million stakeholders who may have been at risk from Carbon Monoxide poisoning. Methods have included attendance at agricultural shows across our region, radio advertisements, tea dances; working with local schools to deliver the message using innovative arts based learning.



### Acting on stakeholder input

We trial initiatives and where they are proven to be a success we invest in rolling them out across our network. 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 working with 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.

### Process evaluation and feedback

Our framework ensures the approach has benefitted our stakeholder and we proactively ask for feedback at every opportunity and have tailored and improved our initiatives accordingly.

We track and monitor the effectiveness of our campaigns. One such example is that of our attendance at local county shows; an area for which we have been widely praised is around our Carbon Monoxide initiatives and where we won the 'Best Stand of Educational Value' award at the 2012 Royal Welsh show. Data analysis from more than 3,600 surveys show that over 70%

increased their knowledge around CO poisoning. In addition, 88% committed to passing this important safety message onto a friend or family member.





## Case study C Gas consumers – improving the customer experience

During our engagement process for the Business Plan, stakeholders requested to engage with us in more depth around the customer experience of two of our key processes:

- New connections
- Mains and service replacement.

### Stakeholder identification

We currently use Accent Marketing & Research Ltd to survey a sample of our customers following work at their property and we extended this partnership and used them to develop a number of customer focus groups to work alongside us to improve the customer experience.

They sought a range of customers to maximise breadth of views obtained. For connections they engaged both developers and one-off domestic customers who have used our new and altered connections service. For mains replacement Accent identified a combination of different types of housing stock and socio-economic factors to ensure a broad range of input.

### Engagement mechanisms

Accent employed a number of techniques for engagement. For connections, where the customer base was small and dispersed, they used focus groups and on-line discussion. Whereas with our replacement work where there are bigger clusters of customers, regional focus groups in Bristol and Plymouth were identified as the most appropriate method for engagement.

We have undertaken communication and knowledge sharing with customers and partner organisations to raise awareness of opportunities and benefits i.e. to understand the various sources of funding available to tackle fuel poverty, in particular energy efficiency.

### Acting on stakeholder input

In response to customer feedback we have changed our connections application forms, quotation covering letters and now include alternative options to enable easy comparisons.

Suppliers had a view that WWU's process delays were becoming an issue and in response to this we have reduced postal delays by switching to emailing information and introduced greater flexibility around quotation process to ensure suppliers can meet their clients' timescales.

Developers specifically requested that clear and concise advice on WWU's requirements was required and as such we have produced a **'Developers' Pack'** which is sent to developers and is available on our website.

We received feedback which suggested customers were confused over eligibility for support. In response to this, we have fully trained all of our front line staff to identify vulnerability and have the tools

to enable referrals to the Energy Savings Trust. These proactive referrals are for eligibility checks and general advice on energy options. This ensures we proactively maximise the opportunities available.

### Evaluation and feedback

Following the success of this process and feedback received which included the fact that "WWU is regarded positively" we have commenced an annual customer focus group to test these processes and ensure continual improvement. We also plan to expand this to include engagement from those who have come into contact with our emergency service.



## Case study D Highway 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.

### Stakeholder identification

We are in touch with the highway authorities on a regular basis via involvement in existing street works forums. Contacts were clearly identified through this business as usual process and the relationships leveraged to gain their commitment to engage.

### Engagement mechanisms

In the last 12 months two separate follow-up sessions have been held, each consisting of four events across our geography. Feedback was positive and consequently we have committed to delivering further events of this nature on an annual basis.

### Acting on stakeholder input

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 County Council to see how this can be progressed to meet the needs of all parties.

### Evaluation and feedback

Following the success of this engagement we consequently developed a programme of events specifically for highway authorities through which we can share our 5-year replacement plan and more detailed scheme files 12-18 months in advance.



## 3. Future engagement

We will, in each area, check back regularly with stakeholders to ensure we continue to meet their expectations.

Stakeholders have told us that they would like to be engaged with us going forward and we will use the learning from our existing engagement to shape our future engagement strategy.

We plan to use ongoing engagement to keep our stakeholders informed in the following ways:

- We will continue to raise awareness of our stakeholder engagement strategy both internally and externally, inviting comment from interested parties via our publications, website and direct communication to ensure we stay in touch with stakeholder requirements
- We are in the process of implementing Consumer Panels for Wales and the South West which will facilitate our engagement with stakeholders
- We will produce an annual performance report to communicate how we are progressing against output targets and keep abreast of stakeholder requirements re-baselining our commitments for future years

- We will continue to engage with stakeholders to improve our key business processes via our Business as Usual processes and the consumer forums which have already commenced.

In summary, stakeholder engagement is an intrinsic part of our business and we are committed to acting on the input we receive. We are working to embed a process and culture throughout our organisation which facilitates quality engagement and ensures feedback is used to:

- Inform our strategies to deliver stakeholder valued outputs
- Improve our daily operations, policies procedures and processes
- Shape our current and future business plans
- Inform and educate stakeholders of developments in which they may wish to be influence or involved
- Meet and exceed stakeholder expectations.

By placing an emphasis on monitoring and measuring we will track our improvements in respect of change, result and benefit over time.



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