



2013-14 DISCRETIONARY REWARD



SUBMISSION PART I

STAKEHOLDER ENGAGEMENT DRIVING IMPROVEMENTS WITHIN OUR BUSINESS EVERY DAY



JOHN BARNETT,
COMMERCIAL DIRECTOR

2013-14 has been the year when stakeholder engagement has become an integral part of how we deliver our service. It's the way we do things around here, not a one-off consultation on a specific issue, and we regularly see the benefits this delivers for us as a business as well as for our stakeholders.

Stakeholder engagement is a continual journey, all the time we are seeking to develop and hone our skills to deliver ever more effective engagement with an even broader range of stakeholders. We continually review our structure, our approach and the methods we use to extend our reach. Our processes and procedures have been designed to bring an appropriate challenge to our performance; ensuring that we provide the right channels to review and respond to the feedback, and that we develop the right initiatives to deliver the greatest benefit.

In this last year we ran an extensive consultation programme to develop our eight-year business plan. We were delighted to be able to submit a plan that was clearly developed from the direct input we had from over 4,800 stakeholders covering a broad range of issues. This engagement also enabled us to develop our approach and skills and the experience helped us to refine our strategy and processes for engagement moving forward.

The personal endorsements and support we received from a number of senior stakeholders regarding our approach and the resulting changes in the plan are something that we are very proud of. Phil Jones, our Chief Executive, and our wider executive team interacted with our three independent expert groups and stakeholder panel to ensure that there were robust challenges at each stage of development, which encouraged a level of innovative thinking that internal development of plans alone would not have achieved.

In order to maintain the right level of rigour in our approach we have committed to an annual audit against the assurance AA1000 Stakeholder Engagement Standard. This checkpoint helps to ensure that we continue to develop and improve on our performance; identifying our positions of strength as well as key areas to focus on in the coming year. We were delighted to complete another successful audit in April 2014 and to hear constructive feedback about how well we had developed as well as some clear steers on our next areas of work.

The annual stakeholder audit is an integral element in our wider annual stakeholder programme which, in turn, has been aligned to our annual business planning cycle. Structuring it in this way ensures that we support our business strategy with the appropriate focus, timing and resourcing to better inform decision-making, longer term plans and overall successful outcomes. The key change made on the back of last

year's audit has been in strengthening the way we measure our engagement. This includes considering the impacts and benefits of new initiatives that we have developed from stakeholder feedback received to inform decision-making and how we prioritise resources.

We have continued to build strong partnerships with key stakeholder groups leveraging their connections and expertise to achieve enhanced and more successful engagement. This has been particularly prominent in our social agenda as we develop our role. Our definition of vulnerability has been expanded to include a far wider population and we have examined our definitions of social need and our related services. It has become clear through this engagement that good enduring collaboration with key agencies is needed to be effective. In 2013-14 there has been an increase in the different organisations we work with and an expansion in the scope of how we work with them to engage with these harder to reach, important stakeholders.

Another big development for us in 2013-14 has been establishing more structured, formal groups for regular engagement. Our stakeholder panel draws from a broad range of individuals and organisations and enables us to consult on matters where differing opinions would be common. Furthermore, our three independently-chaired expert groups are proving valuable in helping us focus more on strategic engagement to develop our plans and services as well as identifying emerging issues. In particular, our social and customer service propositions for the next 10 years have been challenged and significantly strengthened through this input.

It has been another busy but rewarding year for us in terms of stakeholder engagement and we are not standing still. Throughout 2014 and 2015 we have plans to develop our employee engagement further and the use of data to map and target engagement whilst we continue to engage on the detailed delivery of our business plan and deliver more and more through our expanding partnerships and collaborations.

A handwritten signature in black ink that reads "John".

John Barnett,
Commercial Director

STRUCTURED STAKEHOLDER ENGAGEMENT DRIVING CHANGE AND IMPROVEMENT

Our overall approach to stakeholder engagement remains largely unchanged since we formally aligned our direction to AAI000SES in 2012; following the principles of inclusivity, materiality and responsiveness. It sets the right framework for our engagement activity although we continue to review and refine our approach.

We know this is working because stakeholder feedback continues to inform the targeted range of initiatives set out in part 2 of this submission. These range from the improvements to our online [Priority Services Register \(PSR\)](#) service to the more involved account management for business customers; stakeholder input to all of them has made each initiative more effective.

Our approach to stakeholder engagement and the detailed plans developed to support this, aim to:

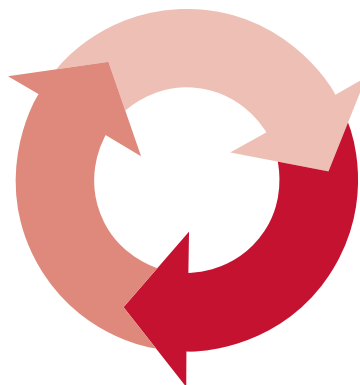
- Align stakeholder engagement to business priorities to ensure it has relevance and impact.
- Translate feedback from stakeholders into improved services and business performance for shared benefit.
- Lead the industry by developing and exploring methods that are not yet in use elsewhere and sharing best practice.
- Research, benchmark, and adopt best practice from others within, and outside, our industry sector to support continual improvement.
- Review every aspect of our performance and forward planning in the light of stakeholder feedback.
- Take an approach to stakeholder engagement that whilst co-ordinated is also tailored, multi-layered and multi-channelled to meet the needs of our large and diverse range of stakeholders and those who are hard to reach.
- Keep pace with new and emerging markets and developments to ensure that our stakeholder mapping reflects current and potential future stakeholders.
- Listen to, communicate our response and, most importantly, act on the feedback we collect.
- Communicate and report transparently to our stakeholders to raise visibility, encourage engagement and build trust.
- Ensure the impacts and outcomes of our engagement are measurable in terms of benefit for the organisation, our customers, other stakeholders and society more widely.

Our engagement process involves a constant dialogue between us and our stakeholders. This enables us to align our decisions to their priorities and implement solutions to our mutual benefit.

STAKEHOLDER ENGAGEMENT PROCESS

Using information from stakeholder engagement to inform business decisions and feedback the outcomes to stakeholders

Engaging stakeholders about their current and future needs and views



Informing and sharing business plans and service enhancements with stakeholders checking understanding, and feeding back on progress

The success of our approach is in the execution of clear, open and honest communication. We engage our stakeholders through well informed discussion and check back regularly through quantitative research that we have understood and our stakeholders agree with our improvements.

Feeding back and closing the loop with our stakeholders are essential to our engagement, assuring them that we are listening and responding. We make a point of linking stakeholder comments to our own plan using the 'you said, we did' in our reporting headings as well as feeding back on when we are not changing our plans and why. This extends to the on-going challenge we encourage from our independently-chaired expert groups and the use of partner organisations to help us to engage and encourage views which stakeholders may not be as comfortable feeding back directly. While we have highlighted on page five the key groups we regularly engage with, it's important to note that we're prepared to hear from anyone about any issue they wish to raise with us and seek to reference our wider engagement at every opportunity.

Our strategy is supported by an online toolkit available to all our staff through our intranet and an annual plan, which sets out the overarching framework for ensuring that we deliver our strategy and align our engagement to our annual business planning cycle that has a 10-year horizon. In the plan we commit to:

- Reviewing our stakeholders' engagement priorities with them annually to ensure that they remain the appropriate priorities and check for newly emerging priorities or issues. We do this through independent research conducted with a representative group of stakeholders and from key themes emerging throughout the year from our regular engagement.



INDEPENDENT STAKEHOLDER AUDIT MANAGEMENT REPORT (SGS)

"The 2013 assurance acknowledged the good framework provided by the stakeholder engagement toolkit, including the strategy. This continues to be the case in 2014 and in addition the Stakeholder Engagement Strategy has been updated to reflect improvements in the Northern Powergrid approach and recommendations from both Ofgem and the 2013 SGS Audit."

- Feeding these priorities into our annual business planning and goal setting.
- Under each priority, proposing appropriate activities and initiatives to meet these stakeholder needs which will be reviewed and agreed by our stakeholder panel or expert groups.
- Publishing these commitments to stakeholders for the coming year and reporting on progress made over the previous year in our annual stakeholder report produced every January and sent widely. Our stakeholder panel also receive a regular report on progress against these commitments at their regular meeting.
- Continually reviewing our processes and channels through an annual stakeholder audit against the AA1000SES and monthly benchmarking research with our stakeholders; informing the annual review and refresh of our stakeholder strategy and mapping.



OUR STAKEHOLDERS – EVERYONE AND ANYONE

As an electricity network operator, we have a customer base of 3.9 million homes and businesses and serve a diverse population of some 8.3 million people. Many of our customers don't know who we are unless their lights go out. We've made it our business to increase our profile and get talking to our customers, our communities and our wider stakeholders.

As we have such a large number of potential and existing stakeholders, it's important not only to know who they are, but to feel confident that we can prioritise them appropriately. This principle is integral to effective delivery; it's not always desirable or often necessary to reach all stakeholders with the same level of intensity in relation to any given issue. This allows us to target our stakeholders accurately and with purpose. Stakeholders are categorised according to the level of impact our plans and decisions may have on them, directly or indirectly, and the influence that they have in helping us to achieve successful outcomes.

We've represented this process in the table below. It outlines three levels of priority for stakeholders:

- **Priority 1** – These are stakeholders who are both heavily impacted by what we do and have high levels of influence (directly and indirectly) in successful outcomes. We maintain regular and systematic engagement channels and strong relationships with this group.
- **Priority 2** – These stakeholders are either heavily impacted by what we do or have high levels of influence on successful outcomes. We are regularly in contact with this group; engagement levels vary dependent on the issue and their levels of interest.
- **Priority 3** – These stakeholders are minimally impacted by our work and have a low level of influence in terms of successful outcomes. We communicate regularly with this group and there is an open invitation for them to engage with us across the board or on specific issues.

We already work with thousands of stakeholders that range across customers, community groups, local and central government, environmental agencies and groups, energy suppliers, local businesses, employees, investors and our regulator. These groups, and the way they are currently prioritised, are outlined in the Stakeholder Mapping.

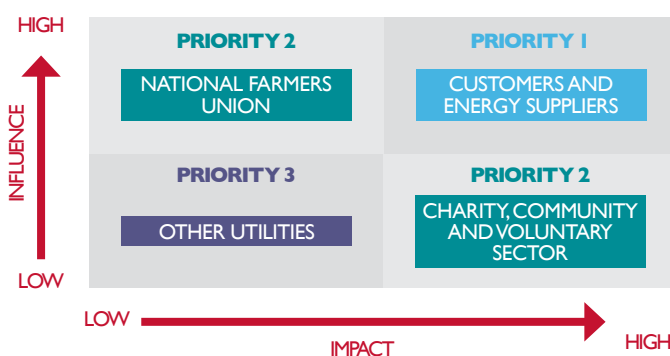
The scope to increase our stakeholder numbers and our engagement levels is significant and this is something we are consistently reviewing. Our stakeholder mapping has been refreshed this year to reflect:

- Our new four-strand definition of vulnerable customers and the referral network that supports them.
- Identifying 'hard to reach' stakeholders within the mapping so we can be sure that everyone is aware of this additional challenge when designing engagement with these groups. The two overarching groups we currently flag as 'hard to reach' are:
 - a Vulnerable customers, recognising that they often find it hard to be heard individually and that we need to proactively find and tailor ways to engage them
 - b MPs, they may have a high level of influence on what we do and perceptions of our organisation but are often too pressed for time to understand fully the context we work in and the services we deliver
- An emphasis on drilling down within the connections markets.

In addition to the traditional stakeholder mapping, we are using socio-economic and geographic data to help us to add another layer of information to mapping our stakeholders and directing our engagement.

We use this data to inform our engagement, particularly in ensuring that we have a representative view on our larger stakeholder research projects but also in targeting activity with hard-to-reach groups through referral and support networks. Having other associated information that may affect a group of stakeholders adds a greater depth of understanding.

HOW WE PRIORITISE STAKEHOLDERS



NB These are illustrative examples. Please see over the page for the full stakeholder list.

OUR STAKEHOLDER MAPPING

KEY

■ PRIORITY 1 ■ PRIORITY 2 ■ PRIORITY 3

STAKEHOLDER GROUP			ENGAGEMENT NEED	
Stakeholder Group	Stakeholder Sub-group	Stakeholder Type	Priority Level	
Domestic Customers	Vulnerable customers	*Electrically dependant	1	
		*Long-term or temporary medical conditions	1	
		*Require different methods of communication	1	
		*Other long-term or temporary requirements inc. fuel poor	1	
	Domestic users and generators	Metered users	1	
		Micro generators	2	
Emergency Response	Emergency services	Police, fire service, medical	2	
	Local Resilience Forums	Regionals LRFs	1	
Unmetered Customers inc Local Authorities	Local authorities / Councils	Street Lighting	1	
		Sustainability	2	
		Leaders / Senior Managers	1	
	Unmetered customers	Highways / street works	1	
		Planning and development	1	
		Industrial and utilities	1	
Repeat Connections	Customers – *minor and major	Highways Agency	1	
		BT	1	
		House builders	1	
		House Builders Federation	1	
	Suppliers	South Yorkshire Passenger Transport (SYPT)	1	
		Distributed Generation customers	1	
	Trade Bodies	Independent Connection Providers	2	
		Distributed Generation trade bodies	1	
Interest Groups	Vulnerable Group representatives	RNIB	3	
		Action for Hearing Loss	3	
	Special Interest representatives	NFU	3	
	Charity, community and consumer interest groups	Environmental groups	Campaign for National Parks	1
			Green Alliance	2
		Which	3	
		Institute of Customer Service	2	
		Business in the Community (BITC)	2	
		National Energy Action (NEA)	2	
		Involve / VONNE	2	
		National Energy Action	1	
		British Red Cross	1	
		Community Energy Solutions	1	
	Consumer Futures	1		
Citizens Advice Bureau	1			
Communications groups	National, local and trade media	2		
	Parish Councils	2		
Business Interest Groups	CBI	2		
	Chambers of Commerce	3		
Consultancy	Future Transport Systems	3		

STAKEHOLDER GROUP			ENGAGEMENT NEED		
Stakeholder Group	Stakeholder Sub-group	Stakeholder Type	Priority Level		
Industry Participants	IDNOs	IDNOs	1		
		Transmission – National Grid	2		
	Other industry players	Energy Networks Association (ENA)	1		
		Large Users (EHV) + generators	1		
		Other DNOs	3		
		Other utility companies	2		
		Other suppliers (smart metering, renewables)	1		
		Energy Suppliers – big 6 and *small	1		
		Meter Operators	1		
		Trade Unions	2		
	Employees and their representatives	Employees	1		
		Legal	3		
Governmental	National	Dept. of Energy and Climate Change	1		
		HSE	1		
		Environment Agency	1		
		Ombudsman Service	1		
		Council of European Energy Regulators (CEER)	1		
		DEFRA	1		
		EIA	3		
		Ofgem	1		
		Fuel Poverty Advisory Group	3		
		Energy consultants	3		
	Political Regional	MPs	2		
		LEPs	2		
		Councillors and Council CEs	1		
		Police Commissioners	2		
		Association NE Councils	2		
		Local Government Yorkshire and Humber	3		
		Energy Groups	Renewable energy groups	Renewables generators	2
				Renewables UK	2
Major Energy Users	Large Employers / Commercial		1		
	Major Energy Users' Council		1		
Other energy groups	Commercial developers		1		
	Energy UK		2		
	NE Energy Leadership Council	2			
	Energy Saving Trust	2			
Finance	Internal	Energy Institute	2		
		CO2 Sense	2		
		EEf	3		
	External	Shareholders	2		
		Berkshire Hathaway Energy	1		
		Pension Trustees	2		
Academics	Academics	Capital Markets	3		
		Credit Rating Agencies	3		
Service providers	Service providers	Service providers	2		

*Hard-to-reach stakeholders – those individuals, communities or groups which are inaccessible to most traditional and conventional methods of engagement and communication or find it more challenging to make their voices heard.

OPEN ENGAGEMENT TAILORED TO SUIT STAKEHOLDER NEEDS

Using our strategy and stakeholder mapping as a guide, we design our engagement activity with the understanding that our stakeholders have varying levels of knowledge, interest and capacity to engage.

We engage through multiple channels, share our information and design our discussions and questions to address this. We use the model below to guide our engagement activity. The levels are not exclusive; we engage with all our stakeholders openly, systematically and regularly and build on this, based on their characteristics, with more targeted engagement. Stakeholders also move between these categories dependent on the nature of the issue being discussed.

HOW WE DETERMINE WHO TO ENGAGE AND HOW

CATEGORY	LEVEL 1 – TARGETED	LEVEL 2 – OPEN TARGETED	LEVEL 3 – OPEN
Stakeholder characteristics	<ul style="list-style-type: none"> VIP stakeholders High influence/ high interest Named individuals or small groups. 	<ul style="list-style-type: none"> Some influence / interest but restricted capacity Easily identified Medium to larger groups. 	<ul style="list-style-type: none"> Varying levels of influence & some interest and limited capacity Large numbers with common denominators.
Types of engagement	<ul style="list-style-type: none"> Face-to-face meetings Named Northern Powergrid contact Direct one-to-one relationship. 	<ul style="list-style-type: none"> Attendance at existing meetings/forums Events/ workshops Focus groups Specific market research Tailored online activity. 	<ul style="list-style-type: none"> Focus on generic channels like e-bulletins, web and community Open invitations to participate in activities.

Each stakeholder priority area has an engagement plan developed annually which sets out the issues, the stakeholders with an interest, the stakeholder constraints and our subsequent approach with consideration to these constraints.

Our stakeholder engagement activity is extensive right across the organisation and on any appropriate topic; this ranges from regular meetings and workshops with key individuals and groups, through to specialist sessions on key issues as, and when, they emerge. There are a number of new developments in 2013-14 in terms of how we engage our stakeholders to facilitate mature and informed discussions.

Our engagement channels and activity are designed to not only reflect the differing needs of our stakeholders but also the types of engagement; from social media and our online community forum* giving us instant and specific feedback, to our stakeholder panel and exploratory workshops on key or emerging issues, helping us to develop potential solutions.

YOUR POWERGRID – OPEN COMMUNICATIONS AND ENGAGEMENT

Since we first launched the *Your powergrid*** brand in 2012 we continue to use this to help our stakeholders identify our stakeholder communications and engagement channels; the brand reinforces that these channels belong to our stakeholders and the importance of their input. We have been developing the channels in 2013 with input from our stakeholders. We consulted our stakeholders throughout the development of our business plan on how we could best communicate with them and received very positive feedback on our *business plan website*** and publications. This approach is now the blueprint for our stakeholder communication channels in terms of simple presentation, plain English and the use of video to summarise, personalise and display ownership of our messages.

Your powergrid is our open stakeholder engagement channel and incorporates:

- **Our online community with over 1,450 members.** There are three groupings within the community to allow us to tailor our discussions, polls and surveys for domestic customers, connections customers and wider stakeholders. We use the community to engage on specific topics to help us to develop solutions and to ask for feedback on new services to ensure they hit the mark.
- **Our monthly e-bulletins going out to over 7,000 stakeholders** to engage on key topics and update on new services, our work in the community, our investment schemes, how to engage with us and more.

* northern-powergrid.explainonline.co.uk
 ** www.northernpowergrid.com/yourpowergrid
 *** www.yourpowergridplan.com



- **Our targeted e-bulletins**, these are either topic or stakeholder specific. We use them to let stakeholders know of any major events or milestones e.g. business plan submissions and decisions and severe weather event updates and to clarify key issues e.g. following queries on applying insulating wall cladding to domestic premises from local authorities we recognised this as an issue affecting all local authorities and issued an e-bulletin clarifying the situation and giving them a direct contact for enquiries.
- **Our business plan website*** which has had over 10,000 visitors since we launched it in July 2013. The site will be developed in the second half of 2014 to become the main online portal for our stakeholder engagement aligned to the key areas of stakeholder interest in our plan to 2023.
- **Our annual stakeholder report website**** which has had over 2,200 page views since we launched it in February 2014. The site and publication were developed through detailed consultation with our stakeholder panel between October 2013 and January 2014 which led to significant enhancements to overall structure, language and measures used.

With 4,121 followers on Twitter and almost 600 Facebook friends we are using social media to engage our stakeholders more proactively; using hashtags to engage during and after events and messaging with key partners e.g. Involve Yorkshire & Humber (Involve) and Voluntary Organisations' Network North East (VONNE) to engage the voluntary, community and charity sector during major incidents. Recognising the reach and impact social media can play in our engagement, we have developed a social media strategy and through 2014 we will be developing and tailoring our social media channels to engage our stakeholders through a more strategic and targeted approach. We have begun to use social listening to engage in forums and debates that we would not normally have participated in.

A STRUCTURED APPROACH TO ENGAGEMENT

Through our annual stakeholder plan we set out and deliver a framework of structured engagement activities which complement the wider engagement developed through the individual subject or stakeholder group plans.

Our annual research programme includes; a monthly benchmarking survey with a cross-section of 50 stakeholders to ensure that they are happy with their engagement with us and to identify issues or areas for improvement; an annual priorities survey with a representative cross-section of 1,100 stakeholders to ensure that we are keeping up to speed with what matters to our stakeholders; an annual survey of 1,000 of our Priority Services Register customers to benchmark the quality of our services and identify areas for improvement; regular surveys with specific stakeholder groups to ensure we close the loop on new services and developments e.g. 150 Distributed Generation (DG) customers surveyed in January 2014 on our DG plan.

In 2014 we opened our doors for two drop-in sessions for our stakeholders to come to ask us anything about any part of our business, following the publication of our annual stakeholder report. We had positive feedback on the report but a disappointing attendance to these events which reinforced our 'we come to you' more tailored approach to engagement so we will be revising how we engage face-to-face in our annual plan for 2015.

* www.yourpowergridplan.com

** report14.yourpowergrid.co.uk

STRATEGIC ENGAGEMENT AND COLLABORATION

Our stakeholder panel meets quarterly and continues to be invaluable not only in feeding back on our proposals but also in generating improvements and solutions. Our three external expert groups (social, customer satisfaction, technical) also come together quarterly to challenge and innovate on how we can improve and what we can deliver. These groups play a huge part in identifying emerging issues and developments from community energy to the potential use of smart metering in identifying cannabis farms. They also ensure that we are making progress on earlier initiatives that we have identified and assess our overall performance.

Our stakeholder engagement has seen huge progress in the quality of collaboration with other key organisations over the past year. We are increasingly taking the learning from key projects such as the Customer-Led Network Revolution to develop and engage our stakeholders and also to plan and deliver comprehensive programmes of work with measurable outcomes and benefits through formal agreements. Through Infrastructure North, our partnership with Northern Gas Networks (NGN), Yorkshire Water and Northumbrian Water, we sponsor the All Party Parliamentary Group for Yorkshire and Humber which allows us to engage with MPs, Local Enterprise Partnerships (LEP), local authorities and wider stakeholders through a programme of workshops. In December 2013 we teamed up with NGN to lead a workshop with this group on the impact of our business in terms of regional infrastructure investment and our wider community engagement and social agendas. We partner with Involve and VONNE, the umbrella organisations for the community, voluntary and charity sectors in our region through a formal agreement; most recently we partnered to deliver two community energy events; 170 people attended in an over subscribed event over two days; something we would have been unlikely to achieve on our own.

TAILORED ACTIVITY

Through the plans we design for each of our stakeholders' priority areas we deliver a range of tailored activities to meet the specific needs of our stakeholders. Our connections workshops and surgeries remain popular and we invariably receive positive feedback. We regularly attend established meetings and groups of our key stakeholders like the Local Government Yorkshire and Humber Chief Executives and the Association of North East Councils group, The North East Chamber of Commerce events, Major Energy Users' Council conferences and more. We also hold regular face-to-face meetings with key stakeholders.

INDEPENDENT STAKEHOLDER AUDIT MANAGEMENT REPORT (SGS)

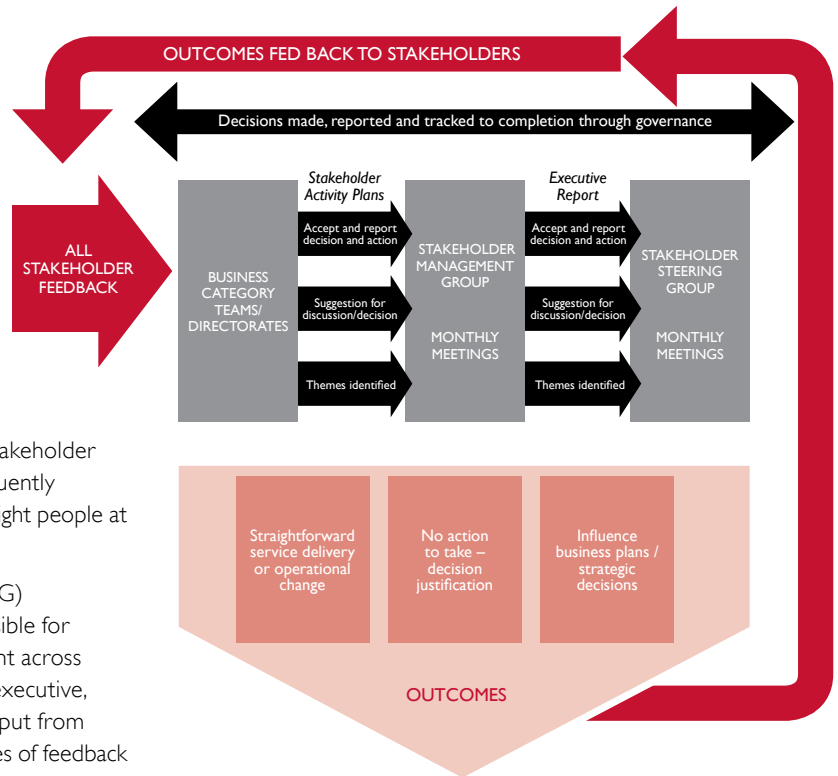
"Since 2013 Northern Powergrid have continued to develop and extend their range of approach, depth and style to reflect the different needs of the stakeholder groups. Methods range from face-to-face meetings and visits such as those with customers, top line surveys such as the customer satisfaction survey and focussed meetings with stakeholder group representatives such as the stakeholder panels which address key issues.

"Northern Powergrid evaluates the various tools used for engaging with stakeholders to ensure they are appropriate, timely and provide the stakeholders the opportunity to feed back in an easy manner."

ROBUST GOVERNANCE TO ENSURE FEEDBACK INFLUENCES DECISION MAKING

We have adopted a clear process for the governance and reporting of stakeholder activity, which ensures we have an end-to-end system in place to deliver engagement activity, and the resulting feedback and outcomes in a comprehensive manner.

HOW STAKEHOLDER FEEDBACK INFLUENCES DECISION MAKING



The process set out in the table opposite depicts how stakeholder feedback influences throughout the business and consequently ensures that decisions are made at the right place by the right people at the right time.

Our Stakeholder Engagement Management Group (SEMG) meets monthly. This group of senior managers is responsible for the co-ordination and delivery of stakeholder engagement across the business. The SEMG sends a monthly report to the executive, informed by the stakeholder action plans, with further input from the SEMG. The report includes detail of activity, summaries of feedback and new actions in response to feedback. The report tracks all actions in response to stakeholder feedback, including leads, dates and progress. This process helps to embed professionalism, urgency and business-wide involvement.

We have reviewed and refined our governance and processes to consolidate our learning from the business plan engagement and embed this as business as usual. In terms of reporting, this has meant the introduction of "Day After Reports", which allow us to track engagement and follow up with organisations and individuals through our stakeholder database. A simplified executive report allows for a more immediate assessment of the themes emerging from our engagement and the associated issues. This ensures that we are optimising executive engagement on all the items which need their attention. This has proven to be effective in identifying new areas of interest like community energy as well as keeping initiatives moving across the business from local authority power cut notifications to employee engagement programmes.

Although there is a small central stakeholder team to co-ordinate our engagement, ownership of stakeholder activity and actions resulting from feedback sits firmly within the respective functional teams and their leadership across the business; with ultimate accountability held by our executive. This model of governance and reporting helps us to

make decisions at the correct levels within the business not only on what we should be delivering as a result of stakeholder feedback but also on how we prioritise and resource these deliverables, within the wider management of the business.

Governance and processes are the framework for ensuring and assuring robust stakeholder engagement, feedback and outcomes but these need to be supported by engaged staff across the organisation. Through public reporting, the use of video reports and regular internal communications we are driving heightened awareness and understanding of engagement by employees; changing the culture for the positive.

INDEPENDENT STAKEHOLDER AUDIT MANAGEMENT REPORT (SGS)

"There is a clear path from feedback through actions and decision making. Measures continue to be developed to ensure that responses and actions from previous engagement are being carried out and the impact on stakeholders through engagement is measured."

ACCREDITATION, EVALUATION, FEEDBACK AND TARGETED BENEFITS

We are committed to continual review and improvement of our stakeholder engagement and actively measure and seek feedback to ensure that stakeholder views inform our short, medium and long term plans. We are open minded to new approaches and innovative thinking, recognising that not all solutions will be right the first time.

Our stakeholders' priorities are set out in our strategy. The priorities are reviewed annually and refreshed as appropriate through an independent engagement process and feed into our annual business plan and organisational goal-setting cycle. Through our annual stakeholder report we set out these priorities, performance in the prior year and deliverables for the coming year.

Following this and our annual independent stakeholder audit, we also take the opportunity to review and refresh our stakeholder strategy, mapping and processes. We know that expert and independent benchmarking and review are essential in order to achieve our goal of becoming leaders in the field of stakeholder engagement and the feedback from this strengthens our engagement and the more accurate targeting of benefits for our stakeholders.

Improvements we have made in 2013-14 include:

- Increased learning from others through best practice including Business in the Community, Infrastructure North and the network operators best practice sharing group which meets every two months.
- We achieved an improvement in the Business in the Community Corporate Responsibility index and Environmental index in a year when overall industry scores fell. The awards help businesses to achieve transparency with their stakeholders by supporting the systematic measurement, management and integration of responsible business practices.
- Working with SGS, an external auditor specialising in business process certification, to validate our stakeholder engagement process that produced helpful recommendations for improvements; as a result we have:
 - Introduced targets and goals to assess our success and developed a clear set of measures and satisfaction with our engagement; these have now been incorporated into our stakeholder strategy.

- Worked hard to embed engagement locally across the business through our customer communications toolkit, revising the stakeholder toolkit, rolling out the stakeholder database and raising awareness through communications and events.
- SGS validated our continued attainment of AA1000SES and the Ofgem criteria for scoring 100% for stakeholder engagement against an industry average of 93% confirming we have made improvements across the board. We have already begun to make the further improvements suggested in this year's audit with a particular emphasis on further engaging our employees.

We continue to measure our engagement with stakeholders and have set out these measures explicitly in our strategy for the first time. We are investigating how we might consistently measure the impact of the improvements and initiatives we deliver as a result of stakeholder feedback; we already do this to some degree but as we expand further into the area of social responsibility we acknowledge that impacts are harder to quantify. This is a key area of emphasis for us in 2014.

INDEPENDENT STAKEHOLDER AUDIT MANAGEMENT REPORT (SGS)

"Northern Powergrid have developed both the stakeholder engagement activities and the Stakeholder Engagement Strategy to reflect the experience and maturity of their processes.

"The organisation has used each stakeholder engagement to identify new material issues and to identify priorities for ongoing issues to ensure that these issues are given the appropriate attention."

JUST SOME OF THE MATERIAL ISSUES IDENTIFIED THROUGH ENGAGEMENT:

- Supporting and enabling the development of community energy
- Opportunities to combat cannabis farms in domestic premises through smart meter installation
- Closer working with police on the social impact of metal theft
- Protecting against flash flooding
- Improving the employability and life skills of young people.



2013-14 AT A GLANCE

INDEPENDENT STAKEHOLDER AUDIT MANAGEMENT REPORT (SGS)

“Northern Powergrid continue to develop, expand and improve their stakeholder engagement and evidence shows that responses to feedback are measured and appropriate. It was felt that the systems are maturing and in addition to being considered part of their standard business practices, stakeholder engagement is now being used proactively to develop strategy for the future.”

- A lot of focus has been on engagement to inform and develop our long-term business plan - this really helped us to firm up our strategy and processes
- We're well into the journey of embedding stakeholder engagement as business as usual and making improvements to the existing process – this is reflected in positive external auditor feedback from our 2014 AA1000SES review
- We have implemented and published our annual stakeholder plan, bringing our strategy to life containing an objective appraisal of 2013 and with appropriate focus, timing and resourcing to better inform decision making, longer term plans and successful outcomes. Our improved annual stakeholder report has been developed and published, in collaboration with our stakeholder panel
- We have focussed on proactive strategic engagement on key issues through our stakeholder panel, community energy workshops and wider collaborations such as Infrastructure North
- Our three independently chaired expert panels continue to play a key role in challenging us, checking progress on our performance and helping us to deliver innovative initiatives and services
- Using data to drive into the detail of stakeholder groups is ensuring we know who we impact, how, and how they would like us to improve
- *Your powergrid* online continues to develop to provide open, simple and clear channels of communication and engagement with our stakeholders
- Social media activity grows and we have developed our strategy to support further more targeted growth and engagement
- We have clear measures in place to ensure our engagement is meeting the needs of our stakeholders and adding business values.



