

2014 Stakeholder Engagement Incentive Scheme



STAKEHOLDER ENGAGEMENT INCENTIVE SCHEME



Making a positive difference
for energy consumers

**STAKEHOLDER ENGAGEMENT – PART 1 SUBMISSION
ENTRY FORM**
COMPANY DETAILS: (please complete)

Company: Northern Gas Networks Ltd

Licensee(s): Northern Gas Networks Ltd

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Thorpe Park Business Park
Colton, Leeds

Postcode: LS15 8TU

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THE RULES:

1. Refer to the accompanying guidance notes for your Stakeholder Engagement Incentive Scheme.
2. Fill out this entry form and attach it to your overview of evidence. The overview of evidence and all supplementary information should be referenced to this entry form.
3. Entry form should not exceed four A4 pages in total. Overview of evidence should not exceed ten A4 pages.
4. Complete applications must be received at Ofgem by **no later than 5pm on the final Friday in May, the year following the regulatory year in question**. They should be sent to connections@ofgem.gov.uk electronically, with a hard copy sent to: **Distribution Policy Team, Ofgem, 9 Millbank, London SW1P 3GE**

MINIMUM REQUIREMENTS		
Please provide supporting evidence and high level overview of how your company has met the minimum requirements set out below:	Evidence submitted within application (ie, evaluation, assurance report, survey, etc.)	Overview of your arguments demonstrating compliance with requirement. Clearly signpost as to additional relevant evidence/information within submission
<p>The network company has a comprehensive and up to date stakeholder engagement strategy, which sets out:</p> <ul style="list-style-type: none"> - how the network company keeps stakeholders informed about relevant issues, business activities, decision-making and other developments; - how the network company enables timely input and feedback from stakeholders via appropriate mechanisms to inform decision making. 	<p>See Supplemental Evidence 1: Stakeholder assurance report (2.1 – 3.3.1, pages 31 – 33)</p> <p>See Supplemental Evidence 1: Stakeholder Engagement Manual (Engagement procedures, pages 49 – 51)</p> <p>See Supplemental Evidence 1: Stakeholder Engagement Strategy (Engagement procedures, pages 64 – 66)</p> <p>See Supplemental Evidence 1: Fuel Poverty Strategy (page 69 – 74)</p> <p>See Supplemental Evidence 2: Evidence of stakeholder consultations</p>	<p>Northern Gas Networks has revised the strategy we outlined in our RIIO-GD1 Business plan to develop a more systematic approach to stakeholder engagement, based on AA1000 principles and standards.</p> <p>Our approach to stakeholder engagement is grounded in a robust framework. We have summarised our current approach in Part 1, specifically 'The building blocks of stakeholder engagement' and our stakeholder engagement framework 'Give me five' (pages 7 – 11) and provided more details in:</p> <p>Stakeholder Engagement Strategy (Supplemental Evidence 1); Stakeholder Engagement Manual (Supplemental Evidence 1); Fuel Poverty Strategy (Supplemental Evidence 1)</p>
A broad and inclusive range of stakeholders have been engaged.	<p>See Supplemental Evidence 1: Stakeholder assurance report (3.3.2, 4.1, pages 33, 34)</p> <p>See Supplemental Evidence 1: Stakeholder Engagement Strategy (Prioritising stakeholders and their concerns, pages 66, 67)</p> <p>See Supplemental Evidence 1: Stakeholder Engagement Manual (Engagement procedures, page 49 – 51 and Template 1: Identifying and mapping our stakeholders, pages 52, 53)</p> <p>See Supplemental Evidence 2: Evidence of stakeholder consultations</p>	<p>We consider our stakeholders to be anyone who is impacted by or has an interest in our work. As a part of our strategy review, we carried out a stakeholder mapping exercise identifying our stakeholders, grouping them according to the business focus areas most relevant to them. The stakeholders included: MPs, shippers and suppliers, business groups, material/equipment suppliers, highway authorities, local authorities, customers, charities and support groups and the general public. A comprehensive list of our stakeholders, their areas of interest, and how we have engaged with them is available in our Stakeholder Engagement Manual (p. 49 – 59) (Supplemental Evidence 1).</p>

MINIMUM REQUIREMENTS		
Please provide supporting evidence and high level overview of how your company has met the minimum requirements set out below:	Evidence submitted within application (ie, evaluation, assurance report, survey, etc.)	Overview of your arguments demonstrating compliance with requirement. Clearly signpost as to additional relevant evidence/ information within submission
The network company has used variety of appropriate mechanisms to inform and engage their stakeholders – these have been tailored to meet the needs of various stakeholder groups, and are fit for purpose in allowing a detailed analysis of a breadth of stakeholder perspectives	<p>See Part 1, page 5</p> <p>See Supplemental Evidence 1: Stakeholder assurance report (4.3, page 35)</p> <p>See Supplemental Evidence 1: Stakeholder Engagement Manual (Engagement procedures, pages 49 -51 and Template 3: Developing an engagement plan, page 55)</p> <p>See Supplemental Evidence 1: Stakeholder Engagement Strategy (Prioritising stakeholders and their concerns)</p> <p>See Supplemental Evidence 1: Fuel Poverty Strategy (page 69 - 74)</p> <p>See Supplemental Evidence 1: Gold, Silver, Bronze process (page 75, 76)</p> <p>See Supplemental Evidence 2: Evidence of stakeholder consultations including our highways authority survey</p>	<p>NGN has used a variety of methods to inform and engage stakeholders including: postal surveys, care calls, stakeholder workshops, community forums, email surveys, social media, external advisory panels, meetings, conferences and events and the NGN website outlined.</p> <p>Our workshop on Fuel Poverty and CO is an example of an engagement tailored to address specific stakeholder concerns. Outcomes of this engagement can be found in Supplemental Evidence 2 – Evidence of stakeholder engagement.</p>
The network company can demonstrate it is acting on input / feedback from stakeholders.	<p>See Part 1 (page 10) and Part 2</p> <p>See Part 2 pages 24, 25 Customer Satisfaction Scores</p> <p>See Supplemental Evidence 1: Stakeholder assurance report (4.4, pages 35, 36)</p> <p>See Supplemental Evidence 1: Stakeholder Engagement Manual (Template 3: Developing an engagement plan, page 55)</p> <p>See Supplemental Evidence 1: Stakeholder Engagement Strategy (Value proposition, pages 62, 63)</p> <p>See Supplemental Evidence 1: Fuel Poverty Strategy (page 69 - 74)</p>	<p>In the Part 1 overview (pg 10), we describe how we capture and respond to feedback from some of our stakeholders.</p> <p>Throughout Part 2 we evidence examples of where we have listened to and acted on feedback from our stakeholders. Our activities are focused where they have wider benefits for our customers and where it makes sound commercial sense.</p> <p>Our customer satisfaction scores are just one of the ways we measure satisfaction with our performance in this area (Part 2 pages 24, 25).</p>

Part One

About this section

In Part 1 of this submission, we start by summarising our strategic approach to stakeholder engagement, and the processes or 'building blocks' which underpin it.

We then bring the theory to life, by describing some of the practical ways in which stakeholder engagement has been embedded across our business, and how we continue to refine our approach in response to stakeholder feedback.

Although, of necessity, Part 1 is rather process-driven, we have tried to keep it readable and engaging.

The appendices contain lots of supporting information, which is highlighted at relevant points in the narrative.



Digging deeper for the communities we serve

We are a gas distribution company which prides itself on being as much about people as we are about pipes.

Our core business will always be to provide a safe and reliable distribution service to the 2.7 million homes and businesses in the North East, Yorkshire and Northern Cumbria who rely on us every day.



But we are also uniquely placed to deliver additional social and economic benefits to the region, especially in communities where household incomes are low, homes are poorly heated and employment and training opportunities are scarce.

I firmly believe that utility companies must make it an increasingly prominent part of their role to help struggling communities, especially at a time of stretched local government budgets, the recent reforms to social welfare, and the comparatively slow economic recovery of our region compared to others.

Well placed to help

We are certainly in a position to help. Our engineers work in local communities, 24 hours a day, giving us a great opportunity to provide added value. We have an investment budget of approximately £200 million each year, which can be spent in a strategic way, fulfilling our statutory obligations, while supporting local jobs and keeping investment in the region. And we have a large, skilled workforce, which needs to be continually refreshed with new talent as experienced colleagues retire.

Going the extra mile also makes sound business sense, helping to improve our reputation in local communities, and providing a smoother passage for disruptive mains replacement programmes.

Working with stakeholders

To maximise opportunities for local communities, and to make sure we are focusing our energies on those things that really matter, we work with a wide range of stakeholders, from local authorities to charities, community groups to emergency service providers.

We are building closer relationships with these stakeholders all the time, while also sharing our experiences and knowledge more widely, by sitting on national forums, and collaborating with our fellow utility companies, helping to influence the national agenda and raise the performance bar.

Internally, the way we govern stakeholder engagement is more robust than ever before, with clear processes embedded across the business and independent assessment to ensure we are heading in the right direction.

More to do, but proud of what we've accomplished

There's still lots more we can do to make our business truly collaborative, and we'd never claim to be the finished article. However, I'm still very proud of what we, and our stakeholders, have accomplished together in recent years: helping to protect the region from the dangers of Carbon Monoxide (CO); playing a part in lifting our poorest communities out of fuel poverty; delivering training and employment opportunities in deprived communities; paving the way for wider use of sustainable biogas, and keeping our network flowing in a way that minimises disruption to businesses and residents.

I hope you enjoy reading our submission.

If you have any questions ahead of the panel review, please don't hesitate to get in touch.

Mark Horsley

Chief Executive Officer, Northern Gas Networks

1. Why stakeholder engagement?

We are an ambitious company. We strive to be a 'best-in-class' gas distributor and a responsible corporate citizen, with a culture of high performance and continuous improvement.

Stakeholder engagement is integral to helping us achieve this. Through collaboration with like-minded organisations, we can:

- ✓ **Maximise the impact of our interventions**, by making limited budgets stretch further, by learning from others with specialist knowledge and by helping to tackle complex and deep-rooted social issues which we couldn't hope to solve alone.
- ✓ **Obtain honest, objective feedback**, helping us to continuously improve our performance, and shape our future strategy.
- ✓ **Raise the bar on a national level**, by exploring new ways of doing things, from delivering core services in more effective ways to tackling perennial social issues such as fuel poverty.
- ✓ **Nurture future talent**, by working with partners to equip young people with the vocational skills needed by the engineering sector, and creating employment and training opportunities in communities where these are in short supply.
- ✓ **Improve our standing and reputation in local communities**. This is both an end in itself (every company wants to be well regarded) and also a way of ensuring our engineering programmes, which are often disruptive, are greeted with greater public tolerance.
- ✓ **Improve our commerciality**, as avoidable costs are minimised by defining stakeholder requirements up front.

2. The building blocks of our stakeholder engagement programme

Supporting Material: See the appendices for full versions of our stakeholder engagement strategy and supporting manual.

The nature of our work is highly collaborative, and we've always liaised closely with our stakeholders.

Over the past three years, however, we've gone further than ever before to make this engagement an integral part of the way we operate. Clear processes and guidelines are now in place, so that all colleagues, from our CEO to our engineers in the field, recognise the importance of engagement, and the NGN way of delivering it.

The key building blocks which underpin our stakeholder engagement programme are as follows:

Stakeholder engagement strategy

Our stakeholder engagement strategy is a practical, working document which describes our approach to engagement.

It acts as both a road map for our own colleagues, and a statement of intent to our stakeholders and wider customer base. It contains:

- Background on why stakeholder engagement matters, and how it aligns to our wider ambitions for the company.
- Our stakeholder engagement framework – five core processes through which we are taking a thorough and inclusive approach. See table below.
- An issues table, listing key stakeholders and their priorities.
- Our governance structure outlining responsibilities for stakeholder engagement at every level.
- How we report and evaluate the outcomes of stakeholder engagement.

The document is supported by a stakeholder engagement manual – a regularly updated 'how to' guide for employees, packed with practical advice and details about the processes and structures which underpin our efforts.

Give me five Our stakeholder engagement framework

The following five processes, contained in our stakeholder strategy, underpin our approach to engagement:

- 1. Ambition and strategy:** aligning our stakeholder engagement programme with our wider business strategy and aspiration to be a leading service provider.
- 2. Governance:** ensuring we have director level visibility of our stakeholder engagement programme, and accountability for delivery embedded across the organisation.
- 3. Capacity building:** making sure we provide adequate training for all NGN colleagues involved in stakeholder engagement.
- 4. Engagement procedures:** ensuring we have the right tools and processes in place to identify our stakeholders, engage them in a meaningful way and respond to their feedback.
- 5. Reporting and evaluation:** making sure we have the right tools and processes in place for recording and evaluating feedback and communicating outcomes, and that there is a procedure for independent evaluation in place.

Assurance and measurement

We have adopted the AA1000 stakeholder engagement standard – the only internationally recognised standard, used by some of the world's most successful companies.

Committing to the standard has helped us to focus our efforts and measure our performance against recognised criteria, so that we can keep on improving.

In 2013, we invited independent auditor, SGS, to evaluate our performance against AA1000. We will be repeating the assessment annually.

The evaluation included:

- Interviews with executive and senior management and employees from across the business.
- Attendance at a stakeholder workshop on fuel poverty and CO awareness in Newcastle.
- Interviews with a sample of external stakeholders.
- Review of strategy documents and process guidance.
- Review of sample stakeholder engagement activity.
- Site visits to recent or active replacement projects.
- Attendance at senior management meetings.

We passed the assessment with some extremely positive feedback. Some recommendations for improvement were highlighted, which we are now working on.

“A strong foundation of stakeholder engagement across the company in particular senior management commitment, business culture, oversight and monitoring of success, responsiveness to stakeholder needs, the engagement process in place across the business and the resources to help and support engagement.”

Louise Hawson, Auditor, SGS

How we fared in our independent assessment

Stakeholder engagement is integrated with governance

✓ YES

Stakeholder engagement is part of organisational culture

✓ YES

“The culture of the organisation has changed fundamentally over the last three years, as a result of establishing customer service and stakeholders as integral to everything the company does.”

There is a clear purpose for engagement

✓ YES

The scope and focus of engagement work is clearly established

✓ YES

Stakeholders are effectively identified and profiled

✓ YES

Suitable levels and methods of engagement are determined

✓ YES

“There is a huge variety of engagement activities in NGN... This variety is a strength, and it demonstrates the depth and breadth of integration and engagement.”

Resources and capacity to engage are in place

✓ YES

Stakeholders are invited to engage

✓ YES

“Stakeholders have been invited to engage in a timely way. For Carbon Monoxide, NGN is leading engagement across the industry.”

Stakeholders are properly briefed

✓ YES

Engagement is monitored and evaluated

✓ YES

There is a determination to learn and improve

✓ YES

“There is significant evidence of NGN seeking to maintain continuous improvement. It has established a learning culture, and where an area or project is struggling, it receives management attention, resource and ideas to do something about it. The company is also looking to learn from outside organisations to get ideas e.g. John Lewis.”

Action points from engagement are followed up

✓ YES

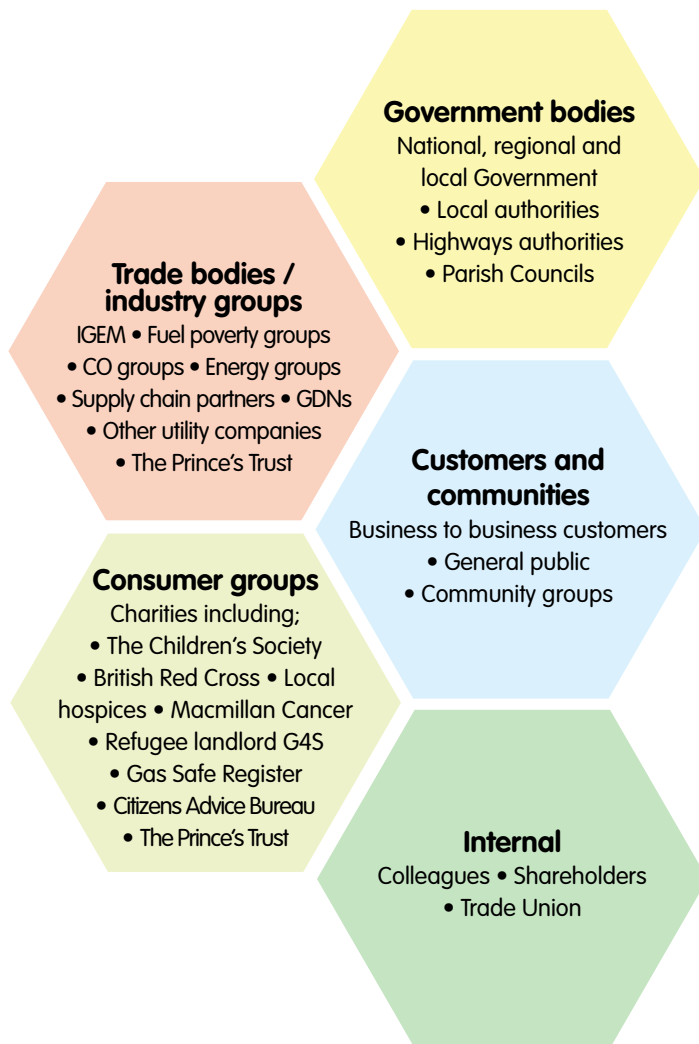
Areas for development

The assessor identified a number of areas for development, which we are now working on.

Recommendation	Our response
<ul style="list-style-type: none"> • Introduce indicators to monitor the quality of engagement with stakeholders, beyond those required under our regulatory framework. 	<ul style="list-style-type: none"> • We will establish key indicators to measure the effectiveness of our stakeholder engagement throughout our 2014/15 consultations. Our online stakeholder engagement hub, launching later this year, will also help us to measure the quality of our engagement more effectively.
<ul style="list-style-type: none"> • Develop fresh and innovative approaches to engagement, including social media and other alternatives to traditional meetings/workshops. 	<ul style="list-style-type: none"> • We have begun to make greater use of social media to engage stakeholders and our wider customer base, and support campaigns. See Part 2 for more detail.
<ul style="list-style-type: none"> • Introduce an internal review of stakeholder engagement processes to ensure consistency and highlight any issues. 	<ul style="list-style-type: none"> • We're establishing new processes to enable us to improve the way that we measure stakeholder engagement at all levels. One of the ways that we will be doing this is through an account leadership approach.
<ul style="list-style-type: none"> • Share stakeholder engagement successes and challenges throughout the business to aid learning and development. 	<ul style="list-style-type: none"> • Our stakeholder engagement performance will be reported on a monthly basis to our senior management team and shared regularly with our board. Colleagues will be kept informed through our existing internal communications channels such as our monthly magazine, inspire. Colleagues will also receive updates via our quarterly stakeholder e-bulletins.
<ul style="list-style-type: none"> • Maximise the opportunity that our website presents to share stakeholder engagement activity and outcomes. 	<ul style="list-style-type: none"> • We have completely overhauled our website, which now includes a dedicated section for stakeholders.

Our stakeholders

We segment our stakeholders into groups based on their profile which includes their concerns and priorities and how this impacts on our business.



1,296

Stakeholder engagement events in 2013/14, from one to one meetings, to workshops and community forums

30,000

Over 30,000 individuals and stakeholder groups engaged

100%

At our 2013 and 2014 workshops 100% of respondents found the content to be 'useful' or 'very useful'

100%

At our 2013 stakeholder workshop 100% of attendees said they had chance to express how they felt

33%

Agreed that **workshops** were the best way of engaging

11%

Would prefer to be engaged with through **customer panels**

5%

said they would like to be contacted via **telephone**

48%

said their preferred method of engagement was **online**

50%

said they favoured consultation through **workshops and customer panels**

64%

said we should take a more frequent 'newsletter approach'

50%

said we should provide 'more regular email and web updates'

35%

said they would like to be **consulted more** and wanted to receive regular updates about the local and national activity.

Methods of engagement

We use a wide variety of means to engage stakeholders, from dedicated engagement workshops to daily conversations on the doorstep.

Over the past year, we've taken every opportunity to ask stakeholders if they felt they were being consulted effectively, so we can refine the way we do things.

Stakeholders told us they were generally happy with our approach, but said we could improve the frequency of our updates and make better use of digital channels.

Our auditor echoed these themes in our recent assessment, recommending use of a variety of channels to reach different audiences and avoid 'consultation fatigue' among high profile stakeholders who often receive multiple requests for input from companies.

Our engagement channels include:

Stakeholder engagement workshops We hold annual engagement workshops with our key stakeholders. We use these to share our progress and agree future priorities. At our most recent workshops in January 2014, attendance doubled compared to 2013 with more than 100 stakeholders attending, including housing associations, charities, MPs, community groups, elected members and local authorities.

NEW External advisory panel Set up specifically to support our efforts in tackling fuel poverty the panel includes Teresa Perchard, a former director with Citizens' Advice and Vice Chair of the Government's Fuel Poverty Advisory Group and Jenny Saunders, Chief Executive of National Energy Action.

Surveys We conduct regular surveys with a range of stakeholders, via email, post and online to understand their opinions on key issues such as Carbon Monoxide as well as what they think about the way that we carry out our day to day activities. Some examples include our online CO quiz linked to our iCop app, a survey about our customer experience and a recent Highways Authorities email poll.



Website Our new website www.northerngasnetworks.co.uk features a dedicated stakeholder section, containing feedback from our engagement workshops and updates on what we are doing in response. It also provides the opportunity to comment on our

outputs or get in touch, as well as publicise our latest news and events. The website has been optimised for mobile devices.

Social media We're using social media much more proactively than we were a year ago. We use it as a means of engaging stakeholders and customers about key issues such as Carbon Monoxide and fuel poverty (see Part 2 for examples), and as another channel to inform people about capital projects. We also monitor Twitter reactively and engage proactively, seven days a week. We know there is scope to do lots more, but are keen to make changes in a manageable way, supported by adequate staff training.



We are in the process of developing an **online stakeholder engagement hub**, to obtain and share information. It will feature opinion surveys, polls and latest stakeholder news. A monthly e-newsletter for stakeholders is due to launch later this year.

Run proactive **media relations campaigns** to publicise our work and achievements.



Community forums We held more than 50 community forums for stakeholders and the general public in 2013/14, ahead of mains replacement work starting in local neighbourhoods. These events are used to share plans and discuss issues and concerns.

Face to face meetings We held 1,000 face to face meetings with MPs and local councils in 2013/14. These meetings provide a valuable opportunity to get feedback from key influencers in the communities where we operate and understand their constituent's needs.

Conferences and events We run a busy calendar of conferences, seminars and training events to engage and inform specific stakeholder groups on a broad range of topics.

Education workshops We visited 62 schools in 2013/14 to educate young people. These sessions cover everything from environment and sustainability to gas safety and career development (see Part 2 for more information).



Down to earth literature We've overhauled much of our literature over the past year, including information leaflets and customer calling cards, and have created a dedicated stakeholder brochure. Across the piece, the tone is warm and friendly, and the language simple and jargon free.

On the doorstep We recently introduced two dedicated Stakeholder Officers and a team of 11 Customer Care Officers, responsible for carrying out grass roots engagement work with businesses, schools, local residents, community groups and individuals such as MPs and councillors, prior to capital work starting. Our emergency engineers also carry out face to face customer briefings about CO followed by a short survey to check their understanding.

NEW

Principles for more effective engagement

Based on stakeholder feedback, we've developed a number of principles for effective engagement, which we've shared with colleagues through our stakeholder engagement manual. **They are:**

- Time the engagement appropriately, and build in adequate time for stakeholders to respond
- Present information clearly and encourage informed opinion
- Be transparent about the process
- Provide feedback

Areas of priority

In last year's submission, we outlined five core themes or priorities for our stakeholder work: community involvement and social responsibility; environment and sustainability; network safety and reliability; business improvement and customer service.

Through our engagement process in 2013/14, we've gained a wealth of feedback and insights, which have allowed us to further understand those issues that matter most to our stakeholders, and that align most closely with our wider business objectives.

Our revised areas of focus retain several of our original priorities, but also include some important revisions, in response to stakeholder feedback. Most notably, fuel poverty and CO awareness are now treated as stand alone priorities, in light of their complexity, and stakeholder requests for us to do even more.

Business improvement and customer service, meanwhile, are no longer defined as stand-alone themes, as they effectively sit across all areas, and are integral to everything we do.

We describe these priorities, the process of engagement, and resulting initiatives, **in more detail in Part 2.**



Priority	What stakeholders said	Organisations
 Carbon Monoxide awareness	Stakeholders asked us to do even more to protect and educate the public about the dangers of CO.	Local authorities, charities including The Dominic Rodgers Trust, Gas Safe Charity, CO Gas Safety, Gas Safe Register, Carbon Monoxide Safety, healthcare professionals, Parish councillors, All Party Parliamentary Group on CO.
 Fuel Poverty	Stakeholders called for us to play a greater role in tackling fuel poverty, through partnerships, employee training, and raising public awareness of our support offer.	Charities, including National Energy Action and Age UK, housing associations, local authorities, Community Energy Solutions, All Party Parliamentary Group on Fuel Poverty, healthcare professionals, Parish councillors.
 Community involvement and social responsibility	Stakeholders agreed that we have a responsibility to give back to the communities in which we work, in particular to support hard to reach or vulnerable customers such as those not in education or employment and people living with a long term illness or disability.	Local authorities, MPs, schools and colleges, Lord Baker Trust, The Prince's Trust, Business in the Community, The Ahead Partnership, The Percy Hedley Foundation, Public Health England, residents associations.
 Network safety and reliability	Stakeholders expect us to deliver our core services in a way that minimises disruption.	Highways authorities, local businesses, schools, residents and local authorities, supply chain.
 Environment and sustainability	Stakeholders expect us to manage our network in an environmentally responsible way and play our part in the move to a low carbon economy.	Business in the Community, Highways authorities, wildlife trusts, conservation groups, supply chain, HSE, Environment Agency.

Case Study Fuel poverty: engagement in action

Our region has one of the highest levels of fuel poverty in the country, with nearly 400,000 households, that's 15% of all of the fuel poor households in the UK, in our region. Lifting customers out of fuel poverty is a complex process, dependent on collaboration between a range of organisations.

In response, we set up an external fuel poverty advisory panel, featuring Teresa Perchard, Vice-Chair of the Government's Fuel Poverty Advisory Group, and Jenny Saunders, Chief Executive of National Energy Action. The panel has helped us create a dedicated fuel poverty strategy, to guide our efforts.



Through our engagement process, stakeholders asked us to:

- Work more closely with experts to direct our efforts.
- Do more to raise public awareness of who we are, and the support we offer.
- Educate our employees, so that they are better placed to help those in fuel poverty.
- Integrate fuel poverty more closely into our day-to-day activities.

Our fuel poor strategy

Key provisions within our fuel poverty strategy include:

Establishing an independent panel of experts to help guide our approach.

ACHIEVED ✓

Appointing a Head of Social Strategy, responsible for delivering our fuel poverty strategy and more.

ACHIEVED ✓

An emphasis on partnership building and collaborative projects – especially with social landlords and local authorities.

ONGOING...

A focus on whole house heating solutions – not just free connections.

ONGOING...

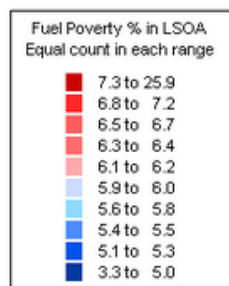
Playing a greater part in the national conversation about fuel poverty, and ways of tackling it.

ONGOING...

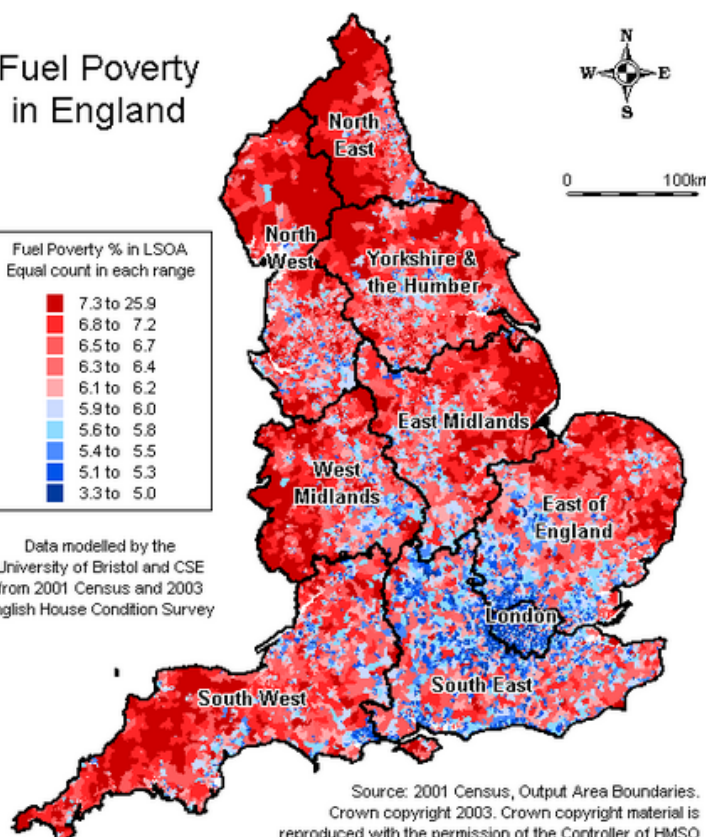
Training customer service staff to take a lead on fuel poverty.

ACHIEVED ✓

Fuel Poverty in England



Data modelled by the University of Bristol and CSE from 2001 Census and 2003 English House Condition Survey



Source: 2001 Census, Output Area Boundaries. Crown copyright 2003. Crown copyright material is reproduced with the permission of the Controller of HMSO

You can read more about what we're doing to help tackle fuel poverty in Part 2.

Supporting Material: a full report from our stakeholder workshops, including feedback on fuel poverty, is included with our submission, as is our fuel poverty strategy.

3. Embedding stakeholder engagement across our business

Over the past 12 months, we've made some big changes within our business, to ensure that stakeholder engagement is embedded across the organisation.

Governance

Leading from the top

Stakeholder engagement activity is a standing item at our weekly Business Review Group, led by our CEO, Mark Horsley, and attended by the senior management team. We have a dedicated Stakeholder Engagement Working Group, chaired by our Director of Stakeholder Relations and attended by a cross-section of colleagues. Regional operational meetings and monthly asset management meetings often now have a stakeholder engagement element, and are attended by our Head of Stakeholder Relations.

Head of Social Strategy

We created a new role in Spring of 2014: Head of Social Strategy. Reporting to our Director of Stakeholder Relations, this role is responsible for overseeing our work in CO and fuel poverty, as well as tackling the wider social challenges facing our communities. Working with stakeholders to achieve shared objectives is a key part of the role.

Customer Care Officers

We created a brand new role within our organisation in December 2013 – Customer Care Officers. The 11 strong team is responsible for face-to-face liaison with key stakeholders, ahead of engineering schemes starting on site. Everything from how a local business will receive its daily deliveries to concerns expressed by a local school are captured in mitigation plans, unique to each project.

The Customer Care Officers are supplemented by two new Regional Stakeholder Officers, who are responsible for liaising with large organisations (e.g. supermarkets) and influential individuals, such as local councillors and MPs.



Capacity building

Employee training

We made stakeholder awareness training part of our induction process in 2013. More than 100 new starters have already been through the training, which helps develop core skills such as communication, influencing and relationship building.

Our Customer Operations Regional and Area Managers, who are tasked with overseeing delivery of emergency and planned mains replacement work across the network, have all been through comprehensive stakeholder engagement training.

Part of the job description

Basic stakeholder and customer engagement skills have become a standard part of our recruitment criteria, regardless of the specific role we are seeking to fill.



Fuel poor training

Around 130 of our employees have been trained to give fuel poor advice to customers, in response to stakeholder requests for our staff to play a more active role.

See Part 2 for further details.

Collaboration with other utility companies

We helped to set up a new Stakeholder Relations Regional Forum in 2013, comprising of ourselves, Northern Powergrid, Yorkshire Water and Northumbrian Water.

The group meets every other month to share best practice, with a particular focus on engagement around vulnerable customers and recent issues, challenges and opportunities encountered by members during their engagement work.

We also benefit from being one of four UK based utility companies in the Cheung Kong Infrastructure group, which makes us well placed to share best practice, through a group culture of collaboration, and regular meetings with our sister companies.



Right tools for the job

Our stakeholder engagement manual contains a number of easy to use templates, and accompanying guidance, to help colleagues identify and engage with stakeholders. There are templates to help determine and map stakeholders; profile stakeholders; develop an engagement plan and report on engagement. This is helping to ensure stakeholder engagement becomes an embedded, accessible and non-intimidating practice across a wide range of job roles.

4. Engagement procedures

Putting stakeholders at the heart of our investment decisions

We've changed our planning process, so that every potential capital project now includes an assessment of expected stakeholder impact, as part of the initial business case (called a 'Business Strategy Record'). Previously, network engineering requirements dominated this stage of decision making. In some instances, projects have been put on hold, or accelerated, as a direct response to stakeholder issues identified at this early stage. A recent gas holder demolition project, for example, was brought forward by 12 months at stakeholders' request, to avoid disruption to planned local events. **You can read more in Part 2.**

Supporting Material: more details about our Gold, Silver, Bronze process has been supplied with this submission

Going for gold

In 2013, we began to classify our planned mains replacement programmes as gold, silver or bronze, according to the level of potential disruption to stakeholders and the community. These classifications are derived from early engagement with stakeholders such as businesses, local authorities, residents and schools, and an assessment of potential impact on traffic. The move has helped to focus efforts across our network, ensuring that comprehensive mitigation plans are in place, long before the first barriers go up.

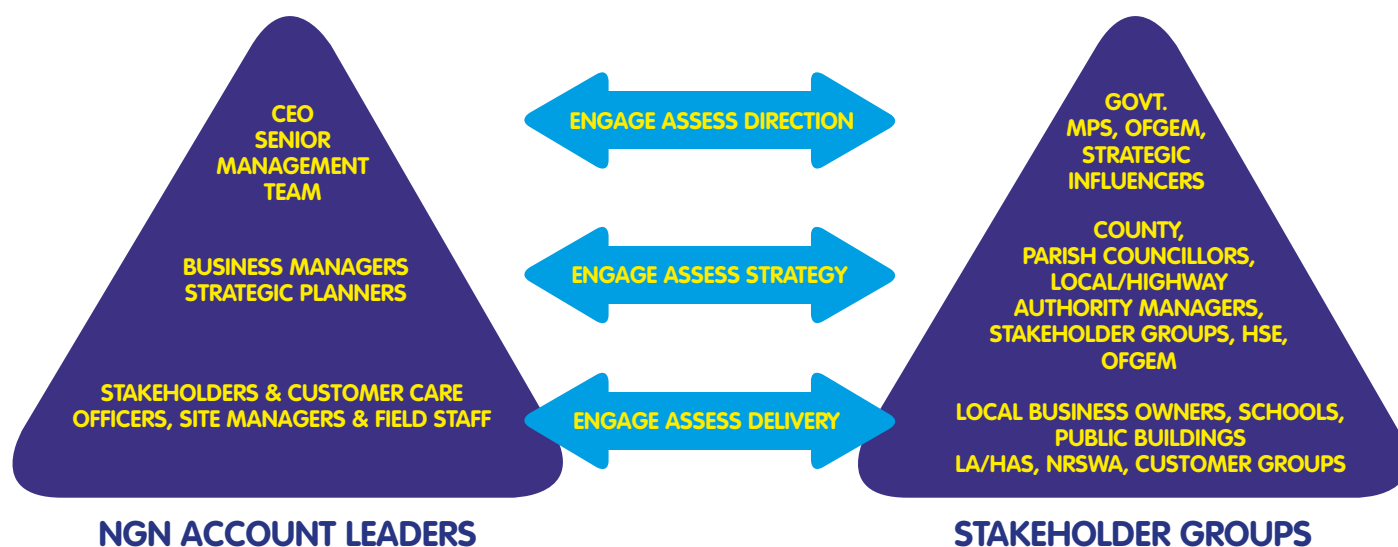
In 2013, we held 50 community forums for 'gold' projects, attended by around 850 stakeholders and customers and our Customer Care Officers carried out 39 'Playsafe, Staysafe' workshops at local schools educating 10,800 pupils about gas safety and the dangers of playing near roadworks.

The personal touch

We are introducing a new way of managing our stakeholders to establish a consistent point of contact and ensure that good relationships are built early on. Each stakeholder is treated as an individual and assigned a dedicated contact from NGN, based on their personal credentials such as existing relationship, local knowledge and expertise.

We currently have around 100 colleagues across the business who are responsible for maintaining an ongoing and open dialogue through regular phone conversations, site visits as well as more formal meetings.

Stakeholders find that having a consistent point of contact helps to ensure that their feedback is listened to and changes are implemented quickly. For example while visiting a gas mains replacement site, a housing manager from a local council suggested to his NGN contact that we arrange for a school crossing patrol officer to help children to cross a road near to their school. We acted on this feedback immediately and the local school praised our quick response. We now consider the potential need for a school crossing patrol officer whenever our works are taking place near schools.



5. Reporting and evaluation

Stakeholder database

In 2013, we introduced a stakeholder management database to capture, manage and report stakeholder engagement activity across the business. It currently contains a wealth of contacts as a result of stakeholder engagement activity.

The database allows us to call up a full history of our engagement with every stakeholder and identify emerging themes and trends across the region.

Mobile platform

We recently began a trial of a new mobile platform to help field based colleagues capture every engagement they have with their stakeholders, quickly and conveniently. The mobile platform, which is linked to our stakeholder engagement database, enables operational colleagues to easily share information about their interactions with stakeholders in real time, ensuring this vital data is not lost.

6. What's next?

The past three years have seen us make major progress in embedding stakeholder engagement across the organisation.

We have gone from a company that has always worked closely with our stakeholders, but in an relatively ad hoc fashion, to one which has a robust strategy in place to focus our activity, supported by formal processes to guide delivery, data capture and evaluation.

Going forward, we will address the areas for improvement identified by our independent assessors and respond to the direct feedback from our stakeholders, as we continue with our essential work to deliver added value to the communities we serve.



Part Two

About this section

This section describes key stakeholder driven initiatives from the past year. We have focused on case studies which illustrate close stakeholder engagement leading to wider benefits for the region, and often, cultural and procedural change within our business.

We have organised the initiatives according to the areas of priority outlined in our stakeholder engagement strategy (and described in Part 1 of this submission), namely:



Carbon Monoxide: education and prevention



Helping to tackle fuel poverty



Community involvement and social responsibility



Delivering a safe, reliable network



Environment and sustainability

Customer experience, the remaining priority area in our strategy, hasn't been given a section in its own right, as the vast majority of the initiatives we describe already have customer service at their heart.



Wherever you see this sign, it means there is multi-media content to be played.



Simply scan this QR code or enter this url in your browser:

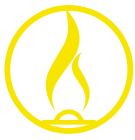
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2014 Stakeholder Engagement Incentive Scheme



1. Carbon Monoxide: helping to protect the public from the silent killer

“Do you think it is the responsibility of companies like Northern Gas Networks to provide services to tackle CO or help raise awareness?”

80% yes **20%** no

Carbon Monoxide (CO) poisoning continues to claim around fifty lives each year in the UK. In January 2014, there were two CO related fatalities in our region.

One to one interviews with 1,000 NGN customers in 2010 found that younger generations (teenagers and those in their twenties) and the over 60s, have the lowest awareness of the dangers of CO. Stakeholders agreed that our efforts should be focused primarily on these groups.

At our engagement workshops in 2013 and 2014, local authorities, housing associations and charities identified a number of priorities for protecting the region, including making homes safer; greater education for the public; closer collaboration and more training for our delivery partners.

You said, we did

“Improve communication and awareness about CO, create more effective partnerships to tackle [the issue], raise awareness with students and build on your strengths.”

Feedback from our 2013 stakeholder workshops

What our stakeholders said: in our annual engagement workshops, stakeholders called for a shared approach to making homes safer; educating the public and training partners.

What we did: improved our detection capabilities by adopting new technology; launched customer safety briefings; developed an innovative mobile app; forged new partnerships.

How this aligns with our strategy: reflects our commitment to do more to educate and protect the region about CO, and supports our ambition to take a national lead and share best practice.

Scratch and sniff to find the silent killer



Our schools CO programme: the stats

- **22 interactive workshops** have been delivered in schools.
- **485 students** have been engaged.
- Following the workshops **87% of students** said they had an in-depth understanding of the dangers of CO, compared to around 1 in 4 before.
- On average students scored their general knowledge of CO at 3.16/10 before the workshop. It increased to 7.62/10 after.
- We are aiming to reach **900 students** by the end of the 2014 academic year.



CO education in the classroom

“Engaging with school children is good as children will tell their parents what they have learnt.” (Feedback from 2013 stakeholder workshops)



Our survey discovered that teenagers are one of the groups most at risk of CO poisoning, due to lack of awareness.

In response, in 2012/13 we launched a new education programme aimed at Key Stage 3 pupils (11-14), to promote CO awareness and nurture an appreciation of the importance of carbon reduction, recycling and sustainable living.

Developed specifically for NGN in partnership with local schools, the ‘2021’ programme is linked closely to the National Curriculum. The strong focus on CO, its risks and symptoms, means that thousands of children in our region are growing up with a lifelong understanding of the dangers.

Gascoseekers: life-saving technology in our hands

In 2012, we trialled pioneering handheld devices called Gascoseekers, which not only detect levels of gas (methane) in the air, but also CO. This was a UK industry first.

Instead of relying on visual clues, our emergency engineers were able to determine categorically whether or not CO was present in a customer’s home, the amount, poisonous gas in the atmosphere, and where the CO was coming from - so the gas could be turned off at the source, rather than switching off the home entirely.

The trial was a big success, with stakeholders at our 2013 engagement workshop praising the technology’s effectiveness in keeping customers safe, and supporting our plans for a permanent roll out.

As a result, we have committed £2 million to equip all our emergency engineers with new Gascoseekers by September 2014. More than 1,000 devices are already in permanent use, with a remaining 200 being rolled out shortly.

The initiative has been hailed as industry best practice by the All Party Parliamentary Group on CO.

We are now:

- Sharing this best practice with other GDNs, to encourage them to invest in this life-saving technology.
- Sharing detection data nationally with charities and interested groups, including Gas Safe Register, who are compiling a mapping tool of CO hotspots.
- Using detection data to inform and develop our own CO strategy and influence our approach, in particular in vulnerable communities, to help prevent CO incidents occurring.

Leaving CO with nowhere to hide

In 2013/14, Gascoseekers helped identify 139 suspected or confirmed instances of CO in customers’ properties. In many of these cases, the customer had no idea they were potentially being exposed to CO.

This compared with 85 CO reports during the whole of 2012 – highlighting the life-saving potential of the new technology.

Customer CO briefings

“Giving advice is more effective than distributing alarms.” (Feedback from 2013 stakeholder workshops)

In 2013 we became the first GDN to deliver CO awareness briefings to customers in their homes, following emergency call outs.

Aimed at the elderly and other vulnerable customers such as those living with disabilities or long term illness (identified by our 2010 survey as being a key ‘at risk’ group), the briefings see engineers explain the key facts about CO (e.g. telltale signs and symptoms) using specially developed materials.

Our stakeholders asked us to give away free CO alarms but we rightly argued that this provides no guarantee that households will become CO aware, or even install the alarms. The briefings go further than that.

To date, we have:

- Delivered 1,600 CO briefings. Results have been encouraging - but we are continually seeking to refine the model to make it even more effective.
- Shared project data with other GDNs, and other involved parties such as councillors, MPs, health organisations, charities and the Gas Safe Register.
- Supported National Grid in its adoption of the model for some of its customer base, following our success.
- Committed to extending the programme, by putting all our customer-facing engineers through the training (not just emergency engineers).
- Extended the offer of training to local authority housing officers (at the suggestion of our stakeholders). Newcastle City Council is the first to take part.

CO briefings: a major step forward, but not yet a perfect model

Following our CO customer briefings:

- Awareness of CO rose by nearly half (44%).
- 47% of customers said that they would act as an influencer and talk to family and friends about CO.
- 21% said they would seek medical advice if they experienced the symptoms of CO. We have recently incorporated additional questions into our survey to better understand reasons for such a low figure.

iCOP: back on the case



In 2012, we launched an innovative smartphone app called iCOP, developed in consultation with students from the Universities of Hull and Newcastle, along with several regional colleges.

Aimed at 18-24 year olds in rented accommodation – one of the most ‘at risk’ age groups according to our own research and national data - the app uses an engaging, film noir style detective game to highlight the dangers of CO.

Delegates at our stakeholder workshops were keen to see us continue to develop iCOP and other GDNs were very supportive of further activity.

In response, we have:

- Updated the app with an end-of-game quiz to test and understand knowledge of CO signs and symptoms.
- Launched the new-style app at Freshers’ Weeks at Leeds, Huddersfield and Sunderland Universities and a housing fair at the University of Cumbria.
- Run competitions on Facebook and Twitter.
- Actively engaged the other GDNs to collaborate on a third phase of activity, to extend iCOP to cover the risks of CO outdoor (e.g. BBQs, gas powered engines). This is set to become the first ever GDN-wide CO initiative.



iCOP: the stats

More than **20,000** downloads to date

More than **2,000** students engaged during 2013 Freshers’ Week activity

85% said they knew more about CO after playing the game

91% said they would call the National Gas Emergency number if they suspected CO was present

92% said they thought iCOP was a good way of raising awareness

Other successes....in brief

You said, we did

They said: “A national co-ordinated campaign between suppliers, networks and Gas Safe Register would be a great use of resources.”

Influencing the national debate: we are a co-founder and regular contributor to the All Party Parliamentary group on gas safety and the CO All Fuels Action Forum. We are working with the other GDNs to plan the first ever national CO conference, and recently spoke about CO detection and education in the House of Lords, on behalf of all GDNs.



They said: “The fire service is a trusted group that would help deliver the CO message.”

Working with West Yorkshire Fire Brigade: we are exploring joint activity with the fire service, such as opportunities to incorporate a CO element into the fire service’s outreach and educational work.

Intelligent CO alarms: following discussions with housing associations, we are working with UK GDNs and the Energy Innovation Centre to develop an ‘intelligent’ CO alarm for vulnerable tenants, which will automatically alert housing staff when activated rather than relying on the tenants to make the call. The trial will see 150 intelligent alarms installed in CO hotspots.

They said: “Use digging up the road as an opportunity to engage with people”

Berwick Youth Project: we started working with this group, which supports vulnerable young people, following a local gas mains replacement project. We’ve since educated members about CO, and equipped the group with CO alarms for their members.

Lifeboat links: we recently teamed up with the Royal National Lifeboat Association in Redcar to look at tackling CO awareness among sea faring communities, where there have been CO related deaths and illnesses caused by butane cookers in vessels.

They said: “Use hoardings and signs cleverly to communicate about CO and how to get help.”

The signs are clear: we have installed a giant CO awareness sign on the side of our York depot, adjacent to the East Coast rail line. The message is unmissable for rail passengers! We are also launching an outdoor public awareness campaign in CO hotspots targeting our region.

Animated infographic: our stakeholders suggested exploring new channels to engage customers with the CO message. In response, we developed an animated CO infographic, and made it available for stakeholder use. Darlington City Council recently added it to their website.



2. Fuel poverty: helping to bring affordable warmth to some of our most deprived communities

"Is fuel poverty relevant to your organisation?"

96% yes **2%** no **2%** no answer

The North of England has one of the highest levels of fuel poverty in the country, with around one in five of the UK's 2.39 million fuel poverty households located in our region.* According to the English Housing Survey July 2011.

We have always recognised that a free gas connection from us is only one part of a complex jigsaw.

Feedback from our stakeholder workshops, attendance at fuel poverty conferences, and our regular meetings with local authorities, reaffirmed that we need to do more to support fuel poor customers, through wider collaboration and involving more of our employees.

In response, we developed a dedicated fuel poverty strategy, setting out our priorities, and established an external advisory panel, to help guide our efforts (see Part 1 for more details).

With this renewed focus, we have made a valued contribution to this challenging issue over the past 12 months, while accepting that there are limits to how much we can achieve.

You said, we did

"Improve communication and information awareness, develop internal knowledge and capability, do what you're good at and form more effective partnerships."

Stakeholder feedback from our 2013 and 2014 workshops

What our stakeholders said: in our annual stakeholder workshops, attendees called for greater collaboration, and more active involvement of employees, to improve the effectiveness of our interventions.

What we did: developed our existing partnerships and forged vital new ones; trained staff to be fuel poor specialists and publicised our range of support more effectively.

How this aligns with our strategy: our dedicated fuel poverty strategy sets out our commitment to fuel poverty, with an emphasis on partnership working.



Working in partnership to deliver end-to-end solutions

At our 2013 stakeholder workshop

82% said NGN should develop more partnerships **18%** no answer

In response to stakeholders' calls for a partnership driven approach, over the past 12 months we have:

- Continued to work with our partner Community Energy Solutions (CES), to help households access affordable heating solutions – such as free insulation and subsidised central heating.
- Continued to fund a benefits health check scheme (delivered via CES) to ensure customers aren't missing out on vital financial assistance from the government.
- Worked with partners to find new funding solutions, at a time when the arrangements for subsidised heating are changing nationally.
- Teamed up with Warm Up North, a joint local authority/ British Gas project to help North East homes save energy and money. The link has already paved the way for 100 assisted gas connections in Darlington.
- Worked with local authorities and housing associations on projects to make high rise tower blocks more energy efficient and environmentally sustainable. There is often a high level of fuel poverty in these blocks, and heating solutions need to be imaginative, due to technical and safety constraints.
- We are exploring opportunities to extend our network to off-grid, fuel poor communities.



Achieving more together

Over the past year, our collaborative approach to tackling fuel poverty has:

- Helped to lift 5,500 households in our region out of fuel poverty.
- Affordable energy solutions such as better insulation and more cost effective heating have saved an estimated £2.9million on customers' energy bills.
- Unlocked £500,000 in previously unclaimed benefits, thanks to the benefits health check scheme we fund.
- Provided free gas connections to 1,267 fuel poor, off gas households.
- Achieved a return of 12:1 on our initial investment to benefits raised for customers.

Working in partnership to deliver end to end solutions...Our approach in action

Caring for Croftlands: more than 60 homes in Croftlands, Huddersfield, were connected to our gas network in 2013/14 in a partnership with social landlord Kirklees Neighbourhood Housing. The landlord has subsequently installed new heating systems in all these properties, bringing affordable warmth to residents for the first time.



Local resident Rita Porter said: **"Thanks to this new central heating system, our lives have changed completely."**

New lease of life for Aire Valley: we teamed up with social landlord Aire Valley Homes in Leeds to connect 68 near derelict homes to our network. Without our intervention, the homes would have been demolished. They have since been brought up to the 'decent homes standard' complete with modern heating systems and good levels of insulation. The first tenants will move in next year.

The Children's Society: a vital new fuel poor partnership

The Children's Society is a national charity which transforms the lives of children who are living in, or at risk of falling into poverty.

We've teamed up with the charity to identify families struggling financially and living in cold, poorly heated and insulated homes, and are the first GDN to do so.

The partnership is only a few months old, but we have already begun a pilot project in Bradford, one of the highest areas of social deprivation in the UK, in which families will be referred by the Children's Society to a fuel poverty advisory team, made up of NGN advisors and Children's Society outreach workers. The team will assess if customers are entitled to free or subsidised gas connections, financial support with their energy bills or partly-funded home energy solutions.

The pilot will provide additional understanding of the broader issues associated with fuel poverty in the communities in which we work in addition to delivering free connections, home heating and energy efficiency solutions and benefits advice to some of the families who are most in need.

"Living in a cold, unheated house is a common issue faced by many of the children and their families that we work with. This partnership with NGN has the potential to bring affordable warmth to these households, dramatically improving quality of life."

Cathy Presto, Manager at Mortimer House Children's Centre, Bradford

Supporting our staff to deliver more

"NGN needs to invest in educating its workforce."

(Feedback from 2013 stakeholder workshop)

Stakeholders suggested that we could do more to educate our own staff about fuel poverty, so that they could make a greater contribution.

Over the past 12 months we have:

- Arranged for an external specialist from National Energy Action to train 130 of our customer contact centre colleagues to give them the skills required to identify fuel poor customers, offer free connections and signpost them to third party support.
- Appointed a Head of Social Strategy with responsibility for delivering our fuel poverty strategy. (See Part 1 for more details.)

Our approach has been praised by National Energy Action, the national fuel poverty charity.

"Northern Gas Network's commitment to tackling fuel poverty is evident... NGN will be delivering training to their staff to help them better understand the issue of fuel poverty and to recognise which consumers are vulnerable and require extra assistance. I look forward to continuing our partnership with NGN and the other GNS's."

Maria Wardrobe, Director of External Affairs, National Energy Action

Promoting our fuel poor offer

"NGN should work to raise the profile of fuel poverty." (Feedback from 2013 stakeholder workshops)

Stakeholders recommended that we do more to publicise the support we offer to fuel poor customers. There was concern that lots of customers in need didn't know who we were or what we could offer.

In response, we have:

- Created a fuel poverty information flyer with information about our fuel poor package, which has been distributed to over 2,000 vulnerable customers, via community forums and mail drops as well as partner organisations. We've also sent it to our region's 93 MPs to read and display in their surgeries.
- Worked closely with energy charity, National Energy Action, and exhibited at conferences and events in the region.
- Upgraded our website to include a dedicated section about fuel poverty.



- Identified an opportunity for all GDNs to co fund the All Party Parliamentary Group on Fuel Poverty's annual dinner, an influential event attended by our Director of Stakeholder Relations, MPs and the cabinet office.
- Our CEO, Mark Horsley, met with Ed Davey to discuss the ways that we are working to tackle fuel poverty, in particular network extensions to 'hard to reach', off grid areas.

- Teamed up with Northern Powergrid and Northumbrian Water to develop a key resource for our partner organisations including a website and suite of downloadable posters and leaflets to raise awareness of key issues relating to vulnerable customers, including fuel poverty. The resource, which is being developed with feedback from our partners, will help to provide greater reach of our combined services to our most vulnerable customers throughout the region.



- Met with the big six energy suppliers and began talks to understand how we can work together to address the issue.
- Written to all of the local councils in our region and enclosed our fuel poor strategy, inviting comment.

- Held meetings with Age UK and Red Cross to discuss opportunities to work together to identify and help those in fuel poverty.



- Our CEO and Director of Stakeholder Relations have had face to face meetings with the Chief Executives of four city councils, including Newcastle and Leeds, to better understand the challenges that they are facing in their area and how we can work more effectively together.



3. Community involvement and social responsibility

We believe that we have a moral responsibility to support society's most vulnerable people, through dedicated projects, and as part of our day-to-day work.

Given our limited resources and expertise, we rely on our stakeholders to help us focus our efforts and support us in our approach.

At our annual workshops, stakeholders stressed that we needed to team up with organisations who specialised in engaging vulnerable and hard to reach groups.

It was also suggested that we use our existing education and outreach programme more strategically, to create opportunities in areas of high unemployment and economic deprivation, while also nurturing engineers of the future.

You said, we did

"Unsure if NGN alone would be able to identify people most in need. Charity and voluntary organisations are a good place to start." (Feedback from 2013 stakeholder workshops)

What our stakeholders said: stakeholders told us they wanted to work with charities and voluntary groups to support vulnerable and hard to reach customers.

What we did: refocused our education and training programme to place an emphasis on hard to reach individuals; established partnerships to help identify vulnerable customers on the ground; developed a new charity partnership.

How this aligns with our strategy: social responsibility and community involvement is a priority area in our stakeholder strategy.

We also have a wider corporate ambition to safeguard the future engineering talent pool, through vocational training and promoting engineering as a career choice.

The Ahead Partnership

The Ahead Partnership is a national, not-for-profit organisation which supports disadvantaged young people by uniting business and academia in vocational training programmes.

Along with Northern Powergrid, we are working with the organisation to develop a programme of training and careers development – providing a new and more strategic focus to our efforts.

Although the initiative called 'Make the Grade in Energy' is only a few months old, we have already committed to:

- Launching career awareness sessions for secondary school pupils.
- Interview skills training in deprived areas.
- An expanded work experience programme.
- A pre-apprenticeship traineeship for 16-19 year olds.

The collaborative approach means we can pool resources and coordinate activity, to maximise benefits for the young people we are seeking to reach.

The initiative has been endorsed by local councils such as Scarborough Borough Council and Leeds City Council, plus local schools and colleges. We will be sharing the approach with Northumbrian Water and Yorkshire Water, with the aim of working together on the programme.

During the next 12 months we will:

- **Engage** around 1,300 young people through the Ahead Partnership
- **Recruit** 46 apprentices
- **Recruit** 3 students to our Year in Industry programme
- **Provide** work experience placements for 10 people
- **Provide** internships for 5 people
- **Recruit** 4 graduates to our graduate development programme



"We want employers and schools to work closely together to ensure children are prepared for the world of work... the 'Make the Grade' initiative helps build these crucial relationships while motivating children to take on exciting and practical projects." Lord Nash, Under Secretary of State for Schools

"Designed to better integrate the world of work with education, 'Make the Grade' improves the motivation and aspirations of young people, whilst enhancing their employability skills and increasing their awareness of the world of work." Stephanie Burras, CEO of The Ahead Partnership



The Prince's Trust

We are working with the Prince's Trust, at the charity's invitation, to help hard-to-reach 16-24 year olds into employment. Our first Prince's Trust apprentice joined us in March this year.

21 year old Bronte Best will be undertaking an Institute of Leadership Management Level 3 Management Apprenticeship with us, combining college work with on-the-job training at our Thorpe Park HQ in Leeds. Once qualified, she will have the opportunity to remain with us in a full time role.

"I'm really excited about my apprenticeship with Northern Gas Networks and can't wait to get stuck in! It's a really great opportunity to receive on the job training and work toward a formal qualification at the same time." Bronte Best, Prince's Trust apprentice

Business in the Community

We joined Business in the Community in March this year. As members we hope to learn from others who are more experienced than us at working with vulnerable customers, and forge new partnerships.

It's early days, but we have already:

- Taken part in the organisation's 'Seeing Is Believing' programme, visiting three community organisations in Leeds to gain insights into some of the debt and poverty issues residents face.
- Teamed up with Leeds Federation Housing Association (a fellow Business in the Community member) to look at ways of working together to support employment and skills training.



Working with the Percy Hedley Foundation

The Percy Hedley Foundation is a North East based charity which provides opportunities for people of all ages living with a disability.

We began working with the group in 2013, visiting the group's HQ to provide an introduction to the gas network, and involving service users in the creation of a mural to brighten up the walls of our Customer Contact Centre in Doxford Park.

We are now planning a series of work experience placements for service users – offering 10-15 four week placements throughout the next 12 months.

We also hope to provide a handful of apprenticeships in Administration for the group – fully-fledged three year programmes which will equip each participant with a nationally recognised qualification.



"Both organisations have a lot to offer one another. We are already talking about work placements and possible apprenticeship placements that will give fantastic opportunities to those students who may not always get the chance to benefit from experiences such as these."

Christine Shanks, the Foundation's Employability Project Manager

Other successes...in brief

Breaking down the language barrier:

we have employed a multi-lingual Customer Care Officer in Bradford, where there is a high proportion of non-English speakers. We've also introduced a translation app for colleagues' phones, to bridge the language barrier on the doorstep and translated important gas emergency information on our website into the six most widely spoken first languages in our region.



A 'keep warm' pack that doesn't affect bills: following discussions with Red Cross, we launched a 'keep warm' pack for customers experiencing gas interruptions. The kits, which contain thermal socks, a blanket, gloves and a scarf, reflects the charity's advice, and our own findings, that customers in deprived communities were very unlikely to use electric heaters during supply interruptions, due to the effect on their bills.

Young offenders: we have begun working with Doncaster Prison, integrating young offenders into our supply chain to help equip them with recognised skills. The scheme has a positive impact on local communities as it helps ex-offenders to find employment once they are released, leading to a reduction in further offences.

Spotting the signs: our Customer Care Officers are trained to look for signs of vulnerable customers before our work begins. They look for visual clues, as well as speaking to neighbours, local community organisations and groups. They then ensure that the appropriate measures are taken so that individual needs are addressed and disruption minimised. During a recent loss of supply incident in Bradford, where 60% of the 150 customers affected were found to be vulnerable, we set up a welfare cabin - a drop in facility for those who needed it, and provided hot food and drink and electricity meter top up cards so that customers could use the free hot plates and electric heaters that we provided.

University Technical Colleges: Scarborough Borough Council introduced us to the Lord Baker Trust, a charity that is setting up University Technical Colleges across the UK which will offer young people the chance to study for vocational qualifications. At the Trust's request we are now working with them to put together a syllabus for an engineering apprenticeship qualification that can be obtained through one of the first colleges of its kind, which is being set up in Scarborough.

The art and soul:

we've employed a local community artist, Mick Hand, to deliver workshops in schools where we are due to carry out mains replacement work. The two-hour sessions involve the children in the creation of a giant mural, depicting our work. The murals are reproduced on our vans and site signage and feature on letters notifying customers about the impending work. The approach is an effective way of engaging local communities ahead of work starting, as well as educating about gas safety and raising general awareness about NGN.



The fine art of community engagement:

- 15 art workshops held to date
- 10 schools visited
- Around 450 children have taken part
- NGN vans and work sites in Newcastle and Dewsbury now proudly display murals



"I thought the concept of the session was really well pitched... it was great to be doing some artwork for a real purpose."

Elaine Partlett, teacher at Milescastle School in Newcastle



4. Streets ahead: delivering a safe, reliable network

We dig an estimated 40,000 holes each year; lay around 550,000 metres of pipe and spend around two million hours each year working in residential areas and town centres.

Roadworks and supply interruptions are by far the most common topics of conversation (and complaint) with our stakeholders, including businesses, local authorities, community groups and the general public.

We have an extremely good sense of what stakeholders expect of us, due to regular meetings with local authorities; community drop in sessions; regular customer surveys and continual face to face engagement on the doorstep and on the street.

We also recently conducted a formal survey of 38 regional highways authorities with a 20% response rate. The survey confirmed that our performance is improving, but that we still need to go further.

To address weaker areas, and continually improve our performance, we are taking an increasingly collaborative approach to capital projects, and instigating new ways of working which are helping to set the standard nationally.

You said, we did

“No one likes roadworks, but if there’s a good reason, and they are handled well, then it makes it easier to put up with.”

Claire Gibbons Owner and Events Director at the Park Head Hotel, Bishop Auckland

What our stakeholders said: a wide range of stakeholders, from businesses and local authorities to the general public, continually tell us that they want us to give decent advanced notice of roadworks, minimise their duration and do everything possible to reduce inconvenience.

What we did: collaborated more closely with other organisations; overhauled our approach to connections and reinstatement work; improved our planning and mitigation process.

How this aligns with our strategy: reflects the commitments in our stakeholder strategy to deliver a safe, reliable network and improve customer service, and our ambition to raise the industry bar through new ways of working.

Word on the street

Our survey of highways authorities found:

66% recognised that we are ‘very good’ at taking an innovative approach to process improvements.

66% said that they like the way that we communicate with them.

50% said the way that we plan and execute our works is very good.

But....

We need to improve our reinstatement performance.

50% think our planning and execution could be better!

Collaboration, collaboration, collaboration

“We’re pleased with the progress Northern Gas Networks has made and we have been working closely with them to minimise disruption for local residents and businesses.”

Stuart Partington, Highways Officer, York City Council

We work closely with other organisations to deliver capital projects with a minimum of disruption.

Aside from day to day liaison with key partners such as local authorities and highways agencies, we are an active member of the following forums, which are committed to joined-up working:

Infrastructure North: a partnership between Northern Gas Networks, Northern Powergrid, Northumbrian Water and Yorkshire Water. The group meets quarterly to share information on planned works, investment strategies and more besides.

The Cross Utility Innovation Forum: established by NGN in 2013, this group of like-minded utility companies meets every two months to trade ideas about innovative technology that can help to save time and prevent disruption. Members include Yorkshire Water, Northern Powergrid and Northumbrian Water.

Highways Authorities and Utilities Committee (HAUC): NGN’s Streetworks Manager, Anne Griffiths, is the current Chair of North East HAUC – an organisation that brings highways authorities, local government and utility companies together to reduce the impact of street works on members of the public.

A joint approach to capital delivery in Scarborough:

Through Infrastructure North, we’ve been able to develop a collaborative, seven year programme in Scarborough with Northern Powergrid, in which both organisations will deliver capital works concurrently, to minimise holes in the road, and deliver a wide range of additional support to local communities, including fuel poverty and CO initiatives.

Better planning and consultation:

We have begun to take a far more robust approach to stakeholder engagement, during the planning phase of all our engineering projects.

This includes:

- Factoring in potential disruption to stakeholders at the very early budgeting phase.
- Compiling comprehensive mitigation plans ahead of work starting on site.
- Creating new organisational roles – that of Customer Care Officer and Stakeholder Officer – to ensure close liaison with stakeholders.
- Categorising jobs as gold, silver or bronze according to the level of potential disruption.
- Taking a holistic view of all projects at the design and planning stage and combining or consolidating programmes where possible to minimise disruption.

More detail on all these initiatives, which are having a big impact on performance, can be found in **Part 1 of this submission**. Since the introduction of our ‘Gold, Silver, Bronze’ process in Summer 2013, our Ofgem replacement customer scores have been gradually rising and were the highest on record in April 2014.

Average marks out of ten for our planned replacement work

Ofgem customer scores

8.15 2012/2013

8.47 2013/2014 (Q1-Q3)

Improving our reinstatement performance

Key stakeholders, including highways authorities, had expressed dissatisfaction with the quality and speed of reinstatement jobs (i.e. filling in the holes!) as highlighted in the results of our recent survey of highways authorities.

Since the start of 2014, we have dramatically improved our performance, from 7.14 days for reinstatement completion in 2013 to 6.22 days this year – shaving a whole day off the average job.

Re-education of engineering teams, a new contract for our reinstatement contractors and a more rigorous approach to reporting and performance measurement, underpins the process.

Making the right connection with customers



Applying for a new gas connection can, of necessity, sometimes be an involved and lengthy process.

In response to demands from our customers, we have simplified the application process and improved our levels of customer service, achieving Ofgem scores of 9 or above for the first time in the history of our connections service.

We've achieved this turnaround by overhauling our approach to customer service and using new technology, including the sector's first ever connections app, available via the Apple and Play stores. This was developed in response to feedback among 25-44 year olds, who wanted to apply for a connection in their own time, and receive updates on their mobiles as the connection was processed.



Creating jobs and improving service through a revolutionary contractor model

In 2012, we began engaging small, local engineering firms to deliver the bulk of our mains replacement work, rather than relying on big, national contractors, which is often the industry's default position. The move came as a result of declining customer scores attributed to complacency of the workforce and lack of ownership.

Local firms are identified through procurement workshops where they were assessed on their ability to do job, approach to innovation, customer service, and safety record. They are then given full training, ongoing support and appraisals.

The approach has many advantages:

- Safeguards existing jobs and creates new ones.
- Investment stays in the area.
- Firms can diversify by acquiring transferable skills.
- We gain a flexible, responsive workforce who are embedded in local communities.
- We have direct contact with the teams, and can ensure they live and breathe our values.
- Improved customer service.

The scale of this model, and our level of engagement with these suppliers, is unique in the industry.

Improving service, supporting jobs

- We now have 31 small contractors on our books.
- Contracts worth £50 million have been awarded in past two years.
- All parts of our network, other than West Yorkshire, now use the local contractor model for mains replacement work.

“Working for NGN has provided a fantastic opportunity to create a sustainable business, using local labour. The support from NGN has enabled us to strengthen our company over the last 2 years.”

Simon Maughan, Managing Director of MA Utilities

Other successes...in brief



Considerate Constructors Scheme: in March this year, we became the first utility company in the UK to enter the Considerate Constructors Scheme. The voluntary scheme is designed to improve the image of the construction industry, by encouraging companies to operate safe, tidy, well-managed sites, which put public welfare first.

60 in 60: in January 2013, we set ourselves the challenging target of resolving 60% of all customer enquiries within the first 60 minutes of a call coming in (by agreeing an acceptable resolution with the customer). At the time, only 10% of complaints were being resolved in this timescale. We hit the target by the end of 2013, and are now aiming for **90% resolution within 60 minutes** in 2014. Our approach is attracting national attention from the utilities sector, with United Utilities, Scottish & Southern Energy and Yorkshire Water all visiting us in recent months to find out how we achieved these results.

PlaySafe StaySafe: we delivered over 50 PlaySafe, StaySafe talks in local schools in 2013/14, reaching around 11,000 pupils. These engaging sessions are delivered during school assemblies to remind children not to play near our work sites.



Improving performance: in 2013/14, we received twice as many 'thank you's' as complaints from our customers, and at the time of going to press we were the highest scoring network for replacement, connections and emergency and repair, according to the Ofgem customer scores.

Blunt spades! In 2013, we challenged

our supply chain to develop a bespoke safe dig tool. This spade with a difference has a blunt end, and is less liable to slice through electrical cables. Cable strikes are a major safety issue for all utility companies, and the development of a tool that is safe, yet still fit for its primary use, has taken six months of intensive collaboration. We have produced a short training video which has been shared with our supply chain and we are sharing results with the Utility Strike Avoidance Group, which meets quarterly, and with other utility companies.



“You did an absolutely fantastic job creating this safe dig DVD, it's one of the most powerful and hard hitting I have seen... and will be a great asset in our internal utility avoidance training programme.”

Vince Flood, Senior Health, Safety and Environmental Manager, Willmott Dixon Construction Limited

Core n Vac: this excavation tool is capable of taking a small, circular sliver from the road, directly along the damaged section of main. It's a bit like keyhole surgery! In our trials, the tool has dramatically speeded up duration of work, by reducing number of excavations, and making reinstatement far simpler. We are now preparing a business case to roll out the technology network wide for emergency repair work.





5. Working for a greener future: environment and sustainability

Gas distributors have an important role to play in the Government's green agenda and the UK's transition to a low carbon economy.

Stakeholders expect us to run our network in an efficient way that minimises CO emissions. Nationally, there is an increasing emphasis on biomethane as a sustainable fuel for the future, as natural gas reserves deplete.

We have done a lot to make our day-to-day operations more environmentally sustainable, and continue to pave the way for more widespread adoption of biomethane. However, we recognise there is more to be done to make us an environmental leader in the sector, and we recently commissioned Price Waterhouse Coopers to review our approach.

You said, we did

"It is vitally important that utility companies work in a sustainable manner."

Michael Rogers, Diffuse Pollution Co-ordinator, North East Wildlife Trusts

What our stakeholders said: stakeholders expect us to manage our network in an environmentally responsible way, and to play our part in the move to a low carbon economy, especially by supporting biomethane projects.

What we did: commissioned an independent review of our current approach; worked with regional stakeholders to promote the commercial advantages of biomethane; improved the way we manage our network.

How this aligns with our strategy: safeguarding the environment and working in a sustainable way is a key strand of our stakeholder strategy. Our willingness to undergo independent review reflects our ambition to continually improve by obtaining objective feedback.

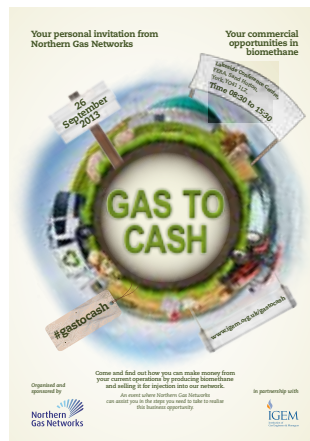
Making biomethane a hot topic



Biomethane is an exciting, sustainable fuel for the future, but many prospective producers are still unaware of the commercial opportunities and technical processes involved.

In 2013, we worked with farmers, local authorities, commercial and industrial waste companies and water companies on the first ever regional study into the size of the market.

The study's headline conclusion identified that there are hundreds of opportunities for commercially viable biomethane plants in the north of England. Results were shared at a dedicated biogas conference in September 2013, which we organised in partnership with the Institution of Gas Engineers.



Results included:

- Attendance by more than 200 delegates at the conference, plus 30 exhibitors from our supply chain.
- Valuable relationships forged with prospective partners. We are now organising follow-up workshops with those organisations who have the most commercially viable biomethane sources.
- Potential barriers to more widespread adoption of biogas were identified, including the high cost of mandatory chemical monitoring equipment (chromatographs). We are now working with one of our suppliers to develop a cheaper alternative. If approved by Ofgem, it stands to remove a major barrier to more widespread adoption.

"[The conference provided] a positive view of future of biomethane into the grid."

Lois Kay, Peel Environmental

"It was useful to hear what the financial benefits could be to my business."

Charles Rook, R & J Farms

"[I gained] contacts from specific equipment suppliers."

Jon McAteer, WSP CEL, Project management, engineering and consultancy

"Very useful for someone with no prior knowledge, of which I am!"

Stephen Day, WYG, Project management and technical consultants

"Excellent throughout, well done!"

Mervyn Gibson, Honeywell

Independent assessment

We recently commissioned Price Waterhouse Coopers to conduct an independent review of our environmental and sustainability activity, to help us identify gaps, and benchmark our performance against other businesses.

The review found lots of areas of good practice, such as our ISO 14001 certification (underlining our compliance with relevant environmental legislation) and our understanding of our operational impact in the environment, but highlighted several areas for improvement, including:

- The need for a dedicated sustainability strategy.
- More accurate and timely reporting of environmental data.
- The need for more clearly defined roles and responsibilities in this area.

We have now begun working with Business in the Community's sustainability experts to address these improvement areas. The first step will be to hold a series of workshops with senior managers, followed by external consultation with key stakeholders, including environmental groups, local community groups and highways authorities.

Other successes...in brief

A greener fleet: We've been upgrading our vehicle fleet, with more than 160 new, fuel efficient vehicles. They are all equipped with Green Road technology, an 'in vehicle' device that promotes safer and more fuel efficient driving. Through this investment, we expect to save over 300 tonnes of CO₂ every year.



Greener homes: Local authorities and social landlords are increasingly focused on making their properties more energy efficient in an effort to support the UK's graduation to a low carbon economy. Over the past year, we have taken an active role collaborating with social landlords and housing associations in the North East of England on alternative heating solutions for high rise blocks. These projects include:

- Newcastle: we are working with Northern Powergrid and Newcastle University to understand how high-rise residents in the city consume energy. The study will help to inform a project by Newcastle City Council and social landlord Your Homes North East to renew some of their high rise blocks.
- Teesside: we have helped social landlord Thirteen to develop a strategy to make the landlord's entire housing stock (35,000 properties) more energy efficient, during a three month collaboration.

Green Economy Panel: We sit on the Leeds City Region's Green Economy panel which promotes low carbon economic policy among businesses in the city.

A green supply chain: We have launched a green procurement policy to promote sustainable purchasing and our logistics supplier, Ceva, which handles over 1,000 product lines, is introducing new ways of working to minimise environmental impact (e.g. consolidating deliveries to depots).

Gas holder demolition: The North of England has 47 gas holders, all now surplus to requirements. We've been holding community forums to explain the decommissioning programme to customers and stakeholders who have told us that they want us to tackle it in the most sustainable way possible. We are recycling materials from the structures, and ensuring the holders are left safe. The process includes using a process of sludge solidification, negating the need for costly and environmentally damaging removal by tanker.



At these forums we have also learnt that the holders have an important place in the local community and that many people are fond of them. We are working with our local artist to commemorate these structures through art, and inviting stakeholders to share their memories of the holders by letter, phone, email and social media. We'll also be producing a commemorative book of the holders through the decades which we plan to make available to download from our website.

Pre-heating: When gas moves from the high pressure network to our low-pressure network, it must be heated to prevent freezing. The 'pre-heating' process traditionally uses water bath heaters, which are energy intensive and expensive to run. We have begun trialling two alternative technologies which could prove greener and more economical, and will be sharing results with the industry.

Leakage reduction: Natural gas contains large quantities of methane, which, when it escapes into the atmosphere, contribute to the build-up of harmful greenhouse gases. Since 2005 we have reduced leakage by more than 20%, saving an estimated 185,000 tonnes of carbon equivalent. We plan to reduce leakage by a further 20% by 2021 (that's the equivalent of 500,000 tonnes of CO₂), through re-engineering our mains replacement programmes to focus on leakage reduction and using innovative technologies to enable more sophisticated pressure management.

2021 in your hands: Our education programme aimed at Key Stage 3 pupils (11-14), described in an earlier section, has a strong environmental focus, teaching pupils about carbon reduction, recycling and sustainable living. We find engaging with students early on in their lives means that not only are they more aware of their own environmental impact at home, acting as influencers with their parents and siblings, but that this vital education stays with them into adult life.



Employing local talent: Our model of employing local people who live in the communities where we work is not only improving our customer experience but also reducing company mileage and minimising environmental impact from traffic.

Walk on the wild side: We have worked with both Yorkshire Wildlife Trust and Durham Wildlife Trust over the past 12 months, with NGN employees volunteering their time to support local wildlife schemes.

Appendices 1

Assurance

1. Stakeholder Audit Report
2. Stakeholder Assurance Statement

Stakeholder Engagement Manual

Stakeholder Engagement Strategy

Fuel Poverty Strategy

Stakeholder Engagement Procedures

1. Gold, Silver, Bronze



Assurance

1. Stakeholder audit report

AA1000 SES Evaluation of Stakeholder Engagement

Internal Management Report for Northern Gas Networks

Louise Hawson, 12 March 2014

Introduction

SGS United Kingdom Ltd was contracted by Northern Gas Networks (NGN) to perform an evaluation of their stakeholder engagement with reference to the AA1000 Stakeholder Engagement Standard Final Exposure Draft (2011) [AA1000SES] and the AA1000 Accountability Principles Standard 2008.

This report is a summary of the outcomes of a full evaluation completed following the activities below:

19 December: Leeds: meetings with stakeholder and customer teams and review of systems

24 January: Leeds: observation of weekly business meeting; meetings with senior management

27 January: Newcastle: observation of Stakeholder Workshop

30 January: York: meetings with RM (East), COAM and CCOs and site visit to live 'Gold' project (York)

31 January: Sunderland: visit to customer call centre

10 February: Brighouse: meetings with Amey contract team, RM (West), CCOs and site visit to live 'Gold' project (Halifax)

11 February: Leeds: meetings with Business Strategy team, DSP management team and RSM (East)

13 February: Hendon: meetings with RM (North), COAM, RSM (North), CCOs and site visit to live 'Gold' project (Durham)

Email interviews with external stakeholders from NEA and FPAG

Findings are presented against each of the elements of AA1000SES. The report complements the assurance statement, and is intended to provide internal management with detail on the observations and recommendations in the statement.

A full list of interviewees, documents and site visits is included at Appendices 1 & 2.

Summary

NGN has a very strong foundation of stakeholder engagement across the company, in particular senior management commitment, business culture, oversight and monitoring of success, responsiveness to stakeholder needs, the engagement processes in place in Replacement, E&R and Connections, and the resources in place in to support engagement. No areas for serious concern were found, and several areas of good practice are identified in the findings below.

External stakeholders were invited to input to the evaluation, which is in itself a demonstration of good practice in AA1000 assurance. As an illustration of NGN's strengths with regard to engagement, included below is a comment from one of the interviewees, made in response to the question 'how would you compare NGN's engagement with you on this issue to other companies you are aware of?'

"Excellent and outstanding. [...] NGN has shown far more credible desire to really find the best way of contributing in this area as well as openness to challenge from external people. It is apparent from a brief meeting with the CEO that there is leadership from the top on this style of working."

As new structures are established and rolled out across the business, NGN's priority should be to ensure consistency and quality across the different regional areas, without stifling the ability to innovate and respond to local stakeholders' needs.

Recommendations

The recommendations below have been made to guide NGN as it develops its stakeholder engagement governance, management systems and activities, with reference to AA1000SES.

1. The current Stakeholder Engagement Manual should be redesigned to reflect the reality of NGN's emerging governance and management system, in line with the Account Management approach to managing stakeholder relationships and the existing BSR (Business Strategy Records) governance process. This should include guidance on key engagement processes across the business, including key documents & templates, to provide a basis for ensuring consistency across regions and projects. It is recommended that this includes guidance on identifying stakeholders.
2. NGN should investigate and introduce indicators it can use to monitor the quality of engagement with stakeholders, beyond those required by Ofgem, in order to evaluate whether current engagement methods continue to be effective for the stakeholders. This should include both customer satisfaction measures for non-Ofgem stakeholders (such as non-domestic customers and local authorities), and measures of the process and quality of engagement. It is understood that NGN is already looking into developing such a measure, and trialling ways of gathering feedback from customers and local authorities.

Key stakeholder groups – particularly highways authorities and stakeholders around specific strategic issues – should be invited to input to creating these indicators. Going further, it is recommended that in future project stakeholders and customers could be invited to suggest what measures they would see as useful in measuring success.

3. The 'light touch' integrated governance system that NGN has now developed should be supported by the Working Group which should coordinate and monitors stakeholder strategy, including developing guidelines, capacity building, sharing good practice and recommending improvements.

In addition, options should be considered for continuing to enable stakeholders to feed into governance and strategy, either through a panel or through individual engagement,

4. It is recommended that an internal review or audit process of mitigation plans and the gold silver bronze process is established, to ensure consistency in overall approach, to ensure enough detail is going into mitigation plans, to deal with any issues, and to share best practice. This would also allow central analysis of issues arising, to spot systematic issues arising in the operation of the management system. This could include post completion reviews of projects.
5. Mitigation plans should include information on who is responsible for delivering actions, and any deadlines or key milestones. There should also be a record of what was actually delivered against the initial plan, and any learning – this could be in a separate record, for example alongside notes from customer contacts. It is also recommended mitigation plans are regularly shared with key stakeholders for input.
6. To maximise learning and improvement, it is important that there is sharing of intelligence and experience on successes, challenges and plans between Replacement, E&R, Asset Management, Stakeholder Relations and Connections, through the Stakeholder Working Group, and the CCO's weekly meetings. This will be particularly useful as Construction Services embeds processes in its emerging structure.
7. As the new systems are embedded and develop, NGN should ensure that responsibilities for ownership (RACI) and engagement are clear between the stakeholder team, the COAMs, RSMs and CCOs. The current operating model is part of the current Induction pack for new staff; these items should also be updated to reflect such changes.
8. While VOCUS is still being embedded, NGN should continue to review its documentation and planning processes to streamline and coordinate the various mechanisms for recording engagements of different kinds.
9. It is recommended that NGN builds on its current success in developing innovative approaches to engagement, including expanding new mechanisms using social media to encourage families and younger customers to engage. This should include looking at alternatives to public meetings, where these have proved not to be successful in engaging communities. It should also include consideration of ways to avoid 'stakeholder fatigue', which has been observed in some sectors where specific high profile stakeholders become overwhelmed with requests for (often similar) input from many companies.
10. It is recommended that NGN includes more information on its commitment and approach to engagement, and the different ways in which it engages and responds, on its website. In particular, examples of how engagement works and typical outcomes could be included in the customer facing website, with more strategic information and analysis and summary of stakeholder feedback on the corporate site.
11. It is recommended that NGN undertake an annual external evaluation of their stakeholder engagement against AA1000 to ensure that the processes are working as planned and that they continue to provide a framework for obtaining stakeholder feedback and using this to influence decisions made. This should include provision for including interviews with external stakeholders, building on the two interviews this year.

Findings

The following table reports findings and observations from the evaluation against the elements of the AA1000 SES.

Requirements	Findings
Commitment and Integration	
2.1 Commit to the AA1000 Accountability Principles The organisation shall make a formal commitment to the AA1000 Accountability Principles as defined in the AA1000APS (2008). This commitment shall be communicated both internally and externally.	NGN's Stakeholder Engagement Strategy (draft for consultation) clearly states commitment to the Accountability Principles, as does the current Stakeholder Engagement Manual and NGN's 2012-13 submission to Ofgem on stakeholder engagement. Senior management demonstrates strong commitment to stakeholder engagement, in both words and action. This is reflected across the company, from executive management to senior management to project management. NGN is opting for an integrated approach to governance for stakeholder engagement, with the CEO having ultimate responsibility, and the BRG taking on the oversight and monitoring role that had been envisaged for the Stakeholder Steering Group. This is a positive step, as it underlines the strategic role of stakeholder within the company. It is suggested that NGN should still establish a Working Group which feeds into the BRG and coordinates and monitors the stakeholder strategy, including developing guidelines, capacity building, sharing good practice and recommending improvements. In addition, options for continuing to enable stakeholders to feed into governance and strategy, either through a panel or through individual engagement, should be considered.
2.2 Integrate with governance The organisation shall integrate stakeholder engagement into governance and relevant decision-making processes.	

Requirements	Findings
Commitment and Integration	
<p>2.3 Integrate with organisational strategy and operations</p> <p>The organisation shall integrate stakeholder engagement into all relevant policies and/or processes for:</p> <ul style="list-style-type: none"> • strategy development (including the vision, mission and values that underlay strategy); and • operations. 	<p>Integration of stakeholder engagement into strategy and organisational culture is a particular strength at NGN. Interviews with managers and staff across the organisation repeated the view that the culture of the organisation had changed fundamentally over the last 3 years, as a result of establishing customer service and stakeholders as integral to everything the company does.</p> <p>Customer is the overarching theme of the corporate strategy, and the broad definition of customer to include anyone affected by the company's operations (not just those surveyed by Ofgem) enables wider stakeholder groups to be integrated into this strategy. Challenging targets for customer have been set for 2014, and every employee has core personal targets for customer, and for those with bonuses, around 50% is likely to be based on personal and organisational customer targets.</p> <p>The Business Strategy Records for each RIIO investment area specifically require identification of stakeholders, understanding impacts on them and responding to their needs as part of the Major Projects Integrated Management System, beginning with the initial establishment of the project team, and continuing into planning and delivery.</p> <p>It is important to state that NGN's commitment is significantly supported by Ofgem requirements and measures, which provide a financial and reputational incentive for achieving high customer satisfaction scores. However, it is clear that NGN chooses to go further than regulatory requirements, for operational, cultural and reputational reasons, and has set itself more stretching internal targets to meet in terms of customer satisfaction and dealing with complaints.</p> <p>NGN has focused on engaging hearts and minds rather than establishing systems in delivering a cultural shift towards customer service and stakeholder engagement. The Inspire leadership programme is building culture of excitement and engagement with customers and community, and demonstrates a model for how change management around external stakeholder engagement can be delivered and supported. However, it is important that this culture change is underpinned by clear (if light touch) ownership, processes, and monitoring to support ongoing quality in delivery.</p> <p>Finally, as well as the obvious integration of stakeholder engagement into the core operational processes for Replacement, E&R and Connections, every part of the business is looking at how they can improve performance, for example finance investigating how they can release checks more quickly to customers.</p>
Purpose, Scope and Stakeholders	
<p>3.1 Establish the purpose of engagement</p> <p>The purpose for stakeholder engagement shall be defined. The purpose shall be connected to the overall strategy and operations.</p>	<p>The purpose and drivers for engagement are clearly defined and are a fundamental part of NGN's overall strategy and operations: 'Stakeholder engagement helps us to improve our service and provide direction and focus to our business identifying where we are positively received and where we fail to meet expectations for customers and our wider stakeholders.' (Draft Stakeholder Engagement Strategy)</p>
<p>3.2 Establish the scope of the engagement associated with the purpose</p> <p>The scope of the engagement shall be defined by determining:</p> <ul style="list-style-type: none"> • the subject matter the engagement will address; • the parts of the organisation (e.g. regions, divisions etc.) and associated activities, products and services the engagement will address; and • the time frame the engagement will address. 	<p>As far as could be ascertained from the assessment, NGN is careful to define the scope of its engagement, the subject addressed, who is involved and the time frame. For example, mitigation plans clearly indicate who is to be engaged (depending on whether the project is Gold, Silver or Bronze); work on Fuel Poverty has been careful to delineate the influence that NGN can have on the issue (avoiding trying to 'boil the ocean' as the Head of Stakeholder described it). Consideration of scope is also part of the BSR planning process.</p> <p>NGN aims to take an activator role in addressing issues that are high profile for the gas industry, but outside its immediate sphere of control. NGN should continue to be careful to define the scope of its engagements, to avoid 'mission creep', and to remain focused on those areas where it is best able to respond and make a difference.</p>

Requirements	Findings
Commitment and Integration	
<p>3.3.1 Mandate and Ownership: The mandate and ownership of the engagement shall be established. The owners of the engagement shall have the appropriate competencies.</p>	<p>Within its 3 regions, NGN has established an area-based structure of ownership for engagement with operational stakeholders, which provides a single link into the company for local stakeholders, in particular key stakeholders in the highways authorities. Engagement with key area-based stakeholders is owned by COAMs, with support on specific projects coming from CCOs, who own the more time-limited engagement with customers around individual projects. Additional CCOs are now being taken on to expand this project-based engagement, and a new tier of Regional Stakeholder Managers has been established to manage CCOs and engage with key stakeholders on specific projects. Front line employees are encouraged to take responsibility for stakeholder engagement, and are provided with support to do so.</p> <p>It was noted that while this structure is a strong one and is becoming clear in North region, it is still establishing itself within the new Construction Services division. As the new systems are embedded and develop, NGN should ensure that responsibilities for ownership and engagement are clear between the stakeholder team, the COAMs, RSMs and CCOs.</p> <p>Ownership of engagement with senior strategic stakeholders rests with the CEO. Where programmes of work are being developed with those stakeholders – for example on fuel poverty or CO – engagement is owned by the Stakeholder & Customer team, unless another team is nominated to take on that ownership.</p> <p>Currently NGN is striking a good balance between integrating stakeholder engagement/customer service into everyone's role, and employing skilled resource to carry out specific engagements and support delivery teams. The new Account Management approach should support this, and get away from an assumption that the stakeholder team or CCOs 'own' stakeholders. It should also help to provide clarity on ownership. It will be important to ensure account managers have the resources, capability and where necessary guidance to ensure they are able to own the relationship effectively, and to feed information into the business effectively.</p>
<p>3.3.2 Stakeholder identification: The owners of the engagement shall identify stakeholders relevant to the purpose and scope of the engagement. They shall establish a methodology to identify stakeholders.</p>	<p>Stakeholders are identified at an early stage in creating and categorising mitigation plans, developing business strategy records, and establishing engagement around strategic issues.</p> <p>For mitigation planning, identifying stakeholders is based on COAM and CCO experience of projects, and knowledge of the local context. There is no defined methodology used to identify stakeholders, but it is generally accepted that a stakeholder is anyone who could be impacted by works, and as most projects are fairly similar, the list is pretty consistent. Mitigation plan templates require the most common stakeholder groups to be considered. Experience of similar projects is also used to identify stakeholders in the BSR plans.</p> <p>There is no reason to believe that stakeholders are not being effectively identified. However, it may be helpful, especially for new engagement programmes, to have some brief (visual?) guidance on the different groups and types of stakeholders that should be considered. This may also be helpful as a reference for identifying possible stakeholders early in the planning process.</p>

Stakeholder Engagement Process	
4.1 Plan	
4.1.1 Profile and map stakeholders: The owners of the engagement shall profile and map the stakeholders and shall establish a methodology for the profiling and mapping. This profiling and mapping shall be taken into consideration in the planning and implementation of the engagement. Profiling and mapping shall be reviewed and revised throughout the engagement process.	<p>The thinking behind the Gold Silver Bronze categorisation and process is successful in providing a shared process for identifying stakeholders, potential impacts and agreeing mechanisms for engaging and implementing mitigation measures. It is particularly successful in making sure that the right kinds of engagement methodologies and resources are provided for each project, whether that is residential engagement for Bronze projects, or wider organisational and business engagement for Gold projects. The collaborative way in which mitigation plans are put together and signed off is a particular strength.</p> <p>Planning and engagement is gradually being moved earlier in the planning and design process, to identify the stakeholders who may be affected by planned works at an early stage, through allocation of Gold-Silver-Bronze categories and integrating customer impacts into the enabling phase. This improves performance by allowing more stakeholders to be engaged, enabling NGN to take account of customer impacts in the selection and timing of projects, and allowing more legacy work and innovative solutions to be developed.</p> <p>There is a huge variety of engagement activities in NGN, operating at different timescales, covering different subject matters and involving different parts of the business. This variety is a strength, and it demonstrates the depth and breadth of integration of engagement across operations.</p> <p>The Artist in Residence programme is an excellent example of using innovative methodologies for engaging stakeholders, enabling stakeholders to address potentially controversial issues in a creative way and think differently to agree a solution, for example using engagement through the Artist in Residence to turn removing redundant gas storage holders into a project that celebrates the legacy of the holders and tries to deliver benefit and ownership within the community. NGN should continue to innovate in its engagement strategies.</p> <p>Fuel poverty and CO workshops have demonstrated good practice in the way they have been planned, developed and delivered, in particular through using an external expert in engagement to co-ordinate the process and lead the workshops. NGN has shown initiative in seeking to address these issues from the customer perspective, and engage with a range of local and national stakeholders to develop new approaches, for example partnering with , working with CES on community solutions, and looking beyond areas where gas is the right solution. In particular, developing its fuel poverty strategy with the input of external stakeholders, and direct CEO engagement, is a model for how to tackle these kinds of issues. The challenge will now be to maintain ongoing engagement through the delivery phase, where workshops may not be the most effective mechanisms.</p> <p>Mitigation plans are not currently shared with stakeholders, although stakeholders are made aware of plans through communication. Sharing plans with key stakeholders was recognised as something that could be done and made part of the process.</p> <p>It is recommended that NGN investigates indicators it can use to monitor the quality of engagement with stakeholders, beyond the outcomes measures required by Ofgem, which are useful for ongoing management and development of the programme. Key stakeholder groups – particularly highways authorities and stakeholders around specific strategic issues – should be invited to input to creating these indicators. Going further, in future project stakeholders and customers could be invited to suggest what measures they would see as useful in measuring the success of the project.</p>
4.1.2 Determine engagement level(s) and method(s): The owners of the engagement shall determine the level(s) and method(s) for engaging with stakeholders that are best suited to the purpose and scope of engagement and to the relevant stakeholders.	
4.1.3 Establish and communicate boundaries of disclosure: The owners of the engagement shall establish the boundaries of disclosure of the engagement and shall clearly communicate these boundaries to its stakeholders.	
4.1.4 Develop an engagement plan: The owners of the engagement shall develop an engagement plan. The engagement plan shall be made available to stakeholders. Stakeholders shall have the opportunity to provide input into the plan.	
4.1.5 Establish indicators: Indicators for the quality of stakeholder engagement based on the requirements of AA1000SES (2011) shall be established. Stakeholders shall have the opportunity to provide input when establishing the indicators. The indicators shall be meaningful to the organisation and its stakeholders.	
4.2 Prepare	
4.2.1 Mobilise resources: The owners of the engagement shall identify and gain approval for the resources required for successful engagement.	<p>Significant resource has been made available to deliver engagement. This includes employing Regional Stakeholder Managers and expanding the number of CCOs. NGN is actively recruiting individuals with customer and stakeholder engagement background from outside the industry who bring new skills, perspective and expertise. Employment of the Artist in Residence as a member of staff is also a commitment of resources to innovative engagement.</p> <p>COAMs and CCOs are able to mobilise resources as they see fit in order to deliver the engagement or mitigation measures required to deliver the required level of customer service. The stakeholder team is able to bring in external expertise (such as Green Issues) to deliver and follow up on workshops. No evidence was seen of failures in engagement due to lack of resources.</p> <p>The Inspire and 'Be the Best' programmes, along with integration of customer into all training and apprenticeship programmes, are building capacity of people across the organisation to engage. Resources are also being used to engage with hard to reach communities, by working with stakeholders such as the Red Cross to overcome language barriers, or providing transport to customer workshops for lower income customers. This should be continued, including developing new mechanisms using social media to encourage families and younger customers to engage.</p> <p>The company has made significant investment in its Customer Contact team, including recruiting new staff with customer service experience, new telephony systems, and refreshing the offices to create a better working environment (a process that was led by staff). Matching the team structure to the COAM area structure should support integration in stakeholder engagement.</p>
4.2.2 Build capacity to engage: The owners of the engagement and the stakeholders shall identify where capacity to engage needs to be built. The owners of the engagement shall work with the stakeholders to respond appropriately to these needs in order to enable effective engagement.	
4.2.3 Identify and prepare for engagement risks: The owners of the engagement and the stakeholders shall identify and address engagement risks.	

4.3 Implement the engagement plan	
<p>4.3.1 Invite stakeholders to engage: The owners of the engagement shall ensure that stakeholders are invited to participate reasonably well in advance and that communications are appropriate for each stakeholder.</p>	<p>As discussed above, the fuel poverty and CO workshops have demonstrated good practice in the way they have been planned, developed and delivered. Stakeholders have been invited and briefed to engage in a timely way, and post engagement records of what was discussed and actions arising have been circulated, with actions from previous engagement followed up and reported on. Reports from 2013 workshops were made available on the company website. For carbon monoxide, NGN is leading engagement across the industry and roll out of innovative ways to raise awareness, for example through iCOP and including using its own E&R staff to check CO alongside gas checks.</p>
<p>4.3.2 Brief stakeholders: The owners of the engagement shall develop and provide the participating stakeholders with the briefing materials needed to ensure the success of the engagement. Comprehensive and balanced briefing materials shall be made available to participating stakeholders in sufficient time and shall take into account any relevant language, disability and literacy issues.</p>	<p>NGN has placed considerable focus on improving relationships with highways authorities. This has included listening to their concerns, briefing them by sharing replacement plans, meeting on their terms, and responding to feedback, by developing mitigation plans and amending works to fit with highways and local customer needs. Highways officers have joined team meetings to take part in planning and other decisions around replacement in their area. This has led to significant improvements in delivery.</p> <p>The customer contact centre has sophisticated mechanisms for recording engagement and its outputs, which are quality controlled.</p>
<p>4.3.3 Engage: At the beginning of the engagement, the owners of the engagement, with input from the stakeholders shall establish procedural and behavioural ground rules for the participants in the engagement. The ground rules shall be agreed by all participants.</p>	<p>Customer contact forms are used to record customer and stakeholder interactions by CCOs and COAMS, site reports are used by COAMs to record observations from site visits, site books are by the frontline team to record conversations with stakeholders on site, and outcomes of the KICK process. Any actions or issues arising are escalated to the relevant people to action.</p> <p>There was some uncertainty about where information on individuals/organisations or engaged are recorded. The construction pack lists affected customers, but not wider stakeholders. This list was part of a previous mitigation record used by CCOs, which was replaced by mitigation plans. It may be useful to bring this element back into the mitigation plan.</p>
<p>4.3.4 Document the engagement and its outputs: The owners of the engagement shall document the engagement and its outputs.</p>	<p>VOCUS is beginning to be used to record interactions with those not captured by CCFs or the contact centre. VOCUS still needs time to embed, and NGN should continue to review is documentation and action planning processes to streamline and coordinate the various mechanisms for recording engagements of different kinds.</p>
<p>4.3.5 Develop an action plan: The owners of the engagement shall analyse the engagement and its outputs and develop an action plan that articulates how the organisation will respond to the outputs of the engagement. The action plan shall provide a response to all outputs of the engagement. The action plan shall be developed in consultation with those who will have responsibility for implementing it.</p>	<p>A proposed move to using tablets and apps to provide the interface for recording information will provide an opportunity look at ways to do this more easily. Amey are already developing this approach. Improved coordination of documentation across different engagement platforms may make post project debrief/wrap up easier.</p>
<p>4.3.6 Communicate engagement outputs and action plan: The owners of the engagement shall communicate the outputs and action plan to participants of the engagement in an appropriate and timely manner.</p>	
4.4 Act, review and improve	
<p>4.4.1 Monitor and evaluate the engagement: The organisation shall systematically monitor and evaluate the overall quality of the stakeholder engagement, and the owners of engagements shall evaluate the quality of individual engagements. This shall include monitoring and evaluation of:</p> <ul style="list-style-type: none"> • commitment and integration; • purpose, scope and stakeholder participation; • process (planning, preparing, engaging, acting, reviewing and improving); • outputs and outcomes; and • reporting. 	<p>Friday Customer Meetings provide visibility on progress and activity through the week, and a powerful forum for issues to be raised and dealt with. The fact that the CEO is fully engaged with these discussions provides weight and credibility to the process and to the importance of customer and stakeholder engagement.</p> <p>Similar weekly meetings are held at regional and area level update on delivery, and review progress of mitigation plans (whether in planning or deliver), to focus on those where there are or could be issues. This enables issues to be dealt with promptly and rapidly, and also gives senior management to monitor the process. Site visits by COAMs, Regional Managers and others provide a check on delivery of mitigation plans.</p> <p>There is no formal mechanism for checking the quality of mitigation plans and their delivery. It is recommended that an internal review or audit process is established, to ensure consistency, to deal with issues, and to share best practice. This would also allow central analysis of issues arising, to spot systematic issues arising in the operation of the management system.</p>

	<p>The Ofgem customer satisfaction scores provide a clear measure of success, and NGN has elected to obtain figures on a monthly basis (rather than quarterly as required by Ofgem). Monthly scores are analysed at Friday meetings. Due to the relatively small number of jobs per month, it is possible for managers to identify individual jobs that have led to low or high scores. This enables rapid learning and improvement measures and means that NGN has a strong understanding of both how it is impacting on stakeholders, and where issues may be arising.</p> <p>The company should make sure it is happy that it has the MI it needs for non-Ofgem stakeholders and also for monitoring the process and quality of engagement. A recent initiative in West to hold customer forums with customers affected by schemes where there have been significant issues is a good example of such a mechanism. Workshops are also being considered for other regions and for non-Ofgem customers (e.g. non-domestic connections). The company should consider other ways it can obtain this kind of feedback. An email survey of highways authorities was carried out in April 2013, to check progress following changes to the DSP model. This gave very positive feedback.</p> <p>It is recommended that NGN continues to find ways to gather feedback from key stakeholder groups, e.g. through an independent survey such as the one delivered by TTI. It is already looking into working with Ofgem to develop a way to measure satisfaction of other stakeholders.</p>
<p>4.4.2 Learn and improve: The organisation, with input from stakeholders, shall strive to continually improve its stakeholder engagement. It shall identify and act on specific improvements.</p>	<p>There is significant evidence of NGN seeking to maintain continuous improvement. It has established a learning culture, and where an area or project is struggling it receives management attention, resource, and ideas to do something about it. The company is also looking to learn from outside organisations to get ideas e.g. John Lewis and EC Harris's account management structure.</p> <p>York and Hendon have both set up improvement teams made up of front line staff to identify what is needed to support their colleagues to improve customer engagement, which have delivered useful small actions that can make a big difference for people working on site.</p> <p>In many cases, the company is learning together with its stakeholders, for example in engaging around road closures in Durham.</p> <p>Replacement is also using social media to reach wider audience, and to engage younger and time-poor stakeholders, while retaining telephone and paper options particularly for older residents.</p> <p>In Connections, initiatives such as creating the app for requesting a connection, and extending call centre times for some issues, have been made in direct response to customer feedback.</p> <p>To maximise learning and improvement, it is important that there is sharing of intelligence and experience on successes, challenges and plans between Replacement, E&R, Asset Management, Stakeholder Relations and Connections. The Stakeholder Working Group, and the CCO's weekly meetings with RSMs and the construction services team will provide mechanisms for this, alongside the CEO and RM meetings that already take place.</p>
<p>4.4.3 Follow up on action plan: The organisation shall review and monitor the outcomes associated with the engagement action plans and provide feedback on progress to the stakeholders.</p>	<p>The Stakeholder Workshops have been extremely diligent in following up on agreed actions and feeding back to participants.</p> <p>It is not clear whether progress and outcomes from mitigation plans are discussed with local authorities and other key stakeholders; it is assumed this forms part of the ongoing meetings and discussion with these groups.</p> <p>There are good examples of active engagement with local businesses, and amending timing or phasing of work to minimise impacts on them, for example in Holmfirth and York. This has led to developing relationships with chambers of commerce, LEPS and local shopping centre etc. to build relationships and create the conditions in which it will be easier to coordinate and cooperate around future works.</p>
<p>4.4.4 Report on engagement: Organisations shall publicly report on their stakeholder engagement.</p>	<p>NGN's website includes information and reports from major engagement projects, such as fuel poverty and CO. Its Ofgem submission provides an annual summary of its engagement activity and successes, and this is available publicly. Internal newsletters include items on engagement and specific projects.</p> <p>It would be useful to see more information describing NGN's overall commitment and approach to stakeholders, and the different ways in which it engages and responds, on its website. In particular, examples of how engagement works and typical outcomes could be included in the customer facing website, with more strategic information and analysis and summary of stakeholder feedback on the corporate site.</p>

Appendix 1: list of interviewees

Thorpe Park (24 January & 11 February 2014)

Mark Horsley, CEO
Howard Forster, Customer Operations Director
David Gill, Director of Stakeholder Relations
Eileen Brown, Head of Customer Experience
Brian Dobson, Head of Stakeholder Relations
Gareth Bullen, Director of Academy and Talent Management
Dan Sadler, Business Strategy Manager
Alec Breen, Innovation Manager
Mick Hand, Artist in Residence
Observation of Friday meetings: 24/1/14, 31/1/14

Newcastle (27 January 2014)

Observation of Fuel Poverty and CO Stakeholder Workshops

York (30 January 2014)

Andy Irwin, Regional Manager, East
Gary Farnhill, COAM N Riding
Eileen Carr / Natalie Beal, CCOs, York
Amanda White, site manager
Site visit: York City Centre

Sunderland/Connections (31 January 2014)

Tom Notman, Head of Customer Operations Support & Connections
Kevin Harris, Customer Contact Centre Manager
Ian Cooper, Operations Support Manager
Michelle, Operational Support
Liz Reynolds, Customer Care Manager
Jill Walker, Dispatch Manager
John Peacock, Head of Connections
Angela Gardener, Connections team (for Claire Foster)
Team Leaders, Domestic, Non-Domestic and Fuel Poor customers

Brighouse (10 February 2014)

Sean Goonan, contract manager for Amey
Tracey Wilks, CCO
Wayne Fisher, COAM Pennines
Ian Cunningham, COAM Bradford
Graeme Cleeton, Regional Manager, Yorkshire
Site visit: Halifax

East/Construction Services (11 February 2014)

Dean Shepherdson - Head of Construction Services
Glenn Judge, Operations Manager
Lynne Sharp, Business Support Manager
Kevin Worth, Regional Stakeholder Manager, East

Hendon (13 February 2014)

Ian Waddell, Regional Manager, North
John Richardson, COAM Wear
Michael Pratt, E&R Technician
Laura McKernan, Regional Stakeholder Manager
CCOs, Wear
Site visit: Durham City Centre

External Stakeholders

Rebecca Thomas, Superintendent York Minster
Jenny Saunders, NEA
Teresa Perchard, Fuel Poverty Advisory Group

Appendix 2: list of documents

Submission 2013

Stakeholder submission Final without crop marks (2)
Supplemental Evidence 1 SE Governance Structure
Supplemental Evidence 2 Stakeholder Engagement Manual
Supplemental Evidence 3 Stakeholder Mapping
Supplemental Evidence 4 Materiality Matrix
Supplemental Evidence 5 Stakeholder Workshop Report
Supplemental Evidence 6 Issues Table
Supplemental Evidence 7 Customer Survey
Supplemental Evidence 8 Insights and actions for internal comms
Supplemental Evidence 9 AccountAbility description of services

Stakeholder team strategy docs

NGN engagement plan 2013-14
Draft Stakeholder Engagement Plan
Stakeholder plan 041213
Stakeholder Planning & Account Management 251113
NGN Stakeholder Report 2013 (summary available on website)
COAMs area map from March 2013
Customer & Stakeholder team structure

VOCUS

SE Data Gathering Template Children Society Fuel Poverty
SE Data Gathering - NEA Fuel Poverty Forum 04.11.13
SE Data Gathering - Prison Service 141113

Customer surveys

8 point customer strategy poster
COAM Area Scores Repair Q2, Q3
Customer Feedback analysis from TTI July -Sept 2013
Customer Feedback analysis from TTI Oct-Dec 2013

Weekly Customer Meetings presentations

6 December 2013, 24 January 2014, 31 January 2014

Carbon Monoxide

The Carbon Monoxide Report (January 2012)
ENA CO Working Group Minutes - December 2013
NGN report from CO stakeholder workshop 2013
CO Education Stats Demo
iCop activity DRAFT 2 (campaign update 081013)
ICOP FocusGroupFeedback 30 May

Fuel Poverty

Fuel Poverty Strategy
NGN report from FP stakeholder workshop 2013
Materials from Stakeholder Workshop 2014

ICS Internal Engagement phase

NGN ServCheck Aggregated results
NGN ServCheck Results Presentation (Nov 2013)

GDN Engagement

DRS and Stakeholder Working Group Minutes - December
Stakeholder Engagement Summary (summary of feedback from Ofgem to all GDNs on SE trial assessments 2013)

Projects

Gold Silver and Bronze Oct 2013 (status update 231013)
RIDS Update - customer and stakeholder matrix
Mitigation Plans and associated documentation:
ork city centre 2013
Durham city centre 2014
Holmfirth Doxford Road
Robin Hoods Bay

Amey

Contract details presentation
Customer Engagement Strategy

2. Stakeholder assurance statement



ASSURANCE STATEMENT

SGS UNITED KINGDOM LTD'S REPORT ON NORTHERN GAS NETWORKS' STAKEHOLDER ENGAGEMENT ACTIVITIES

NATURE AND SCOPE OF THE ASSURANCE

SGS United Kingdom Ltd (hereafter referred to as "SGS") was commissioned by Northern Gas Networks to conduct an independent assurance of their stakeholder engagement activities against the 'AA1000 Stakeholder Engagement Standard 2011 - Final Exposure Draft' (hereafter referred to as AA1000SES) and with reference to the AA1000 Accountability Principles Standard 2008 (AA1000APS). The AA1000 Assurance Standard 2008 (AA1000AS) was used to guide the assurance methodology.

The scope of the assurance, based on the SGS methodology, included the stakeholder engagement strategy, a sample of stakeholder engagement activities, the stakeholder feedback received from the activities and the corresponding action plans feeding into Northern Gas Networks' decision making.

SGS has not been involved in the preparation or execution of any of the stakeholder engagement processes, activities or outcomes. Our responsibility is to express an opinion on the stakeholder engagement processes, activities, and how feedback influenced decision making and governance within the scope set out below with the intention to inform all of Northern Gas Networks' stakeholders.

The assurance scope has been approached as follows:

SGS has developed a set of protocols for the Assurance of Stakeholder Engagement based on current best practice guidance provided in the AA1000 series of standards. These protocols follow differing options for Assurance depending on the maturity of the stakeholder engagement processes and capabilities of the client organization. The stakeholder engagement has been assured as an AA1000 AS Type 1 assurance at a moderate level of scrutiny.

The assurance comprised the evaluation of the processes guiding stakeholder engagement, including the stakeholder engagement strategy and approach, stakeholder mapping, engagement activities, communications, governance and reporting feedback received. Activities included:

- interviews with executive and senior management
- interviews with relevant employees from Replacement, Connections, Asset Management and Emergency and Repair divisions, and the customer contact center in Sunderland
- review of internal strategy documents and process guidance
- review of a sample of stakeholder engagement activity logs and mitigation plans detailing engagement events, feedback received from these, subsequent actions taken, and decisions made based on feedback
- site visits to recent or active replacement projects in York, Durham and Halifax
- attendance at two established weekly CEO meetings, monitoring stakeholder engagement and customer service performance
- attendance at a stakeholder workshop in Newcastle and interviews with a sample of external stakeholders

STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from Northern Gas Networks, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

AA1000 STAKEHOLDER ENGAGEMENT STANDARD: CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion Northern Gas Networks' stakeholder engagement and how feedback is used in the decision making process fulfills all expected elements to demonstrate strong commitments to the requirements of the AA1000SES. Our findings and recommendations are summarised below.

Findings

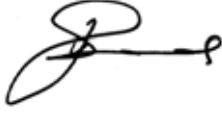
Northern Gas Networks has established a strong foundation of stakeholder engagement across the company, in particular senior management commitment, business culture, oversight and monitoring of success, responsiveness to stakeholder needs, the engagement processes in place across the business, and the resources in place in to support engagement. No significant areas for concern were found, and several areas of good practice were identified.

Recommendations

The recommendations below have been made to guide Northern Gas Networks in ensuring consistency and quality in all its engagement activities, as it develops its governance, management and engagement activities with reference to AA1000SES.

- Northern Gas Networks should investigate and introduce indicators to monitor the quality of engagement with stakeholders, beyond those required by OfGem, in order to evaluate whether current engagement methods continue to be effective for the stakeholders. Key stakeholders should be invited to input to creating these indicators.
- Options should be considered for continuing to enable stakeholders to feed into governance and strategy, either through a panel or through individual engagement.
- It is recommended that Northern Gas Networks strengthens its governance of project-based stakeholder engagement processes, to ensure consistency, and to share best practice.
- It is recommended that Northern Gas Networks builds on its current success in developing innovative approaches to engagement, including expanding new mechanisms using social media to encourage younger customers to engage, and looking at alternatives to public meetings, where these have proved not to be successful in engaging communities.
- It is recommended that Northern Gas Networks undertake an annual external evaluation of their stakeholder engagement against AA1000 to ensure that the processes are being embedded consistently. This should include interviews with external stakeholders.

Authorised by:-



Jan Saunders

UK SSC Business Manager

For and on behalf of SGS United Kingdom Ltd

Reg Office: Rossmore Business Park, Ellesmere Port, Cheshire CH65 3EN
Registered in England No: 1193985

Note: the relevant senior SGS manager will authorise this statement following successful completion of internal technical review.

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SGS United Kingdom Ltd
Birmingham, March 2014

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**Northern Gas Networks
Stakeholder Engagement
Manual
Version 8.0**



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Introduction

Stakeholder engagement at NGN

Northern Gas Networks (NGN) has impacts on homes, businesses and communities across the North of England. We safely deliver gas to 2.7 million homes and businesses, recognising that the more than 8 million people who live and work in our network area rely on us to deliver an exceptional service and to operate our business responsibly.

At the heart of what we do are safety, reliability and great customer service. Without the efficiency of our network and dedication of our team, the region simply would not function.

Beyond managing our impact on local communities, we recognise our position to influence decisions at a national level. As such, we relentlessly work to improve our engagement activities with our stakeholders, both local and nationally

Our vision for the business is to be best-in-class, to be a responsible corporate citizen in our region, and to maintain a corporate culture of high performance and continuous improvement. It makes commercial sense to seek input from others to improve our delivery strategies; and maintain our position of being recognised by Ofgem as being the most cost efficient of all eight UK Gas Distribution Networks.

This vision is intrinsically linked to how we engage with our stakeholders. Simply stated:

“Stakeholder engagement will underpin and support everything we do so that we are inclusive, responsive, and recognised as a trustworthy and reliable organization delivering excellent customer service.”

How well we manage our impacts and respond to stakeholder concerns are key to NGN's success; therefore stakeholder engagement (SE) is an integral part of how we conduct business.

Purpose

We believe stakeholder engagement provides a vital two-way tool that:

1. Allows us to keep stakeholders informed, ensuring they understand what we do, how we can support them, and what we are planning.
2. Provides stakeholders with a way of sharing feedback on their experiences of us, and a mechanism for them to have an input into our future plans and priorities.

Stakeholder engagement helps us identify where we are positively received and understand where we fail to meet expectations, in order to improve our service and provide direction and focus to our business.

Drivers for stakeholder engagement

Understanding stakeholder priorities and how they align with our business plans

Improving service delivery

Informing long-term planning

Building trust

Managing operating costs

Enhancing reputation and perception

Continuous improvements in stakeholder engagement

Over the last seven years our stakeholder engagement strategy has evolved according to the business focus and stakeholder feedback. Historically, NGN's stakeholder engagement process has drawn upon a cross-section of customers, interested individuals, groups and organisations, with whom we engaged by email, the internet, letter, telephone and face-to-face, individually and in small and large groups. Some were engaged just once; others have been engaged on an ongoing basis.

Although our approach to stakeholder engagement has allowed us to be flexible and respond quickly to stakeholders and produced useful feedback which has informed our on-going operations, our senior management team recognise that NGN's strategy requires continuous improvement to ensure our processes and procedures are robust, credible and fit for purpose.

Adhering to international best practice

During 2013/14 we have continued to review our strategy and adopted a framework based on the internationally recognised AA1000 principles and standards series - the leading standards for stakeholder engagement and SE assurance.

The AA1000 standard is founded upon principles of inclusivity, materiality and responsiveness, which are defined as follows:

Inclusivity: “Participation of stakeholders in developing and achieving an accountable and strategic response to legitimate social and environmental concerns”. For us, this means involving our stakeholders in decision-making, especially with regards to key issues affecting vulnerable members of society.

Materiality: “Determining the relevance and significance of these concerns to the organisation and its stakeholders”. For us, this means working with our stakeholders to make sure we are focussing on things that really matter to the communities we serve.

Responsiveness: “Responding to stakeholder concerns”. This is self-explanatory! We are focussed on listening to our stakeholders concerns and then acting on them.

Our SE strategy and the framework for this manual are based on integrating these principles into our business practices.

For NGN, this means we are committed to:

Including our stakeholders in decision-making, particularly those on whom we have the greatest impact, and those who can influence our long-term planning cycles.

Focusing on the issues that are most relevant to those we impact in our local communities

Listening and responding to our stakeholders' concerns, particularly stakeholders who are affected by our programme of works.

Impact of SE on strategic business priorities

The outcomes of our stakeholder interactions are used to provide direction and focus to improve our service delivery by identifying areas of our service that are positively received and those where it fails to meet expectations. Analysing feedback from these interactions helps inform our ongoing strategy, providing impetus towards planning for future investment and fuelling continuous improvement. In addition, stakeholder engagement can identify emerging issues and help the company anticipate future customer and stakeholder needs through innovation.

Ofgem requirements

With the introduction of the regulator's Stakeholder Engagement Incentive Scheme for GDNs, we also aim to be recognised as a sector leader in SE. NGN supports and shares Ofgem's objectives for this scheme, which is to deliver a high quality, stakeholder-focused, socially responsible and sustainable energy service delivery organisation.

As part of our stakeholder engagement strategy review, we incorporated Ofgem scoring criteria into a gap analysis. We are committed to strengthening our SE processes to meet and exceed Ofgem criteria.

About this manual

This manual is a guidance document detailing Northern Gas Network's framework for stakeholder engagement, building on best practice as defined within AccountAbility's AA1000 standards series. It documents the following key elements of stakeholder engagement and how they are implemented within NGN:

- 1) Purpose, vision and goals
- 2) Governance and strategy
- 3) Capacity building
- 4) Engagement procedures
- 5) Reporting and evaluation

The manual is a live document that will be periodically reviewed and updated by the Stakeholder Relations team to ensure it contains best practices and remains relevant and applicable to our operational context.

Any questions about the contents of the SE manual or additional support in implementing the guidelines should be directed to the Stakeholder Relations team:

Stakeholder Relations Director	David Gill	dgill@northerngas.co.uk	07825 533649
Head of Stakeholder Relations	Brian Dobson	bdobson@northerngas.co.uk	07770643979
Stakeholder Support Officer	Vacancy with recruitment in progress		0113 397 5435

Vision and Goals for Stakeholder Engagement

Vision

Working with stakeholders to achieve our ambitions

We are an ambitious company. Our corporate vision is to be best-in-class, to be a responsible corporate citizen in our region, and to maintain a corporate culture of high performance and continuous improvement.

Stakeholder engagement is integral to helping us realise this vision. Simply put, we can achieve far more with our stakeholders than we can in isolation.

Through collaboration with like-minded organisations, we can ensure that the business and our stakeholders derive value from our engagement activities by:

Maximising the impact of our interventions, by making limited budgets stretch further, and by helping to tackle complex and deep-rooted social issues which we couldn't hope to solve alone.

Obtaining honest and objective feedback, helping us to improve our services, and shape our future strategy.

Raising the bar on a national level, by exploring new and imaginative ways of doing things, from delivering core services in more effective ways to tackling perennial social issues such as fuel poverty. Without stakeholder collaboration, we would be severely limited in this ambition.

Nurturing future talent, by working with partners to equip young people with the vocational skills needed by the engineering sector, and creating employment and training opportunities in communities where these are in short supply.

Improving our standing and reputation in local communities. This is both an end in itself (every company wants to be well regarded) and also a way of ensuring our engineering programmes, which are often disruptive, are greeted with greater public tolerance.

"Stakeholder engagement will underpin and support everything we do so that we are inclusive, responsive and recognised as a trustworthy and reliable organisation delivering excellent customer service."

At NGN, Stakeholder engagement is not the responsibility of just a few people or limited to one-off events. Stakeholder engagement is practiced at every functional level within the business on a daily basis – be it with member of the public, gas consumer, a business, a Member of Parliament, a contractor or even a colleague. How well we manage these relationships impacts our business; how our customers feel about dealing with us; how the public perceives us; how we feel about the work we do, and how Ofgem judges our performance.

Goals

The past three years have seen us make major progress in embedding stakeholder engagement across the organisation.

We have gone from a company that has always worked closely with our stakeholders, but in a relatively ad hoc fashion, to one which has a robust strategy in place to focus our activity, supported by formal processes to guide delivery, data capture and evaluation.

In 2013, we invited independent auditor, SGS, to evaluate our performance against the AA1000 stakeholder engagement standard. We will be repeating the assessment annually.

The feedback was extremely positive:

Northern Gas Networks has established a strong foundation of stakeholder engagement across the company, in particular senior management commitment, business culture, oversight and monitoring of success, responsiveness to stakeholder needs, the engagement processes in place across the business, and the resources in place in to support engagement. No significant areas for concern were found, and several areas of good practice were identified.

We are now focused on addressing the areas of improvement that SGS highlighted which form our 2014 action plan. These include:

Continuing to streamline and coordinate the various mechanisms we have in place for recording stakeholder engagement.

Introducing indicators to monitor the quality of engagement with stakeholders, beyond those required under our regulatory framework, including introducing more robust measurement and evaluation.

Introducing new mechanisms to understand stakeholder priorities and leveraging digital and social opportunities.

Introducing an internal review of our stakeholder engagement processes to ensure consistency and highlight any issues.

Sharing stakeholder engagement successes and challenges throughout the business to aid learning and development.

In addition we will maximise the opportunity that our website presents to share stakeholder engagement activity and outcomes.

Going forward, we will address the areas for improvement identified by the assessment and respond to the direct feedback from our stakeholders, as we continue with our essential work to deliver added value to the communities we serve.

Stakeholder engagement governance structure and strategy

SE governance structure

Every function in the organisation has a responsibility for supporting or driving our stakeholder engagement strategy in their respective roles. We have established the SE governance structure specifically to emphasise the importance of SE to the organisation and also to show clear lines of oversight, responsibility and accountability for the SE strategy and its implementation.

NGN's stakeholder engagement governance structure sets out responsibilities for stakeholder engagement at various levels within the organisation, from the CEO down. It allows us to respond quickly to escalated issues and incorporate feedback into our decision making process.

Function	Description	Responsibilities and (SE) Decision Making
Board of Directors	The eight-member Board includes Chairman, Andrew John Hunter, representatives from Cheung Kong Infrastructure Holdings Limited, Hutchison Whampoa Luxembourg Holdings S.a.r.l., and Power Assets Holdings Limited. Chief Executive Officer, Mark Horsley, also sits on the Board.	<p>The CKI Board approves the NGN strategy at the highest level in the organisation. Once a year the Board approves the annual business plan and budget, and it also reviews the five year forecast. All key decisions affecting the business e.g. the Acceptance of regulatory settlement would also be approved by the Board.</p> <p>The board meets every two months in the UK to review the business plans against performance including any significant changes to the plan following any significant stakeholder influence.</p>

Function	Description	Responsibilities and (SE) Decision Making
CEO	<p>The office of the CEO is the most senior function at NGN.</p> <p>The CEO chairs the weekly Business Review Group meeting and participates within the weekly Customer Performance Review meeting.</p>	<p>Provides strategic direction to the business and liaises with Board periodically</p> <p>Holds the BRG, SE Working Group and Stakeholder Relations department accountable for their respective roles in ensuring that the stakeholder engagement strategy and activity is integrated throughout the business.</p> <p>Hosts weekly customer meeting with COAMS, Regional Managers, representatives from Contractors, and reps from Direct Service Providers, and representatives from directors.</p> <p>Final approval of changes to the SE Strategy based on input from the BRG, SE Working Group, External Stakeholder Panel, and the Stakeholder Relations department.</p>
Business Review Group (BRG)	<p>The Senior Leadership Team (SLT) comprises eight Directors overseeing the following business areas:</p> <p>Academy & Talent</p> <p>Asset Risk Management</p> <p>Customer Operations</p> <p>Finance</p> <p>Human Resources</p> <p>Legal</p> <p>Regulation</p> <p>Stakeholder Relations</p> <p>The SLT holds a weekly meeting, chaired by the CEO. This is called the Business Review Group (BRG).</p>	<p>Proposes changes to business strategy.</p> <p>Directors in the SLT are each responsible for managing the relationships with their respective department's stakeholders.</p> <p>The BRG reviews weekly performance and any operational concerns that have been escalated by Regional Managers and Customer Operations Area Managers (COAMs). At this meeting swift decisions can be made to respond to customer and stakeholder feedback, both of which are established agenda items that require weekly updates from the Director of Stakeholder Relations.</p> <p>The BRG approves responses to feedback.</p>
Stakeholder Engagement Working Group (Internal)	<p>The Working Group is chaired by the Director of Stakeholder Relations and comprises representatives from across the organisation, including:</p> <p>Head of Stakeholder Relations</p> <p>Business Change Manager</p> <p>Head of Social Strategy</p> <p>Director of the inspire Academy Northern Gas Networks</p>	<p>Meets on a regular basis to review progress made in the implementation of NGN's stakeholder engagement strategy in the respective departments of Working Group members.</p> <p>Implements and monitors engagement processes and ensures data capture procedures are followed within their respective departments.</p> <p>Ensures that outcomes of stakeholder engagement are being documented and fed back into NGN's decision-making process.</p> <p>Members are also part of the weekly CEO Customer Review meetings to ensure both Customer and SE performance are integral part NGN culture.</p> <p>Ensures that feedback is being provided to stakeholders in a timely manner.</p> <p>Shares best practices and key learnings within the Working Group and, with the support of the Stakeholder Relations team, resolves any implementation challenges that may arise.</p>

Function	Description	Responsibilities and (SE) Decision Making
External Specialist Stakeholder Panel	<p>The External Specialist Stakeholder Panel is charged with reviewing and commenting on NGN's strategy and how we can strengthen its effectiveness. The panel will be comprised of a cross-section of key stakeholders.</p> <p>The panel members currently represent stakeholders from within our Fuel Poverty agenda.</p> <p>We plan to establish customer specialists during 2014-15.</p>	<p>Provides views on NGN's business plans at the initial stage and as they mature prior to publication.</p> <p>Discusses and endorses the best methods for NGN to liaise with its stakeholders, including those who are registered as 'vulnerable' and/or hard to reach.</p> <p>Advises on current and emerging issues of stakeholder concern, particularly around NGN's business focus areas: customer service, network safety and reliability, environment and sustainability, community involvement and social responsibility, business improvements and future investment plans</p> <p>Supports further outreach work by NGN with customer groups and organisations.</p> <p>Offers advice to NGN on any stakeholder-related issues.</p>
Stakeholder Relations Department	<p>The stakeholder relations department drives the implementation of NGN's strategy and stakeholder engagement processes across the organisation.</p> <p>David Gill is the Director of Stakeholder Relations and a member of the Senior Management Team, reporting to the CEO.</p> <p>The corporate stakeholder relations team is comprised of:</p> <p>Head of Stakeholder Relations: Brian Dobson</p> <p>Head of Social Obligations: Tom Bell</p> <p>Head of Customer Experience: Eileen Brown</p> <p>Stakeholder Support Officer: Vacancy</p> <p>Customer Support Officer: Kirsten Jameson</p> <p>Communications Manager: Sian Fletcher</p> <p>Communications Officer: Olivia Hill</p>	<p>Develops and manages the stakeholder engagement strategy for NGN – and makes proposals for approval by the Business Review Group</p> <p>Provides SE implementation guidelines and supporting tools.</p> <p>Provides outreach and supports other departments at NGN with SE events and workshops.</p> <p>Coordinates SE communications briefings/ awareness, and training needs through the Learning and Academy.</p> <p>Oversees ongoing and one-off engagements and ensures that SE procedures are correctly followed.</p> <p>Manages SE data gathering and performance process.</p>
COAMs	<p>NGN has nine COAMs (Customer Operations Area Managers) who manage relationships within their respective regional designations. COAMs oversee issues from a customer service perspective.</p>	<p>Responsible for all stakeholder customer service-related issues within designated geographic areas, the COAMs serve as a source of local information through their engagements.</p> <p>Engage with a wide range of stakeholders (in addition to customers) and capture stakeholder activity, recording responses and outcomes.</p> <p>Escalate critical issues that affect organisational decision making to Regional Managers.</p> <p>COAMs are the approving managers to Gold, Silver, Bronze project mitigation plans.</p>
DSP Business Support Manager	<p>Direct Service Provider (DSP) Business Support Manager Lynne Sharp is responsible for customer and stakeholder issues relating to replacement work on the NGN network (from pre-project through to completion) and overall management of the complaints process.</p>	<p>In conjunction with Regional Manager and COAMs identifies replacement project status as Gold, Silver or Bronze.</p> <p>Identifies key stakeholders and provides ongoing communication regarding current and planned projects.</p> <p>Develops mitigation plans accordingly to identify stakeholder feedback and reduce customer issues from replacement projects.</p>

Function	Description	Responsibilities and (SE) Decision Making
Regional Stakeholder Officers	Regional Stakeholder Officer North: Laura McKernan Regional Stakeholder Officer South: Kevin Worth	Work to develop mitigation plans to identify stakeholders who will require specific information Attend workshops with key stakeholders across NGN area on all matters to do with NGN work, specifically focussed on service delivery Support management and DSPs when stakeholder issues require on-site presence or meetings, update NGN systems accordingly Oversee all replacement projects in terms of customer service, including Site Audits
Customer Care Officers	There are 11 Customer Care officers covering the whole NGN footprint – 5 in the North and 6 in the South. They are responsible for interfacing with customers in advance of replacement projects, and maintaining good communication between the teams and the customers	Identify the work that can be done on site to mitigate customer disruption – including traffic management implications and schools/businesses that may be impacted Deliver 'play-safe' sessions to schools affected by replacement works Visit customers affected by replacement project before work starts to inform, and to collect specific information that may be relevant to the delivery team – e.g. vulnerable customers, or access requirements
Site Managers, Engineers and Front-line staff	Site Managers, Engineers and Front-line staff are the "face" of NGN – the most visible part of our organisation. They are also a direct source for instant feedback from stakeholders, including customers and the general public alike.	Maintain on-going engagement through service delivery, maintenance and serve as first point of contact within the communities in which they work. We do not discriminate between different groups of stakeholders at this stage. We treat all parties equally, throughout our communication process during planning, understanding of individual needs, and informing parties upon arrival and before leaving sites.

Capacity Building (resourcing, training, skills and knowledge sharing)

Developing our people and their capacity to effectively deliver our business priorities is critical to the success of our business. Capacity building for stakeholder engagement refers to training, knowledge sharing and professional development, to ensure that all staff that engage with stakeholders in any way are properly trained to do so to the highest possible standards and to follow the corporate procedures for engagement.

Our in-house training facility, the Inspire Academy, supports the capacity building needs of NGN employees. Training via the Academy ranges from mandatory safety and technical compliance to e-learning and a peer-to-peer coaching network in which employees with useful skills (from conflict resolution to engineering know-how) mentor their fellow colleagues. Other courses, which support capacity building for facilitators of stakeholder engagement, include negotiation and presenting.

During 2013/14, stakeholder awareness training has been introduced as an integral item to all NGN learning and development programmes.

This covers identifying who stakeholders are, creating awareness of stakeholders' needs across NGN, roles of stakeholders, and Ofgem RIIIO requirements. Stakeholder engagement and customer delivery skills are now a specific and integral part of recruitment processes for all roles.

Stakeholder awareness and customer engagement is also an integral part of NGN Leadership and Management training.

Information on stakeholder awareness, account leadership and data gathering requirements is provided to local management team meetings across Regional Manager/COAM, Asset Risk Management and Customer Operations Support by the Head of Stakeholder Relations via quarterly agenda items.

Although there is no generic stakeholder engagement skillset (as different expertise and the skill set required can differ based on the type of engagement and stakeholder), we have identified a fundamental range of skills that staff should have:

Stakeholder engagement skills and characteristics	
Area	Description of beneficial skills and characteristics
Project (engagement) management and analysis	Engaging with stakeholders in an effective manner, a timely fashion and within budget. The ability to examine and interpret the outcomes of stakeholder engagement in a way that captures the key facts and figures, as well as messages and insights.
Personal behaviour	Displaying individual personality traits such as integrity, ability to focus on solutions, motivation and creativity, etc.
Engagement techniques	Knowledge of relevant approaches to stakeholder engagement. Within NGN we have adopted a standard 'Account Leadership' approach to engaging with organisations, comprising simple tools that are used for account review, planning, data and information capture. Account Leadership relies on strength of relationship, i.e. Trust: Trust = Credibility x Reliability x Intimacy Self-interest Credibility: what we say and our knowledge/experience of the Account's subject. Reliability: to what extent do we act as we promised to? Intimacy: how responsive are we to the emotions of the account? Self-interest: who are we focused on; the account or ourselves?
Issues knowledge	To engage on complex issues may require building a multi-disciplinary team that draws upon the 'know-how' of different departments, e.g. procurement, environmental management, or drawing upon external expertise.
Credibility	Success in securing trust and providing assurance to stakeholders may in part depend upon how well those involved in stakeholder engagement relate to and are perceived by a particular stakeholder group.

We understand that integrating the processes outlined in this manual will require a culture change and heightened awareness of our responsibilities around stakeholder engagement. The Stakeholder Relations team is supported by our CEO and executive leadership team, who are committed to supporting the organisation as we adopt more systemised processes across the business.

Engagement procedures

SE framework

Our stakeholder engagement procedures have been largely ad-hoc in the past. Prior to our strategy review we had many methods of engaging our stakeholders (See Appendix: NGN Methods of Engagement); however there were no standardised processes for these methods, as we now operate with our Account Leadership approach to stakeholder engagement.

We recognise that business processes and controls are important to ensure the quality, consistency and effectiveness of our stakeholder engagements. Following our review we have developed a set of engagement procedures that are intended to guide each department in establishing a systematic approach to addressing stakeholder concerns, documenting outcomes and responding effectively.

Templates for each procedure can be found in the appendices, as noted. The templates are guidelines and are modified to fit individual departments' operating context.

SE Procedures

1) Identify and map stakeholders:

Knowing who our stakeholders are is the first step to understanding their concerns and priorities. It may be as simple as creating a list of your department's stakeholders. However, note that different departments may share the same stakeholders, so documenting your stakeholders and their priorities helps the organisation capture a more comprehensive profile of the stakeholder. Also, keep in mind that changes to business strategies or policies and changes in the business or industry environment can mean a new set of stakeholders.

See appendix: Template 1

2) Profile stakeholders:

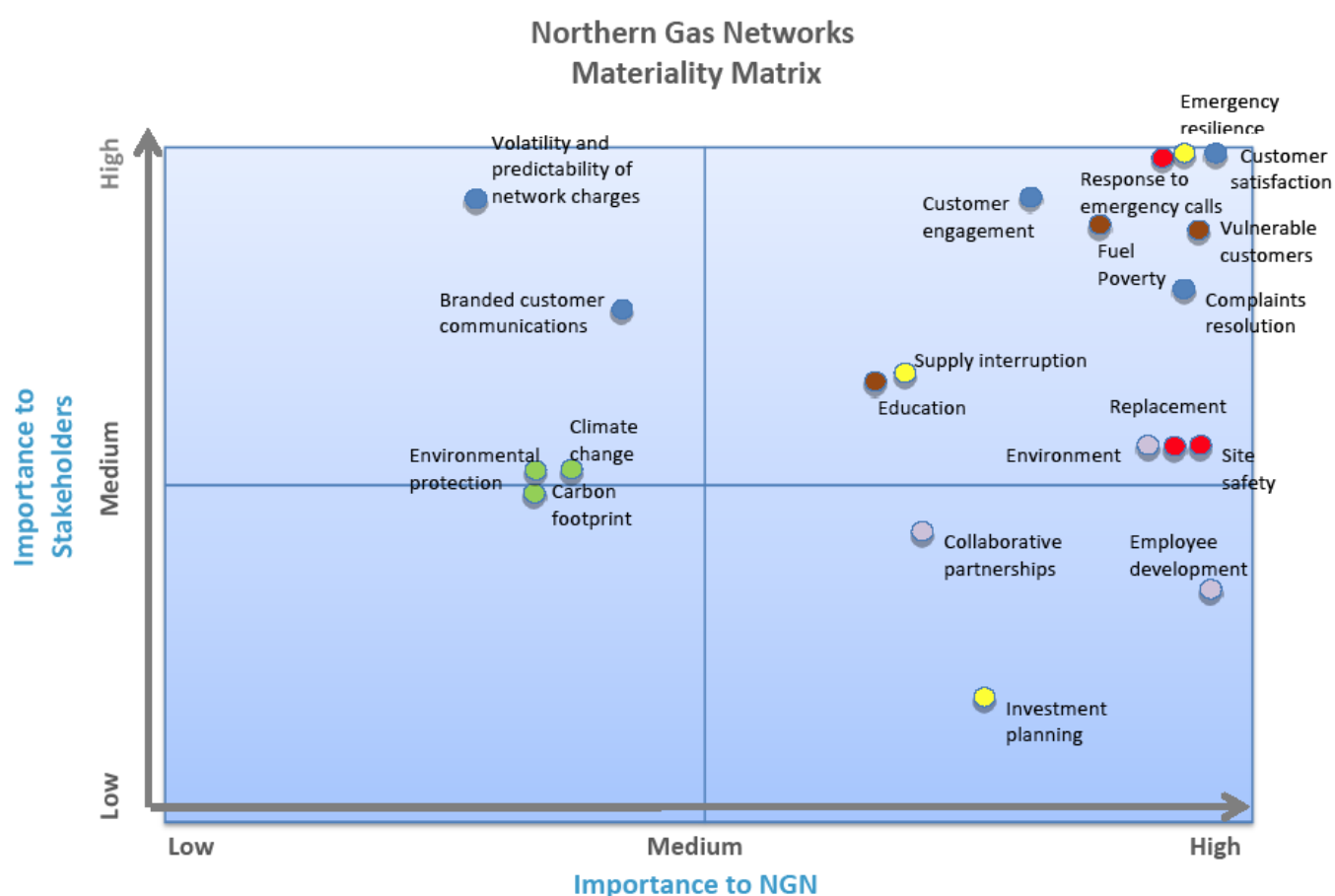
Profiling your stakeholders helps you to understand their expectations, preferred levels of engagement and their potential impact on the organisation. Profiling your stakeholders will require you to prioritise their concerns which help us to direct our focus and resources during engagement planning. The profile should periodically be reviewed and updated. Each department representative on the SE Working group will ensure that the template is complete and accurate for their department. The Stakeholder Relations Team will be responsible for collating the completed templates.

3) Determine material topics

For effective stakeholder engagement, the subject matter must be focused, relevant and aligned with your department's objectives and NGN's business strategy. NGN has identified six business focus areas that are relevant to both our company and our stakeholders: (1) Carbon Monoxide, (2) Fuel poverty, (3) Social Responsibility and Community Involvement, (4) Environment and sustainability, (5) Network safety and reliability and (6) Customer Experience.

From ongoing interaction and collaboration, the Stakeholder Relations team can provide support at the departmental level to think through what the key material issues are for each department and their stakeholders. Since 2013, following feedback from stakeholders via our January 2014 Fuel Poverty workshops as well as public meetings and care calls, there has been a significant shift of our focus specifically in relation to the importance of Fuel Poverty and Carbon Monoxide agendas. These were previously included within Social Responsibility and Community Involvement, but we have now defined them as separate focus areas. We have also removed Business Improvement as an individual focus area, since it runs through the other six. Our focus upon minimising disruption to stakeholders and customers by consultation during improved enabling and planning stages ensures our engineering programmes, which are often disruptive, are greeted with greater public tolerance.

The Stakeholder Relations team has carried out a corporate-level materiality analysis in which a total of 18 sub-topics were identified under the categories. They evaluated each sub-topic by importance to NGN against its importance to stakeholders. The results were plotted on the materiality matrix below (please note that the previous focus areas were used for the categorisation – the diagram will be updated during 2014-15).



4) Develop engagement plan:

Developing an engagement plan will help you to develop a strategically aligned, resource-efficient approach to engagement. It also gives you the opportunity to initiate the process of internal learning and engagement of key departments and individuals needed to make stakeholder engagement meaningful and to have an impact – this is about much more than just talk.

As you plan your engagement, you will want to develop a clear idea of:

- How the issues that you have prioritised so far are currently managed within NGN.
- What are the objectives of the engagement? Clarify your overall reasons for stakeholder engagement and how they relate to broader strategic business objectives.
- What relevant policies and systems are already in place?
- How you are currently engaging with stakeholders on these issues.
- What others are doing, and with whom you could collaborate.
- What you can and want to do about the specific issues.
- Which specific stakeholder representatives you want to engage with, and what they expect.
- What engagement method is most appropriate for the stakeholder?
- What resources are needed to support the engagement?
- How you will document outcomes and respond to feedback?
- Formal engagements (such as workshops, public meetings, industry events, etc) should be planned using the Engagement Planning Template in the appendix.

See appendix: Template 3

5) Document and report on engagement and outcomes

Engagement types may vary from ongoing business-as-usual interactions and one-to-ones to more formal workshops. Regardless of the approach taken, the engagement owner should document the outcomes of the engagement through VOCUS, our stakeholder management database (See Appendix 1: Data Gathering Process). The database holds all information relating to each stakeholder including their contact details. It also acts as a method for recording stakeholder engagement, building up a history of stakeholder engagement for all stakeholders.

If the staff member responsible for the engagement (the 'Account Leader') is not able to access VOCUS, he/she should complete the Stakeholder Engagement Record (See appendix: Template 4) and submit it to the local area administration support assistant based at each customer operations unit; or email to Stakeholder Support Officer until access is also extended across support offices. It is important to do this as soon as possible after the engagement to enable the Stakeholder Relations team to maintain up-to-date records; also it is imperative that owner resolves or escalates any issues identified as quickly as possible. These should also be recorded.

See appendix: Template 4

5) Respond to stakeholders:

The Account Leader is responsible for following up with stakeholders so that they are aware of NGN's response to their concerns. The engagement owner should record reasons for the chosen decisions and action, even if the decision was to maintain the 'status quo' or reject a recommendation from the stakeholder. Changes to business practices, policies, or procedures as a result of feedback from stakeholders should be noted.

Reporting and evaluation

Reporting

In addition to the existing manual SE data gathering template, a mobile platform of Vocus will be delivered during by end of May 2014. This will enable key mobile staff to meet its key business performance objective to maintain strong relationships with our key stakeholders as well as develop a process by which stakeholder interactions within the business can be easily captured. The platform will allow us to:

- Capture a summary of all stakeholder interactions
- Be able to demonstrate a process for capturing stakeholder activity within NGN and not only track interactions but record and evidence outcomes
- Meet and where possible exceed Ofgem requirements for capturing stakeholder data
- Enable NGN to quickly update our stakeholder database

The mobile site will be launched across field-based NGN representatives, including Customer Operations Area Managers (COAMs), Customer Care Officers and regional Stakeholder Officers.

The outcomes of engagement and any resulting changes to our policies or strategy will be communicated internally and externally, as appropriate. Internally, engagement outcomes will be shared through reporting lines, the weekly CEO meeting and COAM meetings. Any changes to NGN policies or business practices as a result of stakeholder feedback will be communicated through Inspire and other internal channels.

Externally, we keep our stakeholders informed of our stakeholder engagement activities through our website: <http://www.northerngasnetworks.co.uk/>, and twitter account: @NGNGas.

Evaluation

The AA1000 standards will continue to be our benchmark for evaluating the quality of our stakeholder engagement performance. At the beginning of Q4 of the 2014/2015 regulatory year, we will seek further assurance of improvements on our engagement process.

NGN methods of engagement

Care Calls	<p>Care calls are now carried out as an improvement on our former impression cards scheme. Once work has been carried out, customers are contacted by phone to provide their opinions on how the work went. This provides an additional measure of customer satisfaction, helping to clarify the outputs of Ofgem's monthly independent customer satisfaction surveys.</p> <p>A formal care calls framework, including a policy document and feedback mechanism, is currently in development.</p>
Incident drop-in centres	Incident drop-in centres are opened in the case of a larger incident. The drop-in centres provide customers with information and updates of the incident, hot drinks, electric heaters and cooking facilities, and also provide the option of 'stay warm' packs consisting of hats, gloves, socks and blankets for vulnerable customers who cannot afford to run electric goods during interruptions.
Incident follow up meetings	Following an incident, a review session is held once everything is back to normal. This involves internal representatives from within NGN and external representatives are also invited to provide their feedback from a customer and stakeholder perspective. External representatives could include the local MP, the local authority, emergency services and neighbourhood watch.
Major (Gold) Projects Meetings	<p>Before any major project works begin, key stakeholders impacted by the work are invited to a meeting to discuss the work. This allows knowledge sharing of other work which may be planned within area and a potential work-around to be put in place.</p> <p>For example, our Gold, Silver, Bronze impact assessment process identifies unique stakeholder impacts and needs for projects such as those in inner cities with high transport impacts, urban areas with a mix of minor highway/public service impacts, and local housing with no transport impacts but high individual customer interaction.</p>
Ad hoc meetings	<p>Ad hoc meetings are usually face-to-face and one-to-one, requested by stakeholders to address any concerns they may have with the work carried out by NGN, whether this be business-as-usual or part of an initiative or campaign.</p> <p>Ad hoc requests can also come in the form of invites to events organised by other organisations as part of their stakeholder engagement.</p>
Stakeholder Group Meetings	Meetings are held with stakeholder groups to address issues specific to that group. Key stakeholder group meetings include contractors, Highways Authorities and Members of Parliament.
Corporate Charity, Community and Sponsorship Programme	<p>NGN recognises that charity work is an important part of an organisation's corporate social responsibility.</p> <p>NGN already operates a local sponsorship and match-funding programme, and has developed a Community and Sponsorship Strategy.</p>
Membership to energy groups	<p>Membership of various industry groups allows NGN to keep up-to-date with what is going on within the industry, and also allows them to suggest new ideas and receive feedback.</p> <p>NGN has corporate and individual memberships of the following organisations:</p> <p>ENA, NEA, Energy Leadership Council, IGEM and ICS.</p>
KICK	<p>KICK stands for Knock, Introduce, Communicate and Knock again.</p> <p>All engineers must carry out KICK with all customers and local businesses around a work site to inform them of what is happening and how long they expect the work to last, knocking again to provide regular updates throughout the works.</p>
Campaigns	<p>Campaigns are developed to deliver key safety messages and improve customer satisfaction for all our stakeholders.</p> <p>Our full 2014 campaigns programme is in development. This will run alongside ongoing campaigns including Carbon Monoxide, Stay Safe Campaign and local schools Education Programme (see below).</p>
Education Programme	The Education Programme, implemented by external consultants, is an ongoing campaign through which Key Stage 3 schoolchildren are educated within Science and Geography lessons about the dangers of gas and environmental sustainability.

Template 1: Identifying and mapping our stakeholders

Stakeholders are individuals or groups who affect or are affected by an organisation and its activities¹. They include:

- People with whom you have legal, financial, or operational responsibilities
- People affected by your department's operations or decisions
- People who are likely to influence your department's performance (those with influence and decision makers)

Your stakeholders may be unique to you, or some you may share with other areas of the business. Only by establishing who is responsible for engagement with each of our stakeholders can we ensure that we are systematically, effectively and efficiently engaging with them.

Below is a Stakeholder Map that represents NGN's stakeholders at a high level. You may use the table below as a starting point to build your department's stakeholder map. You may add more categories for business focus areas and more stakeholders under each category, as applicable.

Business Focus Areas	Customer Experience	Network Safety & Reliability	Environment & Sustainability	Carbon Monoxide	Fuel Poverty	Social Responsibility and Community Involvement
Principal Stakeholder Groups	<ul style="list-style-type: none"> Customers Major users Business customers Local businesses impacted Regulator Stakeholders specific to construction locality Highway Authorities Ofgem Chambers of Commerce 	<ul style="list-style-type: none"> Contractors Emergency services Direct service providers Farmers Union/ Land owners Regulator HSE Social Services Community Groups Local Authorities Highway Authorities Local Resilience Contacts MPs Shippers and suppliers Chambers of Commerce Ofgem 	<ul style="list-style-type: none"> Forestry Commission Environment Agency Energy Innovation Centre DECC Chambers of Commerce HSE Ofgem 	<ul style="list-style-type: none"> Schools CO Charities Dept. of Health Dept. of Education Universities Vulnerable groups Public/Private Landlords Local Authorities Town and Parish Councils Ofgem Estate Agents Leisure Industry 	<ul style="list-style-type: none"> Community Energy Solutions National Energy Action Energy Networks Association Local Authorities Town and parish councils Public/Private Landlords Charities MPs Regulator Employees Fuel Poverty and energy interest groups and organisations Shippers and suppliers Other GDN's Ofgem 	<ul style="list-style-type: none"> Dept. of Health Dept. of Education Vulnerable groups <ul style="list-style-type: none"> Refugee Macmillan Ethnic Private Landlords <ul style="list-style-type: none"> Bed sit University Prison Service Community Support Groups Ofgem
Stakeholders with interests in all issue areas						
	<ul style="list-style-type: none"> CKI Group (owners) Media Industry peers Other Gas Distribution Networks Regional utilities Ofgem 					

Template 2: Profiling our stakeholders

Our stakeholders may be individuals, groups, or organisations, and they may engage with different aspects of the business on different topics or on only one subject matter. There will most likely be overlaps, with different departments sharing the same stakeholders/groups. Creating a stakeholder profile allows NGN to have a comprehensive understanding of the stakeholder, their priorities, and the ways in which we engage. Below is the information that should be recorded for each stakeholder or stakeholder group and entered into Vocus (or sent to the Stakeholder Relations Team).

Note: This profile should be reviewed periodically and any changes should be updated in VOCUS.

Stakeholder Group Profile	
Stakeholder group	<i>(e.g. domestic/ business customers, charities, national/local government, MPs, DSP, environmental groups, single-issue groups etc.)</i>
Stakeholder representative contact details	
NGN relationship manager	
Primary engagement topic(s)	
Knowledge of topic(s) (Circle one of the options. If multiple issues, indicate knowledge level for each issue)	<i>Leading opinion / good knowledge / medium knowledge / lacking knowledge / no knowledge</i> <i>Give brief details:</i>

Stakeholder Group Profile	
Stakeholder expectations towards the business	
Current approach to engaging the stakeholder	
Other business area involvement / other comments	
Willingness to engage	
Are we aware of any relationships/ conflicts with other NGN stakeholders	
Engagement risks and opportunities	
Practical issues to consider (e.g. the stakeholder's ability to engage given resources, staff, etc)	

Stakeholder Individual Profile	
Organisation	
Individual contact person	
Contact details	
NGN relationship manager	
Expectations towards the business	
Current approach to engaging the stakeholder	
Are we aware of any relationships/ conflicts with other NGN stakeholders?	
Knowledge of the issues	<i>Leading opinion / good knowledge / medium knowledge / lacking knowledge / no knowledge</i> <i>Give brief details:</i>
Other business area involvement / other comments	

Template 3: Developing an engagement plan

Use this template when planning a formal stakeholder engagement activity (e.g. 1-to-1 meetings, stakeholder workshops, town hall events, etc). Submit this completed template to the Stakeholder Relations team, who can support you with any questions you may have. The team will record this information in VOCUS.

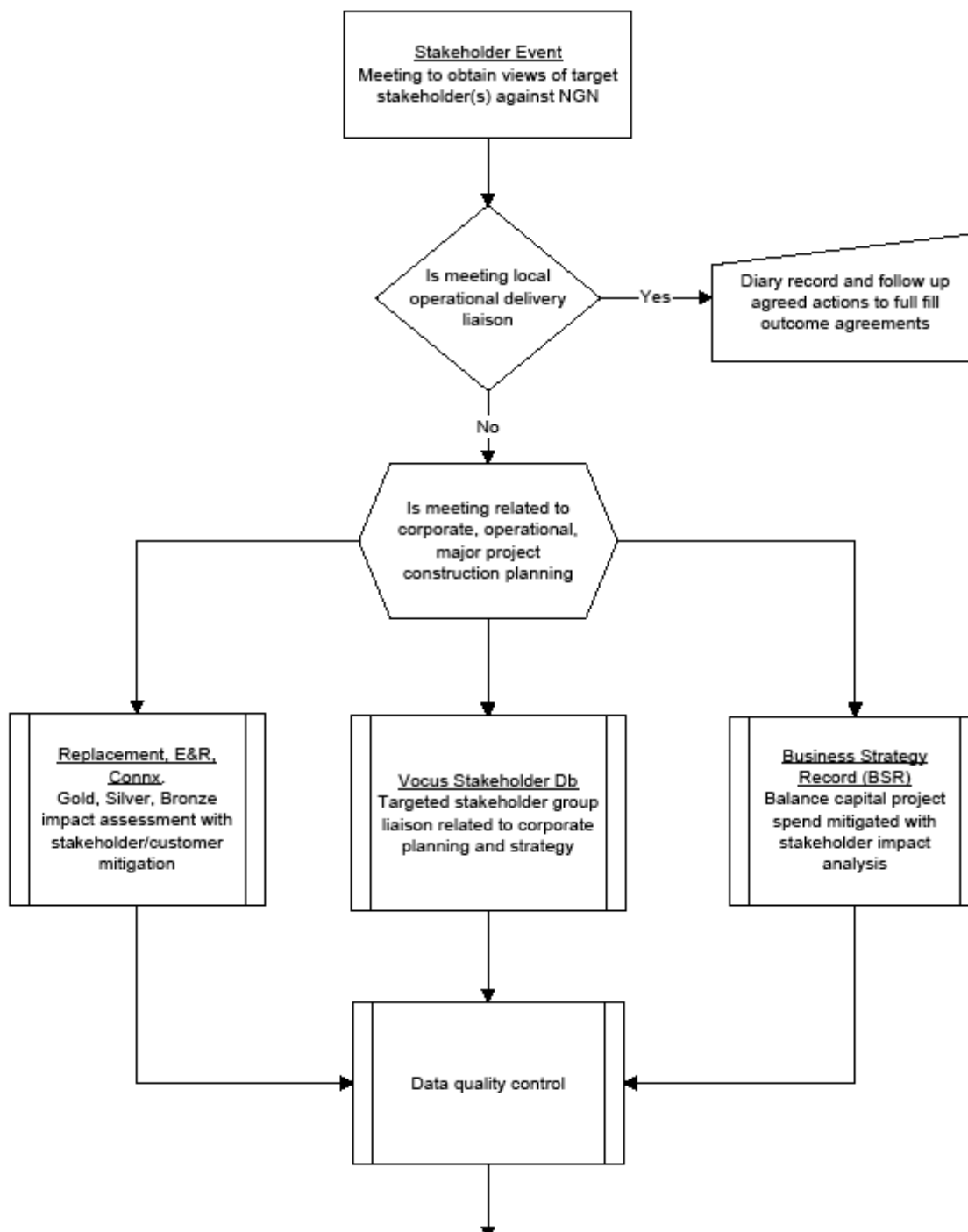
Important: Submit any supporting documents (invites, invitation list, marketing materials, presentations slides, minutes, notes, approvals, etc.) to the Stakeholder Relations team. This information will be required for NGN's stakeholder engagement assurance process.

Engagement Planning Template			
Overview			
Subject of engagement - Scope			
Strategic objectives Intended outcomes			
Engagement approach Method(s)			
Targeted stakeholder groups			
Practical plan	Activities and resources	Responsibility	Timeframe
Preparation			
Invitation / publicity			
Pre-information			
Logistics			
Venue, timing (if not ongoing)			
Transport, food, lodging etc.			
Equipment etc.			
Participants reimbursement			
Process to meet desired outcomes			
Agenda/ plan for the event			
Ground rules and terms of reference			
On the day roles and facilitation			
Record keeping and assurance			
Assurance procedure			
Feedback to participants			
Wider communication of results			
Signals of success (hoped for inputs and outcomes)			
Participant satisfaction feedback method			
Risk Assessment			
Risks			
Contingency plan			

Stakeholder Engagement Record v8 (02-05-14)		
<p>Instructions: This form should be completed following stakeholder engagements including face-to-face, etc.</p> <p>Please fully complete electronically, data input via your Depot Admin Asst and ask they send the copy form to the stakeholder@northerngas.co.uk</p> <p>Attachments MUST be named in format; Owner initial-Stakeholder-Date of Event e.g. BD-Joe_Bloggs_14-02-14</p>		
NGN/AMEY Owner:		
NGN Owners Mobile Number:		
Date of Event:		
Time of Event:		
Stakeholder Details	Name of Stakeholder:	
	Stakeholder's Job Title:	
	Stakeholder's Organisation:	
	Organisation Address: <input type="text"/>	
	Street	
	Town/City	
	County	
	Postcode	
	Stakeholder's Mobile Number	
	Stakeholder's Landline Number:	
	Stakeholder's email: <input type="text"/>	
	Stakeholder's Website	
	Stakeholder's Twitter Handle	
	Subject of Meeting/Event:	
Type: e.g. Meeting/Callback etc		
Please Choose Business Categories	CO (Carbon Monoxide)	Issues; detection, education, prevention etc.
	Customer Experience	Liaison, assessing customer requirements, courtesy, enabling meetings etc.
	Environment & Sustainability	Carbon developments, renewable, green agenda, recycling etc.
	Fuel Poverty	Issues; detection, education, prevention etc.
	Network Safety & Reliability	Innovation, incident, winter contingency, new technology, benchmarking etc.
	Vulnerable Groups (Hard to reach)	Schools, Play safe, Community Groups, Charities, Mentoring etc.

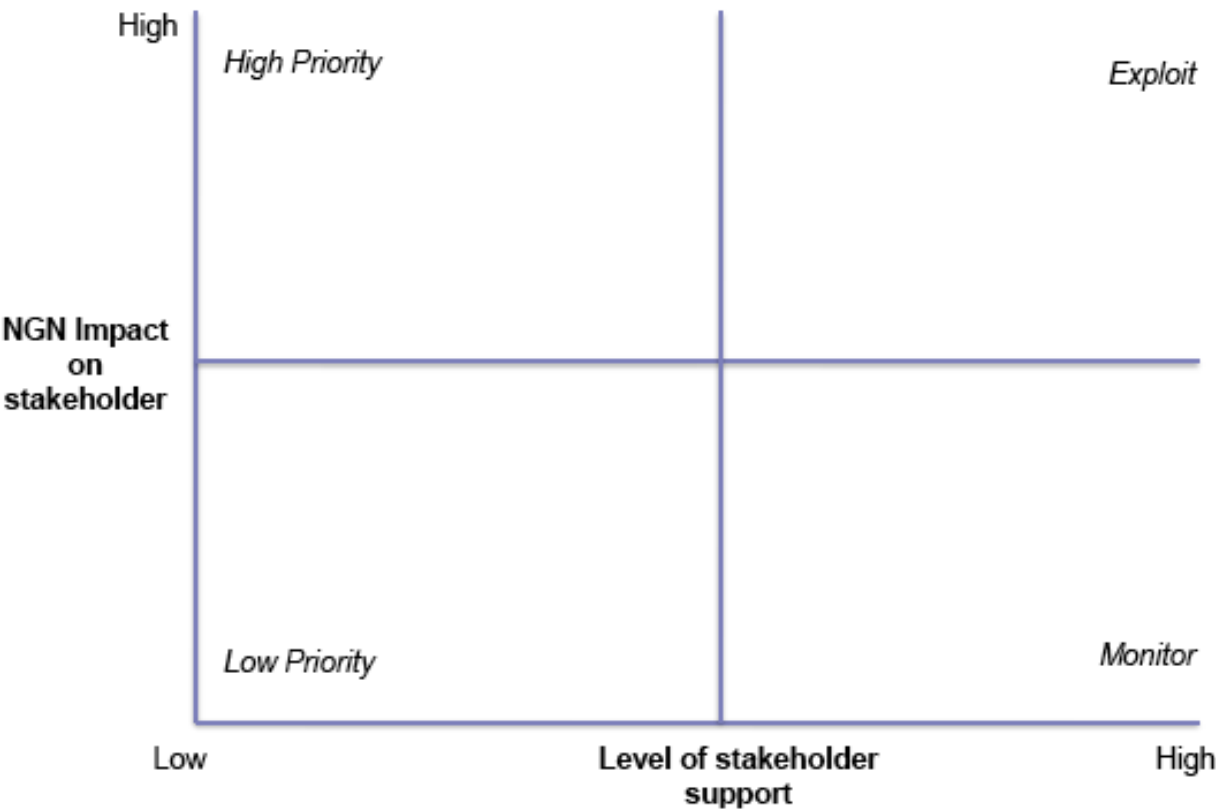
NGN Region:		
Who from NGN was Present:		
Stakeholder Engagement Record v8 (02-05-14)		
Outcomes:	Purpose:	
	Were The Objectives Of The Engagement Met?	
	Are There Any Operational Or Strategic Implications For NGN?	
	Do Any Issues Need To Be Escalated?	
Follow-up Actions Completed:		
Responsibilities		
Deadlines For Completing Actions		
How Actions Or Decisions Will Be Communicated To Stakeholders		
Was Escalation Needed (Who)?		
NOTES: inc Feedback & comments from stakeholder.		
Any Quotes That We Can Use.		

NGN Stakeholder Event – Data Capture (31.01.14)



NOTE: Stakeholder events related to formal compliance with Ofgem across Regulation, HSE, Asset Risk Management, Customer, Stakeholder and Innovation to be incorporated into Vocus.

Prioritisation: Impact Analysis



Northern Gas Networks Stakeholder Engagement Strategy 2013/14



1. Introduction

Northern Gas Networks (NGN) has impacts on homes, businesses and communities across the North of England. We safely deliver gas to 2.7 million homes and businesses, recognising that the more than 8 million people who live and work in our network area rely on us to deliver an exceptional service and to operate our business responsibly.

At the heart of what we do are safety, reliability and great customer service. Without the efficiency of our network and dedication of our team, the region simply would not function.

Beyond managing our impact on local communities, we recognise our position to influence decisions at a national level. As such, we relentlessly work to improve our engagement activities with our stakeholders, both local and nationally

Our vision for the business is to be best-in-class, to be a responsible corporate citizen in our region, and to maintain a corporate culture of high performance and continuous improvement. It makes commercial sense to seek input from others to improve our delivery strategies; and maintain our position of being recognised by Ofgem as being the most cost efficient of all eight UK Gas Distribution Networks.

This vision is intrinsically linked to how we engage with our stakeholders. Simply stated:

“Stakeholder engagement will underpin and support everything we do so that we are inclusive, responsive, and recognised as a trustworthy and reliable organization delivering excellent customer service.”

2. Purpose of stakeholder engagement

We believe stakeholder engagement provides a vital two-way tool that:

1. Allows us to keep stakeholders informed, ensuring they understand what we do, how we can support them, and what we are planning.
2. Provides stakeholders with a way of sharing feedback on their experiences of us, and a mechanism for them to have an input into our future plans and priorities.

Stakeholder engagement helps us identify where we are positively received and understand where we fail to meet expectations, in order to improve our service and provide direction and focus to our business.

Drivers for stakeholder engagement

Understanding stakeholder priorities and how they align with our business plans

Improving service delivery

Informing long-term planning

Building trust

Managing operating costs

Enhancing reputation and perception

Being part of the community

3. Upholding world-class standards of stakeholder engagement

We have adopted the AA1000 Stakeholder Engagement Standard (SES), currently the only assurable such standard in the world. The AA1000 SES is founded on the principles of Inclusivity, Materiality and Responsiveness:

Inclusivity	Participation of stakeholders in developing and achieving an accountable and strategic response to legitimate social and environmental concerns.
Materiality	Determining the relevance and significance of these concerns to the organisation and its stakeholders.
Responsiveness	Responding to stakeholder concerns.

For NGN, this means we are committed to:

- Including our stakeholders in decision-making, particularly those on whom we have the greatest impact, and those who can influence our long-term planning cycles.
- Focusing on the issues that are most relevant to those we impact in our local communities
- Listening and responding to our stakeholders’ concerns, particularly stakeholders who are affected by our programme of works.

4. Our Stakeholder Engagement Framework

In order to achieve our vision of being best-in-class and uphold the principles outlined above, we are taking a holistic approach to stakeholder engagement. This approach is rooted in a clear understanding of what we want to achieve through engagement; integrating best practices within our business; positively impacting our local communities; and influencing policies at a national level. During 2012/13, we established a framework that guides our approach to effective stakeholder engagement. It is based on the following elements:



A clear vision for stakeholder engagement that demonstrates direction, ambition and alignment with business strategy.

Our stakeholder engagement strategy enables us to achieve our vision and ensure that both the business and our stakeholders derive value from our stakeholder engagement activities. We have identified five areas where we have defined our ambitions for stakeholder engagement at NGN:

Ambition	Value Proposition
Lead	We aim to take a leadership role in addressing specific issues that affect vulnerable stakeholders and our business. Being leaders will enable us to make valuable social and commercial contributions to our local communities, shape national agendas and change industry norms.
Collaborate	We believe collaboration with our peers and institutional stakeholders will help us to address local issues and influence national agendas more effectively than working alone. Through collaboration, we will aim to leverage efficiencies and develop new approaches to addressing stakeholder concerns.
Embed	We are committed to integrating best practice in our engagement procedures across our business. This will help us to become more effective at responding to our stakeholders and ensure consistency in our standards of engagement. It will also help us to minimise the risks and costs (both financial and reputational) that result from poor engagement outcomes.
Communicate	Effective communication begins with understanding our stakeholders and their priorities. We aim to balance our time and effort across a range of stakeholder needs and communicate our response to their concerns, in line with our Stakeholder Engagement principles. We will work to be recognised as an inclusive and responsive organisation.
Improve	We aim to continuously improve, proactively evaluating our performance in order to build on our successes and learn from our mistakes. We are committed to listening to and learning from stakeholder feedback, through multiple channels including our annual independent evaluation and assurance.

Governance

Director level oversight of our stakeholder engagement strategy, with accountability for delivery embedded at the appropriate level of the organization.

Our stakeholder engagement governance structure sets out responsibilities for stakeholder engagement up to CEO-level. It allows us to respond quickly to escalated issues and incorporate feedback into our decision-making. We have established Director-level oversight of our stakeholder engagement strategy, with accountability for delivery embedded across the organisation.

Responsibility for stakeholder strategy, formal consultations and engagement sits with the Head of Stakeholder Relations. Stakeholder engagement is a standing agenda item within the weekly Business Review Group (BRG), consisting of the CEO and Executive Directors.

A Stakeholder Engagement Working Group has also been established and meets on monthly basis to provide guidance and review progress made in the implementation of our stakeholder strategy. The group is chaired by our Director of Stakeholder Relations and reports to the Business Review Group. The group is made up of colleagues from across the organisation, including:

- Director of Stakeholder Engagement
- Director of Inspire Academy
- Business Change Manager
- Head of Stakeholder Relations
- Head of Social Strategy

The terms of reference for the Stakeholder Engagement Working Group are included in the Stakeholder Engagement Manual.

Regional operational meetings and monthly asset management meetings now also frequently have a stakeholder element.

Skills & Training

Ensuring stakeholder-facing individuals have the requisite skills and capabilities to carry out engagement effectively, including regular training and developing knowledge-sharing mechanisms

Our in-house training facility, the inspire Academy, supports the skills and training of NGN employees. During 2013, Stakeholder awareness training was introduced into NGN's New Welcome Induction process.

Stakeholder engagement and customer delivery skills are an integral part of our recruitment criteria. Our values – Personal Drive, Personal Integrity and Personal Commitment – and the five C's – collaboration, commerciality, communication, customer and change and improvement – provide the core competencies that we formally assess when recruiting any new talent to the business.

Stakeholder awareness and engagement are also an integral part of our Leadership and Management training. All Regional Managers and Customer Operation Area Manager's receive this training.

In addition, individual one-to-one coaching sessions are delivered by the Director of Academy and Talent Management to colleagues business-wide as well as workshops to help develop and hone key stakeholder skills such as presenting, communicating and conflict resolution.

We believe it's important for capacity building and knowledge sharing to extend beyond the walls of NGN. We have led the set up of a new Stakeholder Relations Regional Forum in 2013, comprising ourselves, Northern Powergrid, Yorkshire Water and Northumbrian Water. The group meets every other month to share best practice, with a particular focus on engagement around hard to reach customers (vulnerable) as well as current issues.

We will continuously seek opportunities exchange knowledge and experiences with other organisations through workshops, forums and platforms for collaborative engagement

Engagement procedures

How stakeholders are kept informed about relevant issues, business activities, decision-making and other developments

We recognise that processes are important to the ensuring the quality, consistency and effectiveness of our stakeholder engagement. NGN's Engagement procedures consist of:

- A process for identifying and prioritising stakeholders and appropriate methods for engagement.
- A systematic approach to addressing stakeholder concerns, documenting outcomes, and responding appropriately.
- Performance indicators and measurement systems to ensure we are monitoring the quality and impacts of our engagement activities, not only the outcomes.

We strive to ensure that our engagements are of a high quality and we uphold the principles set out in our strategy: inclusivity, materiality, and responsiveness. When we carry out public consultations, we strive to adhere to the following principles of good stakeholder practice:

NGN Stakeholder Engagement Consultation Principles

1. Be well-timed and allow sufficient time to respond.

We will schedule consultations to allow the results time to influence policy/proposal development.

2. Clearly present relevant information and encourage informed opinion.

The consultation will clearly state the proposal, why we are consulting, and how we will use the findings. This information should be easy to comprehend, use clear language and clarify the key issues.

3. Be transparent about the process.

We will clearly state the purpose of the consultation process, and the stage of the development that the policy has reached. It should be apparent which aspects being consulted on are open to change and which decisions have already been taken.

4. Communicate the process well.

We will publicise consultations and make reasonable attempts to inform stakeholders that they are happening. Consultations on major proposals affecting large numbers of people will be publicised on our website.

5. Provide fair, accessible feedback.

We will publish the findings of consultations and, later, how they have been used. These will be reported in a balanced way.

Details and guidelines for our stakeholder engagement processes and supporting tools can be found in NGN's Stakeholder Engagement Manual, which is updated regularly by the Stakeholder Engagement directorate.

Section V presents a summary of how we have engaged our key stakeholders, using a variety of mechanisms, tailored to meet their needs.

Reporting and evaluation[NG1]

Our reporting and evaluation procedures include:

- Systems and tools for recording feedback and evaluating quality of engagement. Our customer- and stakeholder-facing staff record information about our stakeholders and details about engagement outcomes in Vocus, our internal database. Our stakeholder workshops include time for feedback as part of the agenda.
- Integration of feedback into organisation and strategy. Our Stakeholder Relations directorate oversees this process.
- Communication and reporting of outcomes. Stakeholder engagement outcomes are a standing agenda item during weekly meetings with the Executive team or monthly meeting with the SE Leadership Group.
- Independent evaluation and assurance of our processes against recognised and credible standards.

Evaluation

Starting in 2013, NGN's approach to stakeholder engagement is evaluated against AA1000SES by an independent auditor. We will continue to assess the quality of our engagement approach and strategy implementation, annually. The feedback from our independent auditors will be reviewed by the Senior Management team and the results will inform our future goals and commitments around continuous improvement.

The Management Report of the audit is held by the Stakeholder Engagement directorate.

5. Prioritising our stakeholders and their concerns.

NGN has a wide range of stakeholders, all of whom have different priorities and concerns. During 2012/13, we carried out a rigorous stakeholder mapping exercise in order to map our stakeholders and review how our engagement activities are aligned with stakeholder issues.

Our stakeholder map can be found in the Stakeholder Engagement Manual.

We appreciate that under each of our focus areas, there are various topics of concern to our stakeholders. We have taken a methodological approach to understanding the specific topics to which we should be responding.

During 2013, the Stakeholder Engagement team carried out a materiality analysis to prioritise specific topics of stakeholder concern. The output is a materiality matrix that illustrates the importance of different topics of importance to NGN and to stakeholders. We have also undertaken an analysis of the issues that are important to the business, with guidance from AccountAbility.

This resulted in the segmentation of our engagement activities across five focus areas:

1. Community involvement and social responsibility, with a focus on:
2. Environment and sustainability
3. Network safety and reliability
4. Business improvement
5. Customer service

We have since narrowed our focus in Community involvement and social responsibility to three issues, including: fuel poverty, carbon monoxide awareness, and supporting vulnerable customers.

Business improvement, meanwhile, is no longer defined as a stand-alone theme, as it is a cross cutting theme that is integral to everything we do.

Our updated materiality map can be found in the Stakeholder Engagement Manual.

The table below presents a cross-section of our stakeholder groups, the issues we have engaged them on and our methods of engagement.

Focus area	Stakeholders engaged	Engagement activities
1. Carbon monoxide	Schools, universities, , national government, local authorities, public/private landlords, estate agents, leisure industry	<ul style="list-style-type: none"> • CO iCOP smartphone app. • Training employees to deliver CO awareness briefings.
2. Fuel poverty	Charities, community organisations, local authorities, town and parish councils, other GDNs, Ofgem	<ul style="list-style-type: none"> • Fuel Poverty strategy developed using external workshops and specialist strategic stakeholder input.
3. Community involvement and social responsibility	National government, charities, private landlords, prison service, community support groups	<ul style="list-style-type: none"> • Education programmes; engaged specialist advisor 'Headline' to review current processes. • Regular meetings with community groups and charities e.g. Prince of Wales Trust.

Focus area	Stakeholders engaged	Engagement activities
4. Environment and sustainability	Peer companies, NGOs, Environment Agency, entrepreneurs (Energy Innovation Centre)	<ul style="list-style-type: none"> • Benchmarking and collaboration through industry bodies. • Collaboration with NGOs and other bodies on strategy and research. • Workshops, conferences and investment meetings.
5. Network safety and reliability	Contractors & direct service providers, emergency services, land-owners	<ul style="list-style-type: none"> • Safety/resilience meetings and incident simulations. • Promotional material and smartphone app. • Collaborations e.g. West Yorkshire fire service.
6. Customer Experience	Domestic and business customers, local SMEs	<ul style="list-style-type: none"> • Customer surveys. • Care calls and letters. • New customer workshops. • Customer/stakeholder impact assessment process to provide consistent delivery and quality.

Northern Gas Networks Fuel Poverty Strategy Version 8.0



Introduction

Northern Gas Networks has a regulatory obligation to measurably impact on fuel poverty and this is highlighted as a priority area within our Stakeholder Engagement strategy which links directly back into the organisation's overall Strategic Objectives.

We not only recognise the need to accelerate our investment in addressing fuel poverty, but also have a desire to go beyond simply delivering our outputs under the RIIO regulatory framework.

Acknowledging that there are currently a number of gaps in our knowledge, infrastructure and abilities to achieve the above, this document represents our outline strategy for plugging these gaps, strengthening our infrastructure and developing a set of KPIs that enables us to quickly, effectively and measurably start to achieve the ambitious objectives we have set ourselves, as well as continuing to meet (or preferably beat) our target obligations in the meantime.

This strategy will continue to evolve as we measure and learn from our activities to date and receive and act on feedback from our stakeholders (customers, partners and expert advisors).

Our obligation

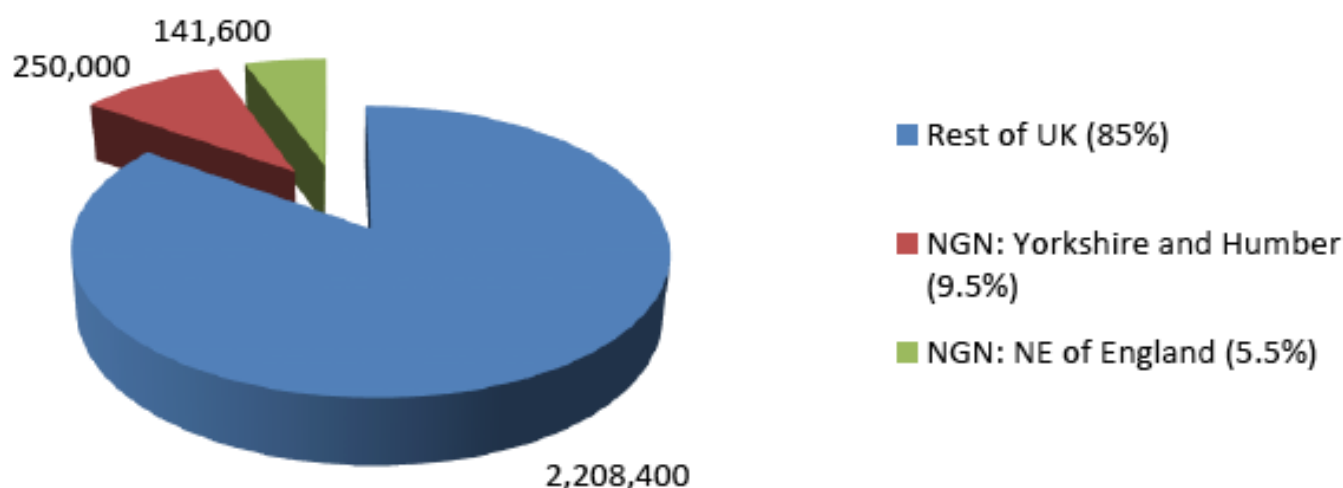
Since the Hills review was undertaken in 2012, fuel poverty in the UK has been defined as a household spending more than 10% of their income to maintain a satisfactory heating regime (21°C).

The incidence of fuel poverty in the UK is now measured using 'the low income high costs definition' matrix that plots income levels against energy use (and the energy efficiency of the home) to establish whether a household is fuel poor because:

1. Its income falls below the poverty line (taking energy costs into account) and
2. Its energy costs are higher than is typical for the household type

Based on 2011 data, the Hills review calculated there were 2.6 million households in the UK with a fuel poverty gap, adding up to £1.3 billion overall or £494 per household.

NGN has just under 400,000 fuel poor customers, of which a large proportion does not currently have a gas supply.



At the start of our current eight-year RIIO price control period (April 2013-April 2021), Ofgem set gas distribution network operators (GDNs) the target of bringing 80,000 households onto the gas network by the end of 2021.

Northern Gas Networks' individual obligation, as agreed with Ofgem, is 12,000 assisted connections over this RIIO period, with an annual target of 1,500.

Our objective

'TO REMOVE AS MANY PEOPLE AS POSSIBLE FROM FUEL POVERTY ON A SUSTAINABLE BASIS'

Strategic development factors

As well as supporting our overarching Strategic Objectives, our Fuel Poverty Strategy has also been informed by consulting with our stakeholders.

During the fuel poverty sessions at our most recent stakeholder workshops (January 2014), key themes and issues raised included:

1. COMMUNICATION

Stakeholders said:

- We want to understand more about NGN and your fuel poverty strategy
- Give us more regular updates
- You need to do more to raise awareness of who you are and how you can help fuel poor customers
- You need a guru to direct your fuel poverty agenda
- Come and see us face to face and speak at relevant events

2. PARTNERSHIP DEVELOPMENT

Stakeholders said:

- There are many groups of people experiencing fuel poverty
- You need to prioritise locations and/or fuel poor household/customer type
- Pay attention to people with ill health/long-term illnesses and those living in rural areas
- Form stronger partnerships with councils, social landlords and Citizens Advice Bureaux
- Work more closely with the 'Big Six' shippers to share data and achieve the most favourable tariffs for the most vulnerable/fuel poor

3. SCOPE OF PROGRAMME

Stakeholders said:

- Develop tools to enable partnerships to have a real impact (eg. set up an internet resource for partner organisations to share data and information)
- Educate more of your employees so that they can provide more support for partnerships
- Integrate fuel poverty initiatives into day to day activities of front line and customer facing staff
- Explore the setting up of a charitable trust fund
- Engage with smart metering

In developing this strategy, we have also sought and responded to guidance from external specialists including Jenny Saunders (NEA) and Teresa Perchard.

Our top-line strategy

ACTING LOCALLY (VIA PARTNERSHIP AND COLLABORATION) AND IN TURN INFLUENCING THE NATIONAL AGENDA



STRATEGIC GOALS

GOAL 1:

BEAT OUR OFGEM TARGET FOR GAS CONNECTIONS

OFGEM TARGET

NGN TARGET

12,000 by 2021

16,000 by 2021



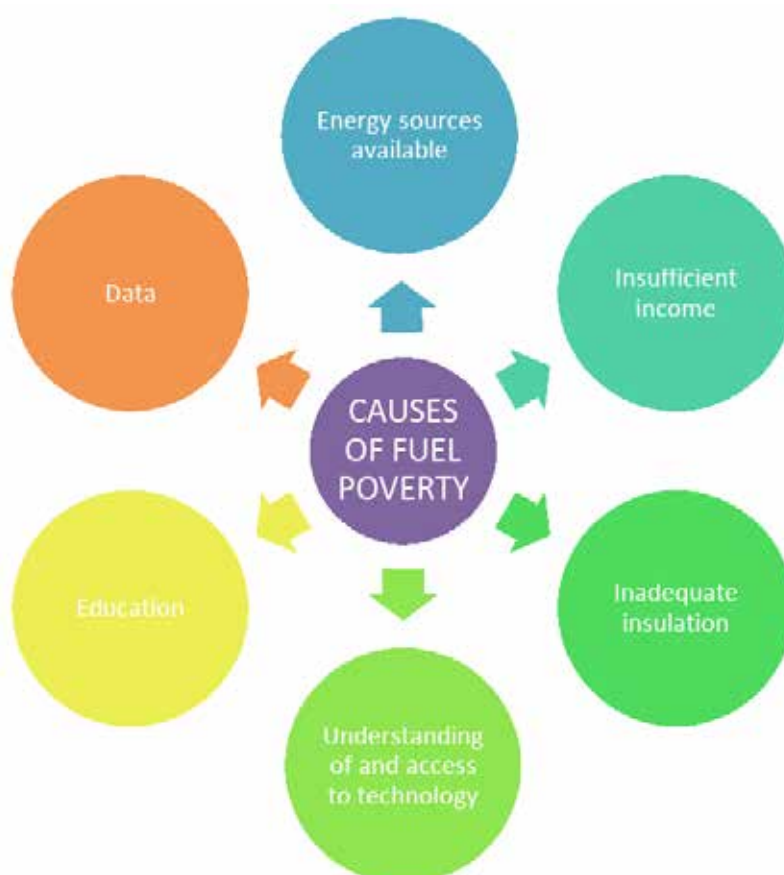
GOAL 2: DELIVER A MORE HOLISTIC SOLUTION THAN JUST A CONNECTION

A gas connection alone will not support a real and measurable upturn in the fortunes of many households currently classed as fuel poor. These customers also need help in a range of areas that directly address the factors that contribute to fuel poverty including:

- Researching, obtaining and installing the right/best appliances
- Improving energy efficiency
- Assisting households in understanding benefit and grant entitlements

and

- Providing education and information to provide a greater understanding of energy tariffs



GOAL 3: INFLUENCE THE NATIONAL FUNDING LANDSCAPE

- Make sense of/unlocking/accessing funding against the background of an ever-changing funding landscape
- More accurately identify/categorise our fuel poor population
- Develop and maximise the impact of our existing and target partnerships locally and sharing this knowledge nationally

Achievements to date

Activity will build on our achievements to date, specifically:

- Establishing our 'Business Pipeline' operating policy which ensures that all domestic customers who request a gas connection are made aware of the opportunity to have one installed for free
- Development of partnership with CES, British Gas, Warm Up North, NEA, E-ON, GENTOO, The Children's Society, Dying to Keep Warm, Northern Powergrid
- Creation of our Changing Energy campaign and new 'free gas connection' literature

2014/15 Strategic priorities (and success measures)

Ultimately, our aim is to build on our achievements to date to provide a comprehensive fuel poverty programme that ensures measurable positive impacts on in our region as well as being in a position to share learnings/models that can make an impact nationally.

This will be achieved by working consultative way with each fuel poor household to develop a bespoke solution that considers the best mix of available technologies (gas, electricity, renewables, smart technologies), whilst also influencing the national energy agenda to support the needs of our customers (looking for alternative sources of gas for example).

In order to get to this point we must first question current mechanisms/frameworks that stand in the way of joined up approach, work with partners to develop a joined up approach to information and resource sharing locally, and develop this strategy further.

Our short-term priorities are as follows:

Communication

	KPIs (by strategic goal)
APPOINT A HEAD OF SOCIAL STRATEGY A dedicated resource/'go to' person responsible for delivering our fuel poor strategy, with key responsibilities including: <ul style="list-style-type: none">- Delivery of 12,000 fuel poor connections- Exploring opportunities to identify additional assisted gas connections from delivering our ongoing gas main replacement programme within known fuel poor areas- Reviewing the working relationships with fuel poor accredited organisations/existing partners- Co-ordinating the NGN Innovation team and support delivery of related projects- Managing NGNs social stakeholder relationships, including the Big Six, Ofgem, other GDNS, suppliers, academia, local and national collaboration partners- Promoting a social culture within NGN via an effective communications strategy, reporting mechanism and delivery flow of projects	1. 2. 3.
FUEL POOR STAKEHOLDER COMMUNICATIONS PLAN Respond to what stakeholders told us at our 2014 workshops and develop/implement a plan that includes: <ul style="list-style-type: none">- A regular newsletter- Information resources/programme documentation that fully explains what NGN can and can't currently offer and what it hopes to be able to offer in the future- An ongoing programme of one to one meetings with key stakeholders- Attending and speaking at partner events- Joining/establishing fuel poverty forums regionally- Exploring the feasibility of setting up a steering group for structured regular engagement	1. 2. 3.
NGN EXTERNAL AWARENESS BUILDING CAMPAIGN Develop our existing programme of communications activity designed to help raise awareness of how we can help fuel poor customers (through providing a free or subsidised gas connection in the first instance).	1. 2. 3.

Partnership development

	KPIs (by strategic goal)
CUSTOMER SEGMENTATION EXERCISE Consultation with stakeholders highlighted the challenge of how best to identity/prioritise which customers we need to focus on. On the advice of our expert panel, we will undergo a mapping process to develop a short, medium and longer-term target list of priority areas and customer profiles.	1. 2. 3.
PRIORITISATION OF PARTNERSHIPS On the back of the above, we will undertake a detailed exercise to prioritise our partners and build a programme of engaging/communicating with them as outlined above. We will focus on those partners that most closely represent the needs of our target customers, as well as those highlighted by stakeholders as part of our consultation/ongoing engagement activities.	1. 2. 3.
PARTNERSHIP MANAGEMENT BLUEPRINT Create (and then clearly communicate) a blueprint that assists partners (and NGN employees) in understanding what we are looking to achieve through our partnership (eg. access to priority customer data, funding, complementary services and regional/national influence)	1. 2. 3.

Scope of programme

	KPIs (by strategic goal)
PARTNERSHIP RESOURCE PROVISION Create a central resource where everyone involved can find and share information and resources	1. 2. 3.
EMPLOYEE ENGAGEMENT Develop the knowledge and ability of front-line and customer facing staff to enable them to better support partnerships. This will build on our existing programme of training for connections staff and engineers to include: <ul style="list-style-type: none"> - Recruiting additional resource/specialists as required - Inviting the NEA to deliver fuel poverty awareness training to our entire customer connections care team at Doxford Park 	1. 2. 3.
EXPLORE BIGGER PICTURE INITIATIVES Seek expert advice and guidance (via engaging with key stakeholders and partners) about the feasibility and potential impact of setting up a charitable trust fund and engaging with Smart Metering. Identify other bigger picture initiatives that may support our strategic goals.	1. 2. 3.

Future priorities

Aside from meeting/beating our ongoing annual connections targets, next steps will largely be informed by the outputs of our 2014/15 strategic priorities, at the end of which we will publish our 2015 – 21 priorities.

Impact measurement and governance

Outputs will be measured against the stated KPIs and reviewed monthly by our fuel poverty steering group:

Stephen Parker, Regulation Director

David Gill, Director of Stakeholder Relations

Tom Notman, Head of Connections and Customer Operations Support

Gareth Mills, Head of Asset Investment and Innovation

Brian Dobson, Head of Stakeholder Relations

Stakeholder Engagement Procedures

Gold, Silver, Bronze



Planned works to be classified at design stage and validated during enabling works and again on site

<p>8 weeks road closure, no access, highly visible/intrusive works, multiple interruptions, reinstatement volume</p> <p>3-5 weeks, restricted access (alternative available)</p> <p>No interruptions, low visibility of works, short term (3 weeks)</p>	High			
	Impact			
	Low			
		Basic	Stakeholder & Customer profile	Complex
		0-10 Domestic customers only	10-50 Domestic and small commercial Customers, local stakeholders (e.g. School, parish council)	50+ Domestic, vulnerable, commercial & Industrial customers, highways, local authority

Enabling works and Site Appearance guidelines

	Bronze	Silver	Gold
Repex	Check enabling works complete, identify vulnerable customers, KICK, blue courtesy boards, scenario cards, Clean PPE and van, visible ID, one brand, Herras fencing and standard signage <i>Site Manager business cards</i>	All Bronze plus: Bespoke leaflet dropped, bespoke Herras signage, playsafe, additional parking/traffic mgt, local stakeholder engagement <i>Site Manager business cards</i>	All bronze plus: Bespoke leaflet dropped, bespoke Herras signage, QR code and social media links, customer support vehicle, Press updates, Local Council and Highway authority engagement <i>Site Manager business cards</i>
Connections	<i>To be developed</i>	<i>To be developed</i>	<i>To be developed</i>
Capex	Check enabling works complete, identify vulnerable customers, KICK, blue courtesy boards, scenario cards, Clean PPE and van, visible ID, one brand, Herras fencing and standard signage <i>Site Manager business cards</i>	All Bronze plus: Bespoke leaflet dropped, bespoke Herras signage, playsafe, additional parking/traffic mgt, local stakeholder engagement <i>Site Manager business cards</i>	All bronze plus: Bespoke leaflet dropped, bespoke Herras signage, QR code, customer support vehicle, Press updates, Local Council and Highway authority engagement <i>Site Manager business cards</i>
Opex	Identify vulnerable customers, KICK, blue courtesy boards, Clean PPE and van, visible ID, one brand, Herras fencing and standard signage	All Bronze plus: Bespoke leaflet dropped, additional parking/traffic mgt, local stakeholder engagement	All bronze plus: Bespoke leaflet dropped, bespoke Herras signage, QR code and social media links, customer support vehicle, Press updates, Local Council and Highway authority engagement

