



**Scotia**  
Gas Networks

# Stakeholder Engagement Submission

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## Scotia Gas Networks

May 2014



## STAKEHOLDER ENGAGEMENT INCENTIVE SCHEME



Making a positive difference  
for energy consumers

### STAKEHOLDER ENGAGEMENT – PART 1 SUBMISSION ENTRY FORM

#### COMPANY DETAILS: (please complete)

Company: Scotia Gas Networks  
Licensee(s): Scotland Gas Networks  
Southern Gas Networks  
Address: St Lawrence House  
Station Approach  
Horley, Surrey  
Postcode: RH16 9HJ

#### CONTACT DETAILS: (please complete)

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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](mailto: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"> <li>- how the network company keeps stakeholders informed about relevant issues, business activities, decision-making and other developments;</li> <li>- how the network company enables timely input and feedback from stakeholders via appropriate mechanisms to inform decision making.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder Engagement Strategy (appendix B)</li> <li>• Terms of reference (ToR) for our internal Stakeholder Engagement Steering Group (SESG) and external Stakeholder Advisory Panel (SAP) (appendix C and D)</li> <li>• Assurance statement from Pricewaterhouse Coopers (PwC) (appendix L)</li> </ul>	<ul style="list-style-type: none"> <li>• Our stakeholder engagement (SE) strategy outlines who our stakeholders are (section 3.1), the drivers for SE and how it is aligned with our business strategy and activities (pg 5 and 6). It also states how we keep stakeholders informed about relevant issues and roles and responsibilities in delivering our strategy. We have included a case study on core and vac on page 4 to demonstrate how our stakeholder engagement strategy and process works in practice.</li> <li>• We outline our new governance structure on page 3 of Part 1. Our SESG is accountable to our Executive team for the delivery of our SE strategy (appendix C, 9.1 and 9.2). This year one of our main priorities was to establish strong governance mechanisms, and clearly assign responsibilities to 'review/approve changes to our company's strategy, process or business plan as a result of stakeholder feedback' (see section 8 – objectives under the ToR for SESG).</li> <li>• Our SESG has the ultimate responsibility to ensure stakeholder input is fed back to our business. It also acts as a forum for decision making, and we provide examples of how stakeholder feedback has informed decision making processes in 'How our stakeholders' feedback informs our decisions?' in Part 1. We also acknowledge that stakeholder aspirations don't always align to our strategy, and provide an example of how we reported this back to our stakeholders in this section (page7).</li> <li>• Our external SAP's role is to act as critical friends to us in the development and implementation of our stakeholder engagement strategy. Its role and remit are further defined in appendix D. Its observations on how we implement our SE strategy and recommendations are outlined in page 8.</li> <li>• We commissioned PwC to reassure our stakeholders our stakeholder engagement strategy and processes described in Part 1 reflects our work to date. PwC audited our stakeholder engagement processes against the International Standard on Assurance Engagements (ISAE) 3000. More detail on the scope and key findings of PwC's work are available in appendix L.</li> </ul>

## MINIMUM REQUIREMENTS

<p><b>Please provide supporting evidence and high level overview of how your company has met the minimum requirements set out below:</b></p>	<p><b>Evidence submitted within application (ie, evaluation, assurance report, survey, etc.)</b></p>	<p><b>Overview of your arguments demonstrating compliance with requirement. Clearly signpost as to additional relevant evidence/ information within submission</b></p>
<p>A broad and inclusive range of stakeholders have been engaged.</p>	<ul style="list-style-type: none"> <li>• Stakeholder Engagement Strategy (appendix B)</li> <li>• Stakeholder Engagement Factsheet (appendix E)</li> <li>• An extract from our stakeholder map (appendix F)</li> <li>• Extract from our new cloud-based stakeholder engagement database: Vuelio (appendix I)</li> </ul>	<ul style="list-style-type: none"> <li>• For our previous submission, we asked all our business leads to identify their top five stakeholders and their most pressing issues. We had a 100% return on this questionnaire which enabled us to comprehensively 'map' stakeholder categories and organisations. We further strengthened this map by detailed input from our business leads through face-to-face interviews, which in turn, have provided robust examples of existing engagement processes showing how inputs, actions, and outcomes were captured. How we map our stakeholders is outlined in 'stakeholder mapping' (pg 3).</li> <li>• We provide a snapshot of all our stakeholders for smart metering to give an example on how we improved our mapping this year. This can be found in appendix F in supplementary evidence.</li> <li>• A list of our stakeholder are listed in 'Our stakeholders' (pg 4). A more detailed overview of our key stakeholders can be found in section 3.1 of our Stakeholder Engagement Strategy (appendix B).</li> <li>• 'An extract of one of our action plans' on page 5 provides an example of the diverse range of stakeholders we engaged with around 'working safely and efficiently in our streets'.</li> <li>• We have updated our stakeholder contacts and their details throughout our Let's Chat planning process. Our new cloud based stakeholder engagement database now holds over 1,100 stakeholders and their details. We provide further evidence in appendix I, for example, section 4 demonstrates our stakeholders range from local authorities like London Borough of Lambeth to not-for-profit organisations like Energy UK, and government organisations such as DECC and the Scottish Parliament.</li> <li>• We published our first stakeholder engagement factsheet this year to ensure all our colleagues understand what SE means, their role in contributing to our SE approach, who their business leads are and key contacts in our team to provide support (appendix E, also Part 2 page 7).</li> </ul>



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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 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>	<p>Our Stakeholder Engagement Factsheet (appendix E)</p> <p>'Let's Chat' stakeholder consultation document (appendix G)</p> <p>Let's Chat event feedback form (appendix H)</p> <p>Our social media strategy (appendix J)</p> <p>Fuel Poverty Survey (appendix N)</p> <p>Employee Engagement Survey (appendix O)</p>	<ul style="list-style-type: none"> <li>• We provide examples of diverse engagement channels we use in 'How we keep our stakeholders informed'. These channels include our Let's chat stakeholder consultation (appendix G), which was followed by our Let's chat sessions in London and Edinburgh in March 2014 (see pg X in Part 2). We gathered feedback from attendees using appendix H. Other examples include appendices E, M, N, and O.</li> <li>• We provide examples of how our engagement channels have been tailored to meet needs of our stakeholders in the same section. As evidence, we provide quotes from attendees of our Let's chat sessions on whether they felt the event was fit-for-purpose (see pg 5 in Part 1). We also provide a list of accreditations and awards received in 2013/14 in appendix K.</li> <li>• Our stakeholders are increasingly keen to interact with us through social media. Our Let's chat stakeholder events and consultation further reiterated this (e.g. part 2, page 4). Therefore we have reviewed and updated our strategy (appendix J) to ensure we're using these channels proactively to start conversations with our customers and wider stakeholders. Our social media strategy and achievements to-date are outlined on page 6 of Part 1.</li> </ul>
<p>The network company can demonstrate it is acting on input / feedback from stakeholders.</p>	<p>Terms of Reference for our internal SESG (appendix C)</p> <p>Our social media strategy (appendix J)</p> <p>Extract from our new cloud based stakeholder engagement database: Vuelio (Appendix I)</p>	<ul style="list-style-type: none"> <li>• Our SESG, chaired by our Executive team sponsor, has the ultimate responsibility to ensure we act on stakeholder feedback and deliver business changes in line with our company strategy. Its role is outlined in appendix C. We provide an example of how an investment decision for a stakeholder request is made on this forum on page 7 (see Hampshire Hitting the Cold Spots Campaign).</li> <li>• Following feedback from our stakeholders that they would like us to use social media more often (see pg 4 in Part 2), we have revised our social media strategy (appendix J) to ensure we use these channels proactively to start conversations with our stakeholders and customers.</li> <li>• Section 'How our stakeholders' feedback informs our decisions' provides more examples on how we acted on feedback from stakeholders, presented in a 'our stakeholders said / we have' format. As noted above, our case study on core and vac on page 4 is also another example of how our SE strategy works in practice and how we respond to our stakeholders.</li> <li>• Our new cloud-based stakeholder engagement database Vuelio, which we rolled out in January 2014, is a notable improvement to previous year's Excel-based approach. This bespoke platform enables us to keep track of our stakeholder contacts as well as capture and analyse stakeholder engagement data and report management information to improve decision-making (pg 5 and appendix I).</li> </ul>



## Part 1 | Stakeholder Engagement Submission

Introduction – in this section we will talk about our stakeholder engagement process and how it supports our business to deliver a better service for our customers.

**Unless otherwise stated, this submission refers to the Ofgem period 1 April 2013 to 31 March 2014.**

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Stakeholder engagement Let's chat event March 2014

### Foreword by John Morea, Chief Executive Officer



We exist to keep our customers warm and secure by delivering gas safely, reliably and efficiently across two very diverse networks serving 5.8 million homes. Our Scotland network distributes gas to 75% of Scotland's homes including remote areas not connected to the mains gas network via the Scottish Independent Undertakings (SIUs) at Stornoway on the Isle of Lewis, Wick, Thurso, Oban and Campbeltown. Our

Southern network stretches from Milton Keynes in the north to Dover in the east and Lyme Regis in the west. It also includes the London boroughs south of the River Thames in London, distributing gas to around 90% of homes.

The areas we serve are diverse geographically, economically and politically and so are our customers. It's imperative we proactively engage with all our stakeholders, incorporating their feedback into our current and future operations and planning process, which in turn makes our business more efficient and sustainable.

We have an effective process in place to meet our stakeholders' needs which we constantly review and modify as we're determined to keep learning. I'm personally committed to ensuring stakeholder engagement becomes second nature across our business going forward and I firmly believe everyone in our company, from the Board to our engineers, has a part to play. For example, following feedback from our external Stakeholder Advisory Panel, I will act as Board sponsor for stakeholder engagement from June 2014, and will report regularly to the Board on our stakeholder performance to support strategic decision-making.

Our business strategy underpins our entire approach to stakeholder engagement. Real and sustainable improvements are being made in our process and governance, and recent initiatives include:

- A new stakeholder engagement team in place to focus our efforts;
- A Stakeholder Steering Group established;
- An external Stakeholder Advisory Panel appointed; and
- Improvement in how we capture stakeholder feedback and provide support for the business leads in terms of action planning around our engagement strategy (expanded upon later in Part 1).

Alongside these initiatives, we've kept the gas flowing and faced the challenges of streetworks which are fundamental to what we do. We are also looking to the future by leading on innovative new techniques and embracing the challenges of social media (for more details on this see Part 1, page 6 and Part 2, page 1).

Our commitment to our business and stakeholder engagement strategy always has, and always will ensure we remain a customer focused, socially responsible and sustainable energy service.

John Morea  
Chief Executive Officer, Scotia Gas Networks

### How our stakeholder engagement strategy aligns with our business strategy

Our vision is what sets our future and we want to lead the way in energy delivery, engineering and sustainability, ensuring a brighter and secure future for all (see Appendix A). Our stakeholder engagement strategy is built on our company goals that establish a common understanding not only for our people, but also for our stakeholders (see Appendix B).

#### Our company goals:

- Meet our regulatory outputs and maximise incentives, whilst continuing to deliver value for all our stakeholders;
- Deliver a strong financial performance and acceptable shareholder return;
- Shape the future of a low carbon environment by leading the way in the development of green gas and as an energy source up to and beyond 2050;
- Minimise our effect on the environment and have a positive impact on local communities;
- Deliver excellent levels of safety and operational performance; and
- Create an inclusive and engaged team, proud to work and do their best for SGN.



#### Our stakeholder engagement strategic objectives:

- Keep our stakeholders informed, seek their input and ensure their feedback is used to inform our decision-making processes;
- Build strong relationships with key stakeholders and their representatives, based on trust and respect;
- Recognise the diverse nature of our networks and therefore diverse stakeholder aspirations and to ensure we engage accordingly;
- Provide a clearer, more focussed approach to managing our stakeholder engagement processes and ensuring our colleagues at each level understand their roles and responsibilities; and
- Assess how effective our stakeholder engagement activities are and make appropriate changes.

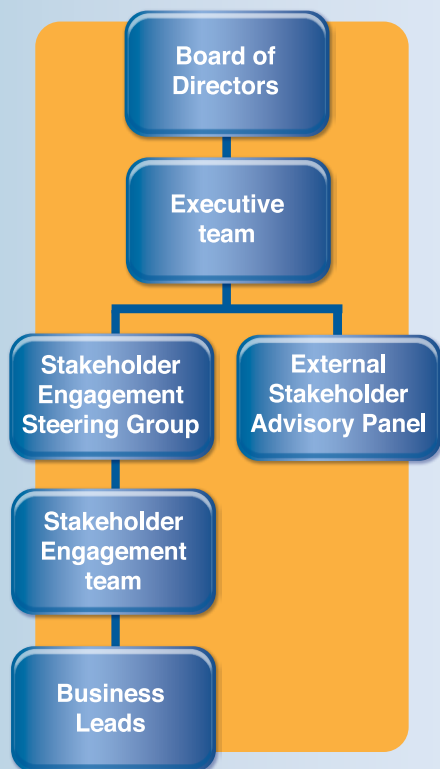
Our stakeholder engagement strategy provides a solid frame of reference for our company and colleagues as to how we can achieve our desired business outcomes and create a positive impact, aligned with AA 1000 Stakeholder Engagement Standard (SES).

#### Our approach to governance

Acting on feedback from last year's submission, we've transformed how we manage our stakeholder engagement strategy. We've set up an entirely new team dedicated to managing and leading our stakeholder engagement activities in our business, with an objective to ensure our initiatives are co-ordinated and on-message. We've put an extensive governance process in place through our Board, Executive team, and the introduction of our external Stakeholder Advisory Panel and our internal Steering Group.



## Our governance structure



Our **Board of Directors** represent our shareholders:

- SSE
- Borealis Infrastructure Europe (UK) Limited (indirectly owned by OMERS Administration Corporation)
- OTPPB Investments (UK) Limited (owned by Ontario Teachers' Pension Plan Board)

The Board approves strategic investment proposals above a certain threshold and in doing so considers the impact our business strategy and activities have upon stakeholders.

Our **Executive team** (chaired by our CEO) is responsible for managing our business strategy and ensuring engagement outputs inform business planning. Our Head of Stakeholder Engagement has reported to our Executive on a quarterly basis since August 2013.

Our **Stakeholder Engagement Steering Group** was established in September 2013 to ensure our stakeholder strategy remains aligned with our business objectives, to monitor the implementation of our engagement action plans and to approve any investment decisions relating to our stakeholder engagement activities. The group meets monthly and is chaired by our Director of Corporate Services who reports back to the Executive Team. (See Appendix C).

Our external **Stakeholder Advisory Panel** has been established to influence and support us to deliver a better service, better value for money and better engagement for all our stakeholders. Its role and key tasks are outlined in the Terms of Reference set by our internal Stakeholder Steering Group and are attached as Appendix D.

Our **Stakeholder Engagement team** has responsibility to oversee the implementation of our stakeholder engagement strategy. They also support the business leads in developing and implementing their individual action plans.

Our **business leads** are responsible for developing the engagement strategy and action plans for their business areas and meet periodically with the stakeholder engagement team.

## Stakeholder mapping

The individuals, groups and organisations which are potentially affected by our activities are diverse and reflect the nature of our operations and the geographical spread of our networks.

For our previous submission, we'd asked all our business leads to identify their top five stakeholders and their most pressing issues. We had a 100% return on this mapping questionnaire enabling us to map stakeholder categories and organisations in detail.

This map has been further strengthened by detailed input from our business leads through face-to-face interviews, which in turn, have provided a wide range of examples of existing engagement processes showing how inputs, actions, and outcomes were captured (see Appendix E). Such sessions were then used to identify priority areas for stakeholder engagement initiatives with a broad and inclusive range of stakeholders.

Following these sessions we reviewed our stakeholder engagement strategy against our company vision and goals and have grouped the issues that mattered most to our stakeholders under four themes:

They are:

- Keeping the gas flowing;
- Working safely and efficiently in our streets;
- Acting responsibly; and
- The future of gas.

The process shown in figure 1 (right) is adapted from the AA 1000 Stakeholder Engagement Standard (SES) which we use as the basis for our stakeholder mapping.



Figure 1



### Our stakeholders

They are varied and include:

- Our customers and industrial clients;
- National and local government organisations;
- Local communities and road users where we undertake our streetworks;
- Our workforce, including our direct employees and contractors;
- Shareholders and other internal stakeholders such as the Executive team;
- Our industry peers (i.e. other GDNs), other utility companies providing water and telecommunications services, DNOs, and energy suppliers;
- Not-for-profit organisations; and
- Emergency service operators, such as fire and rescue services.



A more detailed overview of our key stakeholders can be found in section 3.1 of our Stakeholder Engagement Strategy. We've also provided a snapshot of all our stakeholders for smart metering as an example on how we improved our mapping this year. This can be found in Appendix F under supplementary evidence.

### Stakeholder engagement process

#### Case study – Core and Vac technology

We engage regularly with MPs, the Mayor of London as well as national and local government organisations. As reported in our previous submission, our CEO met with the London Deputy Mayor and Transport for London (TfL) to discuss the benefits of using our award winning innovation Core and Vac to reduce the timescale needed for repair work and the resultant traffic disruption. Building on our engagement with TfL and other local authorities, and trials for Core and Vac from previous years, we rolled out the use of this technology across our Scotland and southern networks. As a direct result of our engagement activities, Core and Vac is now registered on the South East Highway Authorities and Utilities Committee (SEHAUC) website where local authorities can access a list of innovative techniques outside normal reinstatement principles they can use. We've also

been in discussions with the Scottish Road Works Commissioner to ensure a similar process can be implemented.



Further details of our work in London with Transport for London (TfL) and with the Scottish Energy Minister and MSPs (Members of the Scottish Parliament) regarding the SIUs in Scotland can be found in Part 2, page 2.



An extract of one of our action plans – the table on page 5 shows some examples of our engagement process which is outlined in greater detail in Part 2, pages 3-4.



### Stakeholder engagement process (continued)

#### Extract of one of our action plans

Working safely and efficiently in your streets		Our stakeholder: Local authorities	
How did we engage?	What did they say?	What did we do?	What's next?
<ul style="list-style-type: none"> <li>Regular 1-1s and performance reviews.</li> <li>Let's chat stakeholder events.</li> </ul>	<ul style="list-style-type: none"> <li>Share planned work programmes sooner.</li> <li>Reduce the length of time to do streetworks on busy arterial routes.</li> </ul>	<ul style="list-style-type: none"> <li>Adopted an eight-year model for planning projects across our networks.</li> <li>Introduced Core and Vac on gas emergency repairs following successful trials, significantly reducing disruption to road users.</li> </ul>	<ul style="list-style-type: none"> <li>Proactively seek engagement opportunities with local authorities and highway authorities to improve our performance.</li> </ul>

Working safely and efficiently in your streets		Our stakeholder: Local communities and road users	
How did we engage?	What did they say?	What did we do?	What's next?
<ul style="list-style-type: none"> <li>Traditional media channels.</li> <li>Social media channels.</li> </ul>	<ul style="list-style-type: none"> <li>Make more extensive use of Twitter.</li> <li>Have a more multi-channel approach to communications.</li> </ul>	<ul style="list-style-type: none"> <li>Updated our social media strategy to guide and define our online interaction activities.</li> <li>Built on our customer communications for planned works including electronic signage with live updates and bespoke customer leaflets for individual projects.</li> </ul>	<ul style="list-style-type: none"> <li>Provide real-time information to communicate with road users and general public through better use of smart signage and innovative channels.</li> <li>Continually review the use of a wide range of traditional and social media channels.</li> </ul>

### How we keep our stakeholders informed

Our stakeholder engagement team includes an experienced, qualified communications professional in order to support our stakeholder engagement principles that communications should be transparent, accessible and responsive to stakeholders' needs. (See Appendix G for a sample consultation document).

Having previously used a spreadsheet to record our stakeholder engagement, we have now implemented a bespoke, cloud-based engagement database. This new system enables us to keep track of our stakeholder contacts as well as capture and analyse stakeholder engagement data and report management information.

We engage with our stakeholders at different levels using different channels, and how we decide what engagement channel to use depends on a number of factors, such as who they are, what we're trying to achieve, the maturity of our relationship and the drivers, risks and opportunities. Some specific examples from this include:

**Events** – our Let's chat stakeholder events held in Edinburgh and London March 2014. Many senior people in their field (the Scottish Road Works Commissioner, the Director of Energy Action Scotland, and the Safety Policy Manager at Policy Connect) engage regularly with our team and took time to attend and contribute to these events. The 45 attendees who completed our feedback form said they found the event useful and informative.



**I was unsure of what to expect as a first time attendee. Do not change the structure; it was spot on.**

**The day was really well planned and managed - great not to have a 'death by PowerPoint'.**



### How we keep our stakeholders informed (continued)

More information on our stakeholder events is detailed in Part 2, page 1. We also participate in and speak at a number of industry events e.g. biogas and carbon monoxide events.

- **Website updates** on our mains replacement projects and emergency work;
- **Surveys** - our fuel poverty survey (see Appendix N) updated our stakeholders on our work in 2013 and asked for feedback on what we should be doing this year; a quarterly carbon monoxide awareness survey and our annual employee awareness survey (see Appendix O);
- **Customer focus groups** held with recent new connection customers;
- **Meetings** - performance reviews with local authorities, and cross-industry collaboration meetings and forums like SEHAUC and RAUC;
- **Consultations** - our let's chat stakeholder consultation; and
- **Publications** - stakeholder engagement factsheet for employees (see Appendix E).

Recognising the importance of reviewing and updating the communication channels we use to engage with stakeholders, we surveyed our stakeholders' communications preferences at our face-to-face Let's chat events. The responses received included emails, online consultation using our website [sgn.co.uk](http://sgn.co.uk), social media (Twitter and Facebook), event feedback forms and quarterly newsletters.

### Social media strategy - being part of the conversation

Our multi-channel communications approach is as a result of our stakeholder feedback. We've embraced the growth of social media, using it proactively to start conversations with our stakeholders and customers. We've introduced a social media team within our Customer Service Centre to respond to the increased volume of customer enquiries via Twitter and Facebook.

While we have previously used social media mainly to respond to incoming messages, we have increased our level of proactive SGN-led output, using our Twitter feed to communicate campaigns, projects, recruitment opportunities and crisis communications. Examples of such outputs includes our Twitter campaigns on carbon monoxide (see Part 2, page 1).

This approach is aligned with our new Social Media Strategy (see Appendix J).



### How our stakeholders' feedback informs our decisions

This year we've established clear governance structures to assign responsibilities on how we act on feedback from our stakeholders. Since September 2013, our Stakeholder Engagement Steering Group, chaired by our Executive Team sponsor, has the ultimate responsibility to ensure we act on stakeholder feedback and deliver business changes in-line with our company's strategy. We've provided an example of how an investment decision for a stakeholder request is made on this basis below (Hampshire Hitting the Cold Spots Campaign).

Stakeholder feedback is disseminated and used as the basis for our action planning. For example, through our consultation process we received feedback from stakeholders who wanted us to do more in a particular geographical area to identify vulnerable customers. As a result, we're looking at partnerships with local authorities, local community charity organisations and suppliers with local knowledge, and we're already participating in the cross-utility vulnerable customer workshops as well as local resilience workshops.

How our stakeholders' feedback informs our decisions (continued)

This table illustrates some examples of positive outcomes:

Stakeholder feedback said:	We have:
Thames Water has told us it wants us to share our planned work programme for the next eight years in London.	Adopted an eight-year model for planning projects across our networks and continued liaising with local authorities and other utilities prior to and during our construction works with particular focus on major or complex works. (More information in Part 2, page 3).
The Anaerobic Digestion and Biogas Association (ADBA), says biomethane could be worth some £2-3 billion to the UK economy every year if government and industry adopted a 'business as usual' approach to biomethane.	Contributed to setting up the Energy Networks Association (ENA) Biomethane Roundtable Sub-Group. Here members have been discussing opportunities to standardise procedures, minimise costs, liabilities and payments and reduce the delivery timescale. We won the 'Making the most of Biogas' award at the 2013 UK AD and Biogas Industry Awards.

But sometimes stakeholder aspirations don't align to our strategy. An example is below:

Stakeholder feedback said:	We have:
Hampshire Hitting the Cold Spots Campaign organisers said they wanted further support from us to fund a support worker. We'd worked in partnership with them for the last two years, providing CO alarms and energy efficiency leaflets.	Considered the proposal via our Stakeholder Engagement Steering Group and reviewed it against our fuel poverty strategy. We were unable to support this proposal as it didn't meet our criteria as it was to fund a support worker in a particular geographical patch where not all our customers would benefit. However, we're working with them to agree alternative ways we can support this ongoing campaign.

## Evaluation

- **Statement from Stakeholder Advisory Panel**  
- see next page.
- **Any other accreditations**  
- see Appendix K, supplementary information for our accreditations and awards in 2013.
- **Statement for Assurance – PWC**  
- see Appendix L.





### Statement from Stakeholder Advisory Panel

The Stakeholder Advisory Panel was formed by in January 2014. Our role is to act as critical friends to SGN in the development and implementation of its stakeholder engagement strategy. Panel members bring a wealth of relevant skills, knowledge and experience which enables us to provide constructive challenge to SGN to help the company further improve in this area. We are not primarily established to represent stakeholders as such, but members do have insight into stakeholder views, and have access to the feedback which stakeholders have given to SGN.

Our initial focus has been on getting to know the company, its business strategy and its stakeholder strategy and the requirements set by Ofgem. Panel members have attended stakeholder consultation events held in March 2014 in London and Scotland and thus seen SGN's strategic engagement with stakeholders first hand. We reviewed the written consultation materials prior to these being circulated to over 1500 stakeholders, including the on-line survey. We have also reviewed drafts of this submission to Ofgem (both Part 1 – the how and Part 2 – the what). We have provided constructive challenge to the company on its submission, and its underlying approach.

We have particularly challenged the company to show how its stakeholder engagement strategy and its corporate strategy are aligned, and sought clarity on Board level involvement with the stakeholder engagement strategy. We have done this because stakeholder engagement will only become embedded in the business and be robustly managed if it is a corporate priority, there is a clear fit with corporate strategy and an effective and well organised governance and management system for the activity which involves leaders from across the business. We have also advised the company to show clearly in this submission how the activities reported do link to stakeholder priorities, needs or requirements.

We have been impressed with several things. First it is clear that SGN needs to work with a complex political, economic and social stakeholder landscape comprising two governments and parliaments (with different but overlapping energy policies), a multitude of local councils and transport authorities, including the London

Mayor and Transport for London and very different public service and community/charity networks in and within Scotland, London and the South East. In light of this the level and quality of strategic stakeholder engagement we saw at the consultation events was impressive. Second some initiatives to respond to stakeholder needs really stood out to us. For example providing local authorities with a plan of routine maintenance (that could affect roads and transport) eight years ahead; identifying the significant fuel poverty outcomes from connecting residents of park homes to gas supplies and in a number of areas leading for the gas distribution networks to find better ways of handling standard operating procedures for the benefit of consumers and stakeholders, including vulnerable consumers. In a number of areas SGN's approach clearly involves investment in technical innovations which will benefit stakeholders in future, most notably by reducing the time taken to undertake repairs and renewals and finding greener sources of gas.

As this submission makes clear SGN have undertaken a significant re-organisation of their stakeholder engagement activities in the past nine months. Such re-organisations in themselves are resource intensive and the full benefits are only realised some time later. The company would acknowledge that having renewed the foundations of its stakeholder engagement programme there are areas that will need development and refinement. We think there is still scope to improve the clarity about alignment between the Corporate/business strategy (as it is currently expressed) and the stakeholder engagement strategy and there is also a challenge to secure engagement from more identified stakeholders other than via consultation events.

The clearer, stronger approach and organisation that SGN has developed in the past year will be a good base on which to develop these further improvements and we look forward to working with SGN in the coming year to explore their future plans in more depth.

Teresa Perchard, Chair

Stakeholder Engagement Advisory Panel

