

2015 Stakeholder Engagement Incentive Scheme



A year of progress

2014-15 has been another exciting year of progress at Northern Gas Networks (NGN).

We've continued with our ambitious programme to modernise our business in order to deliver great value and service for our customers; improve quality of life in local communities and respond to the UK's future energy challenges.



Working closely with our stakeholders has ensured that this programme continues to reflect local, regional and national priorities.

We've engaged with a wide range of organisations and individuals over the past 12 months, who have been keen to inform our work and actively contribute to our shared goals. It's reassuring to know that our stakeholders' priorities frequently align so closely with ours.

We really value these maturing relationships and our collaborative approach is delivering impressive results – as described in Part 2 of this year's submission.

Taking engagement to the next level

This year has seen us continue to build on our stakeholder strategy, governance and processes.

Our engagement has expanded to all areas of our business – from the way we plan and deliver our mains replacement projects to working with new stakeholders on energy futures. All colleagues, regardless of role or level of seniority, recognise the importance of engagement and how they can play a part.

Key stakeholder relationships have developed from the more transactional “you said, we did” approach of just a few years ago to one of much greater collaboration, in which we work together to identify issues and develop joint solutions. The value to the business in this approach is clearly seen in efficiencies, improved services and results.

This type of engagement often doesn't have the same immediacy in terms of outcomes, but crucially, it ensures that solutions are sustainable, stakeholders have realistic expectations, and everyone is truly invested in these projects.

Benchmarking and learning from the best

NGN is a company that is not short of ambition. In our efforts to deliver industry-leading customer service, we have been benchmarking our performance against the very best businesses in the UK.

In 2014/15, we gained a ServiceMark from the Institute of Customer Service, joined the Considerate Constructors Scheme becoming one of the first GDNs to win two awards, and won no less than nine national awards for customer service and three for our employee engagement.

These achievements have been fantastic for morale, but most importantly, they have allowed us to engage with some of the UK's most dynamic businesses, and forge new partnerships beyond our own sector.

These relationships continue to help us to innovate, and push the boundaries of what a modern utility company is capable of.

Always looking forward

There's still lots more we can do and as I said last year we'd never claim to be the finished article. In 2015-16 we'll be working closely with our colleagues to further socialise stakeholder engagement and make sure we maximise all the opportunities this presents in our relentless pursuit to be the best!

A handwritten signature in blue ink, reading "Mark Horsley". The signature is written in a cursive, flowing style.

Mark Horsley
Chief Executive Officer



1. Moving to a mature stakeholder engagement strategy

Our Stakeholder Strategy

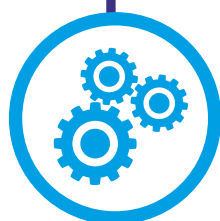
OUR VISION



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



OUR FRAMEWORK



Purpose, vision and goals



Governance



Capacity building



Engagement procedures



Reporting and evaluation

OUR AMBITION

Lead

Collaborate

Embed

Communicate

Improve

We have always valued a good working relationship with our stakeholders in order to achieve our business objectives.

Over the past three years, in support of an ambitious programme of business improvement, we have established a more robust engagement strategy which is driven by senior management, delivered by all, aligned with our wider business objectives and independently audited each year.

The strategy has taken time to develop and bed in, and at the time of our last submission in 2014, some of the underlying processes were still in their relative infancy.

The past 12 months have given us the opportunity to strengthen these processes, and respond to the areas of improvement and development.

Our emphasis in 2014-15 has been around:

- ✓ **Embedding stakeholder engagement across the business:** by simplifying guidance and providing support for colleagues, so that everyone understands the role they can play in effective engagement.
- ✓ **Strengthening governance:** to ensure co-ordination of delivery, feedback and outcomes across the business.
- ✓ **Developing an annual stakeholder plan:** to align to our wider business planning and ensure our strategy is always current, co-ordinated and measured.
- ✓ **Launching new communication channels:** including an online stakeholder community and an e-bulletin. These have been developed in response to stakeholder feedback, and allow continual dialogue.
- ✓ **Engaging 'hard to reach' stakeholders:** including vulnerable customers, commuters and small businesses affected by our works.
- ✓ **Sector wide collaboration:** working more closely with other utility companies and wider partners to develop joint approaches to some of our key issues.
- ✓ **Strengthening our stakeholder measures:** establishing a quarterly benchmarking process which is helping us to monitor how well we are delivering our stakeholder engagement and identify areas for improvement.

Feedback from our most recent independent audit has highlighted the significant progress we have made over the past 12 months.



NGN has built on its strong foundation of stakeholder engagement across the company, in particular business culture, strategic response to stakeholder needs, and resources in place to support engagement. No areas for serious concern were found, and several areas of good practice are identified in the findings.

SGS independent audit report, February 2015



Our progress is summarised in the following table, which shows how our improvements align with the ambitions which underpin our engagement strategy:

Ambition	Value Proposition	2014-15 Progress
Lead	We aim to take a leadership role in addressing specific issues that affect our 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.	 New and strategic/material issues identified through our engagement.  New research has allowed us to align our priorities to those of our stakeholders and what we do as a result leading to a shared focus and greater impact.  Our Chief Executive chairs the Energy Innovation Centre, a great collaboration leading the industry to innovative solutions.
Collaborate	We believe collaboration with our peers and 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 issues.	 Strong collaboration with other GDNs, DNOs and energy industry working groups.  Strong collaboration with third sector partners to shape and deliver our community strategy.  Infrastructure North - a partnership of regional utility companies – has allowed us to work collaboratively on key stakeholder issues.
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.	 The stakeholder toolkit for employees has been developed to be more accessible and offer practical support.  Operational engagement and outcomes strengthened through our new regional hub structure, which takes a more collaborative approach to planning mains replacement projects.
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.	 More regular communication across our stakeholder groups through a quarterly e-bulletin and launch of our online community.  Refining the way we communicate through our regular stakeholder reporting to meet stakeholders' needs. We've asked our stakeholders what they think of our stakeholder reports and we're incorporating this feedback into our 2015 reporting.
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.	 Annual AA1000SES stakeholder audit.  Quarterly stakeholder benchmarking survey is helping us to understand how we're doing and where to improve.



2. Governance: ensuring we have director level visibility of our stakeholder engagement programme, and accountability for delivery embedded across the organisation.

At NGN, stakeholder engagement is not the responsibility of just a few people or limited to one-off events. It is practised at every level of the business on a daily basis.

We are in constant conversation with customers, local businesses, MPs, elected members, contractors, suppliers and colleagues – to name just a few. How well we manage these relationships has a direct bearing on our reputation and our ability to deliver an effective and far reaching service.

In 2014/15, we focused heavily on strengthening our process of governance, to ensure effective engagement is a shared, company-wide responsibility.

Key developments have included:

Our annual stakeholder plan: we have developed an annual plan which sets out of key stakeholder milestones throughout the year to ensure activity is timely, effective and co-ordinated. The plan maps our engagement activity with our annual business planning cycles.

Expanding the role of our Stakeholder Engagement Management Group (SEMG): this group is chaired by our Head of Stakeholder Relations and attended by a cross-section of managers and colleagues. Each SEMG member is responsible for planning, delivery and reporting on stakeholder engagement activity and outcomes, mapped to the RIIO outputs and stakeholder priorities. This group has been running for almost two years and the remit has grown over the past year to focus on identifying key themes and material issues as well as co-ordinating a strategic response to them.

Our annual stakeholder plan contains:

- Engagement planning milestones, such as key dates for SEMG members to have their annual plans in place to support their area of the business.
- A timetable of key communications and reports to stakeholders such as our e-bulletin and annual stakeholder report, to ensure we are open and inclusive in sharing outputs and provide opportunities to engage and feed back.
- Independent research and engagement – helping us to measure how we're engaging and where we can improve as well as key activities for engaging across stakeholder groups to make sure that we are aware of shared priorities.
- Review and improvement cycles including our annual stakeholder audit, reviews of stakeholder mapping and stakeholders' priorities.

Making stakeholder engagement 'business as usual'

All the improvements to our stakeholder governance processes this year have been designed to build on existing business processes; allowing us to use stakeholder feedback to inform decisions at all levels of the business.

Our customer and stakeholder centric culture is the driving force behind our overarching strategy. Whilst robust governance is a key part of our strategy and day to day activity, we have purposely encouraged the business to work with the framework the strategy sets to develop their own stakeholder plans and feed these into our 'business as usual' governance.

We are strengthening the stakeholder voice through regular agenda items on regional operational meetings and planning meetings for 'major projects', such as our gas holder demolition programme meeting, which our Head of Stakeholder Relations attends.



It is clear that the drive for integration of stakeholder engagement and feedback into decision making comes from Board level and is a critical factor in the future direction of the business.

Previously work in strategic areas was not always formally planned in line with the requirements of the standard; the new stakeholder plans provide a useful way to do this on an annual basis, giving additional structure without being overly bureaucratic and stifling innovation.



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3. Capacity building: making sure we provide adequate training for all NGN colleagues involved in stakeholder engagement.

Colleagues across the business are 'buying in' to our engagement strategy, understanding its importance and the role they need to play, and this has seen us make substantial progress. Through attending local team meetings, organisational workshops and the Stakeholder Engagement Management Group (SEMG), the message has come back loud and clear from our colleagues that our governance, processes and support for colleagues needs to be clear, simple and accessible.

With this in mind, 2014/15 saw a strong focus on explaining the importance of stakeholder engagement to colleagues and helping them understand how they can contribute.

Over the last year we have:

Developed an engagement toolkit for colleagues: which clearly sets out what stakeholder engagement is and why it matters as well as advice, templates, guidance and details of where to go for further support. The toolkit helps to ensure stakeholder engagement becomes embedded and is not a bolt on activity. It sets out clear roles and responsibilities for delivering engagement across the business. It is mapped to existing business processes to ensure that decisions based on stakeholder feedback are made by the right person at the right time. Our focus in 2015 will be socialising the toolkit across the organisation.

Provided engagement training: through our in-house training facility, the inspire Academy, we have continued to roll out training to help colleagues understand the importance of stakeholder engagement,

and how it fits into the day job. For example, stakeholder awareness training is now included as part of our induction process for all new starters.

Strengthened the expertise within our central team: through the external appointment of a new Head of Stakeholder Relations and Stakeholder Support Officer.

Made stakeholder engagement an integral part of operational delivery: our REPEX programme sees us spend around £90 million per year to replace old metal pipes with modern plastic ones. Over the past 12 months, we have created a new approach to delivering this rolling programme, which brings together our planning and design, operational delivery and customer care teams into regional 'hubs'. This has led to more co-ordinated delivery of projects, and a much greater emphasis on stakeholder needs and likely impacts, right from the outset.

Used established channels: stakeholder engagement is now a standing item in regular meetings, such as our weekly Friday discussions, which bring together around 30 colleagues from across the business to discuss key issues.



We have revised our principles for engagement as part of our toolkit development to provide a clear guide for our colleagues.

NGN Stakeholder Engagement Principles

1. Open, targeted and tailored engagement

We have a diverse range of stakeholders with differing interests and constraints. Our methods of engagement recognise the challenges our stakeholders face in engaging with us and are designed to be as easy and accessible as possible to meet their needs.

2. Meaningful engagement with a purpose

Our engagement is not a box ticking exercise or stand-alone activity but our business developing sustainable relationships with our stakeholders which benefit us both.

3. Be transparent in our engagement

We clearly state the purpose of our engagement, having an adult conversation which leads to an outcome or an explanation of the decision made, which is clearly communicated back.

4. Responsibility across the business

Stakeholder engagement activity and the outcomes as a result of stakeholder feedback are decided at the appropriate level of authority within the organisation; based on the assessment of the importance of the proposed outcome, the strength of stakeholder support, the resource required and the potential benefits.

5. Continual improvement

Our engagement is consistently measured to ensure we drive improvements in how we engage our stakeholders.



4. Identifying stakeholders

Our stakeholders are many and varied, and have a wide range of interests and priorities. We prioritise stakeholders on an issue by issue basis and co-ordinate engagement with those stakeholders with a more extensive interest across the board.

As part of our annual planning and review process we review our stakeholder map which sets out who our key stakeholders are by group. The map helps to inform the wider business, when they're developing their specific engagement plans, of the key groups and stakeholders to consider. By reviewing the map with leads across the business and referencing against their plans we can also identify new and emerging stakeholders and groups.

This approach helps us to:

- ✓ **Engage the right people on the right issues – tailoring to their priorities.**
- ✓ **Identify where stakeholders have multiple issues or interests and co-ordinate our engagement to suit.**
- ✓ **Ensure that we identify new stakeholders as and when new issues arise.**

Our stakeholder groups



Over the past year, the map has helped us to focus our attention and activities on key emerging issues. A good example of this is our increased liaison with national and international utility companies, regulators and political influencers on the future of energy and the role the gas industry can play.

At a more local level, 2014/15 saw us place increasing emphasis on hard to reach groups, like those travelling through our works, vulnerable customers and micro businesses. These are stakeholders who we do impact and who have some very individual views or issues from a customer experience perspective so it is important that we understand what these are and what we can do to help.





5. Methods of engagement

The number and variety of stakeholders we are seeking to engage requires us to use a wide range of communication channels. We are always open to trialling new approaches, adopting those that work and learning from those that don't.

We are engaging our stakeholders through a range of channels:

- Our website features a dedicated stakeholder area.
- **Workshops:** bringing together key stakeholders to engage on specific issues like our social offer and improving large metering processes.
- **Conferences and events:** from the NEA annual conference to MP coffee mornings, we played an active part in local, regional, national and international events in 2014/15.
- **Surveys and research:** we regularly conduct surveys with a range of stakeholders across a variety of issues. We also engage independent research companies to conduct telephone interviews, focus groups and more to give us an unbiased representation of our stakeholders' views.
- **Social media:** at the end of March 2015 we had almost 1,000 followers on Twitter and around 250 likes on Facebook. We monitor both channels seven days a week.
- **Face to face meetings:** ranging from regular meetings with Local Authorities and Highways Agencies to establishing a new regular partnership with Involve Yorkshire and Humber and Voluntary Organisations Network North East - face to face meetings are great for in-depth engagement and collaboration.
- **Education workshops:** we engaged more than 9,800 students – in 2014/15 – through our workshops covering safety, art, employability and more.
- **Media relations:** our Communications Team delivers a proactive and reactive service for local, regional and national media.
- **On the doorstep:** our Customer Care Officers and operational Stakeholder Managers carry out grass roots engagement with businesses, schools, local residents, community groups and individuals like MPs.
- **Community forums:** local meetings to engage communities and residents about schemes of work in their area.
- **Membership of key organisations and groups:** we are members of national groups like Business In the Community, National Energy Action and the Energy Utilities Association and locally we engage through organisations including CBI and the Chambers of Commerce.

Over the last year we've taken every opportunity to ask our stakeholders if we are engaging them effectively so we can improve and expand our approach. Stakeholders are generally happy with our engagement but there's always room for improvement. The most common suggestion for development is regular communication through e-bulletins, other digital channels like social media and further issue specific workshops.

Satisfaction with communication from NGN was high, ranging from 8.1 to 8.4 out of 10 as follows:

Satisfaction with the methods of communication	8.4
Satisfaction with the frequency of communication	8.3
Satisfaction with relationship with NGN	8.1

From our community investment stakeholder workshops (November 2014)

2 workshops with over 100 stakeholders from our region including Local Authorities, the charity and community sector and Parish Councils.

100%

of attendees found the session useful (28%) or very useful (72%)

From our stakeholder benchmarking survey (February 2015)

Our quarterly independently conducted telephone survey with a cross section of stakeholders:

88%

of respondents who would like to communicate with NGN would prefer communication to be through an e-bulletin (74%) or via telephone call (14%)

59%

of respondents stated that they would rather hear from NGN as and when needed and 18% quarterly



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.



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From this feedback we have:

NEW

Launched a quarterly e-bulletin: our quarterly e-bulletins update our stakeholders on key initiatives, let them know what we're doing as a result of their feedback and invite them to keep sharing their suggestions and comments. This is supplemented by special updates when we have important news to share. The bulletin goes out to over 3,000 stakeholders currently and we continue to grow our database.

NEW

Launched an online community: a dedicated, password protected website which offers our stakeholders the opportunity to take part in discussions, polls and surveys on a range of topical issues. We use the community to engage on specific topics to help us to develop solutions and to ask for feedback on our services, to ensure we are delivering what is needed.

NEW

Created an electronic version of our annual stakeholder report: as a supplement to our traditional hard copy version.



Engaging hard to reach groups

Using the AA1000SES framework really helps us to understand not only who our stakeholders are but also to consider their constraints and preferences. This means we can tailor our engagement to suit and reach more people, more conveniently and effectively. In 2014-15, we trialled new ways of engaging harder to reach customer groups including those who are vulnerable, transient and micro businesses. We set out more detail on the feedback in Part 2 of the submission.

Act locally, influence nationally

There are some occasions where engagement is better done locally as this helps us to get to the grass roots of an issue and offer very practical solutions. In other cases a national approach works best in terms of how we engage and how we determine and reach the best outcome. These two approaches are not mutually exclusive as often the local practical examples can help us to evidence the right approach to influence national debate. By sharing learning nationally, we frequently come away with ideas for local engagement and improvement.

Sector led collaboration

As well as direct engagement with stakeholders, taking a collaborative, sector-led approach has also proved invaluable over the past year, especially when tackling far-reaching issues such as the future of energy supplies, or fuel poverty.

Examples from the past 12 months include:

- Participating in over 50 national groups with the other GDNs, DNOs, energy suppliers and other industry colleagues to shape industry improvements and share best practice. We are also active members in a number of industry forums like the Energy Utilities Alliance.
- Our Infrastructure North partnership with Northern Powergrid, Yorkshire Water and Northumbrian Water continues to help us extend our reach. We are currently working together on a joint engagement plan around infrastructure investment in the region, with the additional involvement of key political stakeholders.
- As part of a global utility group, we have a great opportunity to work with our parent organisation, sister companies and wider national and international businesses to keep up to date with how others engage and deliver their services. Just this year we have hosted colleagues from Assa Abloy, Direct Line, Superdrug, Vodafone, Powercorp, Osaka (OCR) and the Cheung Kong Group.

Political influencing and lobbying

This year we have begun to work closely with a political monitoring company to help us better understand the landscape that we and many of our stakeholders are working in, leading to more informed conversations.

The approach is helping us to:

- Keep on top of new and emerging issues.
- Influence national conversations more effectively.
- Identify key stakeholders and opportunities to engage them.



Strategically, engagement is integrated into work to address core future issues for the industry, and collaborative working is understood to be the most effective way to tackle core strategic challenges.



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Learning from what hasn't worked

Not every type of engagement has worked over the past 12 months. We're constantly evaluating and refining our approach. For example:

- Our community drop-in events to support local mains replacement schemes were getting low turnouts. Through trial and error, we developed a more effective engagement model which provides local people with multiple opportunities to talk to us before, during and after our works.
- We originally approached the Federation of Small Businesses to better understand the impact of our works on micro businesses. While we are developing a relationship with them around more strategic issues, we now realise that we need to speak directly to the businesses to gain the understanding we need. There is no shortcut!
- While it's tempting to try to do everything, over the last year we've been surprised by the number of stakeholders who have told us to not to try to "boil the ocean" but to focus on where we can best add value. This feedback has given us greater confidence to prioritise our efforts.



6. 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 in place for independent evaluation.

Conversations with our stakeholders take place each and every working day, across all parts of the business. We have developed a comprehensive framework to allow us to capture and evaluate this information, and respond accordingly.

Key methods include:

Stakeholder database: day to day engagement activity is recorded through an internal database (Vocus) which we adapted this year to be mobile for ease of use. This is used across the business for capturing key contacts but also recording activities, feedback and the outcomes of our engagement.

Board reports: key themes and updates from our engagement work are reported monthly to the Business Review Group.

Quarterly benchmarking survey: stakeholder satisfaction and perception is measured through a quarterly independent benchmarking survey. Every three months our independent research company telephone interviews a range of stakeholders from our database to discuss and measure their satisfaction with our engagement and their views of us as a company; helping us to measure our progress and identify areas for improvement.

Independent evaluation

Our approach to stakeholder engagement is evaluated annually against AA1000SES by an independent auditor. We continue with this standard as it has a real focus on continual improvement and the principles of inclusivity, materiality and responsiveness resonate with our culture. The principle based approach gives us a clear set of values to work to whilst allowing us to tailor the engagement strategy to suit the needs of our stakeholders and our business.

The audit feedback is reviewed by the Senior Management Team and the results inform our future goals and commitments around continuous improvement. This year we had a very positive audit with some really helpful recommendations on how we can strengthen our engagement.

2014-15 Recommendation	Our Response
Embed the stakeholder engagement toolkit within the business and build internal capacity and capability to engage and address feedback.	The Stakeholder Team will be on the move from June 2015, visiting all of our offices and depots to hold specific sessions, attend team meetings and other events where colleagues are coming together to talk about what stakeholder is, what it means for the business and how we can support them to engage their stakeholders.
Continue to review documentation and action planning processes to streamline and co-ordinate how we record engagement, share learning and respond to feedback.	The Stakeholder Engagement Management Group (SEMG) will be reviewed in January 2016 to ensure that as it matures we continue to maximise the opportunities from all stakeholder feedback. We are currently looking at integrating our stakeholder database with our new Customer Experience Management System (CEM) to more effectively link customer and wider stakeholder monitoring, feedback and recording.
Continue to develop reporting activities, outcomes and responses to stakeholders and review website to ensure we are maximising this channel for reporting to stakeholders.	The stakeholder area of our website will be refreshed in 2015 to better reflect our stakeholder engagement and reporting under the RIIO framework.
Considerations for 2015-16 audit: <ul style="list-style-type: none"> • New processes are embedded like responding to feedback from independent research. • Internal audit conducted against specific areas of plans like mitigation process for replex. • Develop an on-going rather than "snap-shot" approach to audit throughout the year. 	We will be engaging our auditor throughout the year to observe various stakeholder interactions and our internal audit team will work closely with us to ensure that we are not only compliant but always looking for improvements.

7. Stakeholder priorities

Our price control RII0-GD1 which runs to 2021 sets the overall regulatory framework under which we commit to deliver a range of outputs for customers. Whilst we know what we need to deliver, how we deliver it is an important discussion to have with our stakeholders as well as identifying and engaging on any new or changing outputs that arise throughout the period. Engaging stakeholders in this discussion often leads to improved outputs for all.

NGN has a wide range of stakeholders, all of whom have varying priorities and concerns. We recognise that these can change over time as new issues emerge, priorities may become more pressing and things move on.

Through the many channels and the engagement we conduct with different stakeholders on different issues we gather a vast amount of feedback. It is important that we not only respond to that specific feedback but we consider the feedback collectively in order to identify new or emerging themes which matter to our stakeholders and our business.

In 2014-15 we identified the following new and emerging themes from stakeholder feedback:

- **Future of gas**
- **Employability**
- **Cost of energy**

Identifying specific themes and issues helps us to understand how all of our different stakeholders' issues come together and our shared priorities, which means we can respond more holistically as a business to stakeholder issues.

To ensure that we understand our stakeholders' priorities we run bi-annual engagement through an independent market research company. Using our annual stakeholder report as a basis, we check back in across a representative group of stakeholders and customers to ensure that our priorities match theirs and to identify new and emerging issues. This is done through telephone interviews and a series of focus groups.

In 2014-15 our stakeholders priorities identified through this research were:

Deliver a reliable and safe service – whilst mitigating the impact of works



Customer experience



Community involvement and social responsibility
























Keeping costs down



Gearing up for the future



In Part 2 of this submission we outline just some of the things that we are doing to respond to these priorities and the emerging themes.

Stakeholder priority	Summary of our activities	Who has benefitted	Customer experience	Improving safety	Financial and efficiency savings	Environmental and social impacts	NGN investment headlines
 Reliable and safe service	Improving our processes and utilising technology Working in partnership Community engagement	Customers Local contractors Other utilities Communities Highways Authorities LEPS Local Authorities	 70% reinstatement on private land in 1 day On-site engagement throughout jobs	 Nine safety coaches introduced Improved awareness of other utilities services Over 16,000 children educated in site safety	 65% volume reduction in highways fees and charges	 Less invasive digging Improved safety, appearance and environmental impact on sites 2 Considerate Constructors Awards	£70m invested in local economy through the Construction Services model
 Customer experience	Driven by employees Understanding our customers Size doesn't matter Challenging our performance	Our colleagues Customers – domestic, vulnerable, businesses large and small Consumer groups Commuters Shippers and suppliers	 81% complaints resolved in D+1 Tailored services 83.1 ICS ServiceMark 9 national customer service awards and 3 employee engagement awards	 19% increase in pass rates for (GT2) meter inspections	 Reduced and reflective costs for very large users Compensation after 8hrs off supply		Many of our improvements are low cost or no cost changes which deliver efficient and excellent service, allowing us to invest in other impactful initiatives like CEM (over £300,000)
 Community involvement and social responsibility	Our community promises Inspired to deliver	Our colleagues Customers Local communities Third sector partners – fuel poverty, CO, environmental Skills and education establishments	 Our community promises set out our commitments for stakeholder and customer service	 Saved an estimated 22 lives through raising awareness of CO poisoning	 Unlocked £800,000 in unclaimed benefits	 1385 hours volunteered in schools and other community initiatives Improving employability skills in the region Reduced virgin materials on repair jobs by 96%	Over £340,000 invested in community programmes to raise awareness of CO, innovative fuel poverty partnerships, education and employability schemes
 Keeping costs down	Revolutionary contracting Modern terms and conditions Every opportunity for efficiency Benefit led decision making	Our colleagues Customers Local contractors Supply chain Communities	 Construction Services - local delivery driving improved services		 Average efficiency per team 20% from modern terms and conditions	 26 local providers employing around 800 operatives	Keeping costs down is not always about financial investment but rather smarter working. Many of our efficiencies are delivered through no cost or low cost solutions
 Gearing up for the future	The gas is greener Future proofing our workforce Innovating for the future	Customers Green energy developers Regulator and industry bodies Communities Local contractors Supply chain	 Accessible and easy to follow services and tools for Biomethane connections	 Improved competency assessments for colleagues		 Over 46,000 tonnes of CO ₂ equivalent saved on mains replacement 285 colleagues recruited locally 14 Construction Services apprentices introduced	£2.4m invested in training; £1.1m of this in behavioural training and further education

Criteria - Initiatives that are:	Many of our outcomes meet a number of criteria, some examples are:
Supported by robust project management processes	Reinventing our approach to mains replacement (P2), Speedier reinstatement (P2), Benchmarking with Considerate Constructors Scheme (P3), Challenging our performance (P5), Our Community Promises (P6), Benefit led decision making (P8), Supporting the UKs developing biomethane industry (P9)
Part of a holistic, embedded and culture improving approach	Reinventing our approach to mains replacement (P2), Speedier reinstatement (P2), Proactive approach to environment, health and safety (P2), Customer at the heart of all we do (Section 2), Our Community Promises (P6), A revolutionary contracting model (P8), Future proofing our workforce (P10)
Smart or best practice and could be replicated across the industry	Benchmarking with Considerate Constructors Scheme (P3), Infrastructure North (P3), Challenging our performance (P5), SHAPE – inspired to deliver (P7), A revolutionary contracting model (P8), Modern terms and conditions (P8), Benefit led decision making (P8), 10 in 5 approach to succession planning (P10), Competency assessments (P10)
Innovative thinking in responding to the needs of stakeholders	Infrastructure North (P3), Gas holder demolition (P3), Winning with Team 10 (P4), Streamlining the meter installation process (P5), The gas is greener (P9), A revolutionary contracting model (P8), Construction Services apprenticeship programme (P10)
Serving the best interests of challenging stakeholder groups	BrowseAloud (P4), Understanding our customers (P4), System control (P5), SHAPE – inspired to deliver (P7), Recruiting for the future (P10)



A reliable & safe service



**Our stakeholders said –
Deliver a reliable gas distribution service, where:**

- interruptions to supply are few and far between
- public and colleague safety is an overriding priority
- everything is done to minimise inconvenience during essential work



Customers, businesses, general public, Local Authorities, Highways Authorities, colleagues, contractors, Parish Councillors, MPs



Meeting these expectations means continually improving our delivery processes and engaging local communities and stakeholders throughout the life-span of each project.

Our engagement processes are working well at grass-roots level and we continue to broaden our focus to wider, strategic engagement with key partners such as Local Authorities and Local Enterprise Partnerships (LEPs). This allows us to plan future activity, and collaborate more effectively on major, long-running capital programmes.

Improving our processes and utilising new technology

Recent successes to improve the way we plan and deliver our jobs are reducing disruption and delivering significant cost savings.

Reinventing our approach to mains replacement:

we have overhauled the way we plan our £90 million per year REPEX programme, by creating collaborative 'hubs' throughout the network, comprising of construction managers, design managers, site managers and customer liaison staff. This has resulted in better planned jobs, which take account of local circumstances and stakeholder and customer needs from the outset.



- Introducing nine Safety Coaches, who work hand in glove with operational teams on each patch, providing continual training and assessment.
- Renewed focus on tackling cable strikes and road traffic collisions – the two biggest causes of workplace accidents. Activity has included creating a safe dig instructional DVD, hosting a joint safe dig conference with IGEM and safe driving workshops for all colleagues.

Doing things the right way: from digging a hole in the road to filling in a report, everything we do across the business has a process associated with it. In February 2014 our MI and Performance Team launched a major review of all our Emergency and Repair processes. The review has identified over 400 improvements, 40 of which have been implemented, all of them helping our colleagues to do things in a consistent and efficient way. The improvements range from simple tweaks to more involved system changes such as creating work orders in bulk and smarter data capture, which is resulting in improved services and more efficient working. The review is now being rolled out to our Connections, Repex, Maintenance and Major Projects Teams.

Utilising effective technology: we've continued to utilise new technology to minimise interruptions, speed up job completion times and reduce costs.

We've invested in live service insertion equipment, which will allow us to replace customers' service pipes without the need to dig in the street. An estimated 3,850 homes will have their service pipes replaced in this way in 2015/16.

We've been using main spraying technology increasingly over the last five years which has minimised leakage and resulted in less invasive digging and inconvenience to customers. Historically this work was carried out by our contractors, but in 2014 we invested in our own rig and trained our engineering colleagues to use it. Bringing the delivery in house has reduced costs and we're now using the method on more jobs than ever before completing 50 jobs, since it was introduced.



From start to (almost) finish, I've been very struck by the quality of the project management, and the coordination between those involved...well done to all involved!



Feedback from a customer about our replacement works in Alnwick

Speedier reinstatement: through our groundbreaking Construction Services model (see page 8) our Direct Service Provider (DSP) colleagues are delivering jobs from start to finish. With no hand-off to separate reinstatement teams this is enabling them to reinstate private land in a day, 70% of the time.

A more proactive approach to environment health and safety: we have restructured our Environment Health and Safety department (EHS), to enable us to embed best practice across the network more effectively and identify gaps in training or cultural issues affecting performance. The approach has included:

- Splitting the department into a small strategy team and larger delivery team responsible for training and best practice.

Working in partnership

We have good working relationships with a wide range of organisations in order to carry out our essential works. We have also found that by talking about more strategic issues at an early stage, we can work with these key partners to make much broader and more impactful changes across a range of issues.

Infrastructure North: our partnership with Northern Powergrid, Yorkshire Water and Northumbrian Water, allows us to work together on shared projects, for the benefit of customers and the region. Over the past year we have covered a diverse range of issues from the operational, like asset tagging to avoid cable strikes and recycling virgin aggregate through our gas holder sites, to shared approaches and projects on social issues like affordability and education.

Our local partners: our Customer Operations Area Managers are in close contact with Local Authorities around coordinating operational works and future investment.

Our Senior Management team meet with LEP chairs and wider colleagues to discuss our investment plans and how they align to their plans and ambitions. This has led to us funding a full time project Manager in the Leeds LEP to support the development of their low carbon agenda whilst keeping us informed of local action planning. We are also working with Tees Valley LEP on their carbon capture and wider future energy programmes and the Humber LEP around their education and skills agenda.

We continue to enjoy good relationships with Highways Authorities across our region and are proud that our Head of EHS Operations was voted in as chair of the North East regional HAUC in 2014. These strong relationships have played no small part in reducing the volume of our fees and charges by 65% in 2014/15.

Preparing for le Tour: in July 2014, our region played host to the biggest annual sporting event in the world – the Tour de France. Making sure that escapes and planned jobs on our network didn't spoil the event required three months of meticulous planning and collaboration with other utilities, emergency services, local authorities and race planners which continued throughout race weekend.



Community engagement

We are always seeking to improve the way we engage with local communities, to reduce disruption and ensure customers are left with a positive impression.

Engagement before, during and after: we have strengthened our engagement process for mains replacement schemes. Building on our current practice of door knocking before work begins and community drop in sessions, our Customer Care Teams are now delivering more flexible end to end engagement which is making us more accessible to those people we impact.

We now:

- Have a presence during a scheme, through on-site customer cabins.
- Carry out post-project door-knock exercises.

Benchmarking with Considerate Constructors Scheme: in 2014, we became the UK's first energy distribution company to join the Considerate Constructors Scheme, which helps us to improve the safety, appearance and professionalism of our sites, through a rigorous independent assessment process.



The Huddersfield Daily Examiner

Two of our sites – a gas holder demolition project in Bishop Auckland and a mains replacement scheme in central Carlisle – scored more than 40 out of 50 in CCS assessments, placing them in the top 5% of all sites in the country and winning a Bronze and Silver award respectively.



The principles of considerate construction are being effectively applied in all areas of this project.



CCS comment on our Bishop Auckland gas holder demolition project

Safety education: we held 62 'Play Safe, Stay Safe' sessions in schools, in 2014/15 to remind over 16,000 children not to play near our work sites.

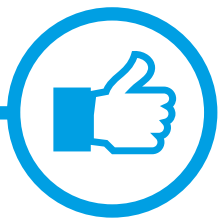
We also remain an active participant in Crucial Crew, delivered jointly with the fire service, police service and other partners, which delivered vital safety messages to over 6,000 children in 2014/15.

Gas holder demolition: we are providing local communities and stakeholders with the opportunity to influence the way we deliver our gas holder demolition programme, and to commemorate the structures as they disappear from the skyline. Recent collaborations include:

- Working with Pottery Bank Community Centre in Walker, Newcastle, to hold forums for the local community, and support the centre's annual Christmas meal.
- Hosting art workshops for local school children and launching competitions with STEM related themes where gasholder demolition projects are soon to commence.
- Exhibiting at an IGEM national gas holder event at the British Library.
- Creating a video including local people's reminiscences about the holders.

The very art of the community: our community artist, Mick Hand, has delivered more than 85 hours of workshops for more than 830 local children in schools close to our work sites. These sessions help children to understand the role of NGN and the dangers of playing near roadworks. Safety posters designed by the children are used on customer letters, site signage and even van liveries.





Customer at the heart of all we do – effortless experience



Our stakeholders said –

Deliver an excellent customer service tailored to my needs:

- communicate clearly and tell me what's happening when and why
- understand my priorities
- keep your promises



Customers, businesses, general public, Local Authorities, Highways Authorities, shippers, suppliers, meter operators, consumer groups



On average we interact with customers once every 49 years so we have a once in a lifetime opportunity to impress them and we're doing all we can to make every interaction an effortless experience. This focus on customer service is a shared responsibility, and everyone recognises they have a part to play.

As we move forward, we're focused on developing a more sophisticated understanding of our different types of customer and their priorities, so that we can tailor our service delivery even more effectively.

Driven by employees

Our customer experience has been transformed on the back of strong employee engagement and a culture that encourages personal accountability for doing the best for all our customers.

Independent research in 2014 by the Institute of Customer Service rated our employee engagement at 72.71 – way above not just utility but all sector averages.

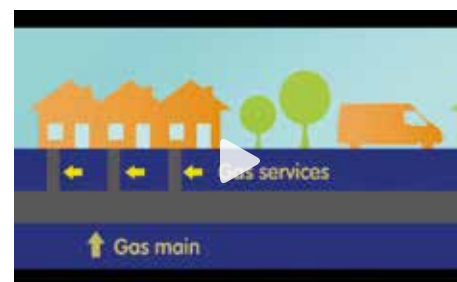
Whether it's strategic investment in new central systems and processes or frontline ideas we're introducing improvements in every corner and at every level of the business, every day. Just a few of the improvements developed by and delivered through our own people in 2014-15 include:

Winning with Team 10: this taskforce comprises representatives from all of our operational zones who come together every month to share best-practice initiatives designed to improve customer experience. Recent innovations to come from Team 10 include branded dust sheets and shoe covers to help protect customers' homes, along with name badges and branded tool bags.

Customer Experience Management System (CEM): an intelligent new IT system that allows a 360 degree view of the customer, with full case history, every time a customer calls us.

NGN The Movie: the brainchild of our REPEX team and produced in conjunction with film production students at Sunderland University, this five-minute film was premiered in November 2014 and is designed to clearly explain to customers why we're carrying out replacement works and what expect, with a view to reducing complaints and improving service. Over 230 customers have viewed the film and we've had some great feedback.

Browse Aloud: following feedback and an idea from a colleague experiencing dyslexia this is now available on our website, enabling those with sight issues, print disabilities, dyslexia, low literary or English as a second language to understand information more easily through speech, reading and translation support.



Understanding our customers

Providing a better, more tailored service requires a more sophisticated understanding of who our customers are, and their priorities. It's about basing service delivery on genuine insights, not assumptions.

We've conducted extensive 'Voice of Customer' research to better understand key customer groups. Our first wave of research has focused on our harder to reach customers who we traditionally hear less from but can often be most acutely affected by our works like vulnerable customers, 'transient' customers (i.e. passing through our roadworks but not necessarily living in the area) and micro businesses.

The research included independent research interviewing 20 vulnerable customers in their own homes, road side research with commuters at a mains replacement site and independent face to face contact with a number of smaller businesses. This is already providing new insights which will change the way we do things. For example our customer communications could be clearer and we are using this feedback to inform a full redesign. We are also aware that some of the "above and beyond" services we offer for vulnerable customers may not be the best solution for everyone and we're feeding this into planned training for colleagues.



Would it be possible for you to pass on our thanks to the team and the management for the job they are doing on Lower Warrengate, Wakefield. They are very kind and courteous, always keeping us informed. We were afraid of loss of business when the works were going to start but you have let everybody know our businesses are open as usual, the team are always calling in to give us brief updates and see if there is anything they can do. Absolutely first class customer service and I would like to thank you once again, easily 5* service.

Tony Eldin, SME customer, Wakefield



Our vulnerable customer research conducted in 2015 found that hotels and money on electricity meters are not necessarily solutions for all:

	Hotels & food	Money on electricity meter
Where NGN actions are viable solutions	<ul style="list-style-type: none"> Perceived as a very generous action from NGN 	<ul style="list-style-type: none"> Great for those that can get by with electricity An unexpected and appreciated NGN action
Potential issues to consider	<ul style="list-style-type: none"> Might be too cramped for families Might be too far from school/work Some feel very uncomfortable outside their own homes Pet's can't be left 	<ul style="list-style-type: none"> Unsure if might need to pay it back in the future Only works for those on pre-pay, not available for all financial hardship customers

Size doesn't matter

We believe every customer, from domestic customer to our biggest shipper, deserves to receive an excellent service. We work with some of our bigger customers, collaborating to improve standards and benefit the end user whatever their size.

Streamlining the meter installation process: we are committed to educating and collaborating with all stakeholders involved in the meter installations process to ensure we deliver an ever safer and more efficient service. For the past two years we've held cross-industry workshops attended by over 50 gas shippers, suppliers and meter installers, highlighting the common failures found on site to bring about better and safer working practices. On the back of our efforts in this area our pass rates (for GT2) meters has risen from 28% in 2012 to 47% in 2014. We continue to work hard with partners to keep improving, resulting in less inconvenience for customers, increased safety and greater transparency of costs.

The relationship we have with shippers and suppliers is governed through the Uniform Network Code (UNC), a set of specific, extensive and detailed rules guided by end users; shippers, suppliers or very large customers, with a view to driving industry efficiency and good governance.

This year we have driven the following changes for our larger customers, which are applied nationally:

- Led a small change to the code to allow networks and shippers to class email as a valid form of communication. The small change has made a huge difference and has dramatically improved the customer experience for our largest customers as we no longer need to rely on outdated forms of communication such as fax. The change means that we can communicate quickly and efficiently and provide a far more responsive service on issues outside of the core automated process.
- Driven by a very large user who was only using half of his business unit we led a permanent code change to reduce registered capacity quicker. There had been a number of temporary arrangements in place but this permanent change means that customers are now charged for their actual consumption in real time. Not only are the costs reflective of usage but the change is helping us to manage our investment and interruptions more effectively.

System control: over the last year we've been working hard to understand our large industrial customers, raising awareness of our organisation and aligning their needs with our business objectives. Overall the approach has been very well received and we continue to build relationships with these and other stakeholders by inviting them to visit our control centre and discuss their plans. We've engaged four significant customers which has delivered huge benefits by strengthening relationships and helping improve knowledge and understanding for everyone involved.

Challenging our performance

We challenge ourselves and the targets we set to deliver the best service for our customers. We measure our performance not only against the best in the utility sector, but the best in any UK business. Our customers don't distinguish between different sectors, so neither should we.

Meeting challenging targets: we have set challenging customer experience targets and measure against them, to ensure that we are on top of our performance but more importantly driving improvements throughout the business. Building on our focus to beat our D+1 target, we have introduced a range of new initiatives, including daily conference calls to close out remaining issues, and a more effective out of hours service. This approach is paying dividends; we're proud to have resolved 81% of complaints by the end of the next day following receipt and more customers than ever are proactively telling us they're happy, with accolades rising from 2,129 (2013/14) to 3,970 this year.

Raising the roof on GSOS: we continue to look at additional measures of customer service throughout the customer journey and beyond the regulatory requirements to help to inform what we can do to continually improve our services. Following work identifying the huge impact that even a short interruption can have on customers, we're focussing our attention on faster restoration times and we've announced that from April 1st 2015 we'll pay compensation after just 8 hours off supply, compared to the industry standard of 24 hours.

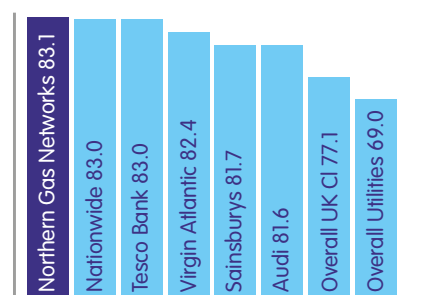
A ServiceMark from the Institute of Customer Service (ICS): awarded following a rigorous six-day assessment. We also performed strongly in the ICS Customer Satisfaction Index where with a score of 83.1 we were the highest ranking utility by far, we out-performed Sainsbury's and we were just a few points behind the leading lights John Lewis and Amazon.

National award wins: 2014/15 saw us win 12 national awards for our customer service and employee engagement, including a National Business Award and 6 UK Customer Experience Awards. This has been great reward for the commitment all of our colleagues have shown and cause for celebration, but most importantly, has introduced us to experts from across UK Plc with whom we are now sharing best-practice.

Sharing best practice: we've compared notes with six organisations, from a variety of sectors, as a direct result of our award wins. We've welcomed organisations from within utilities, finance, retail and FMCG industries all eager to find out more about how we did it. We've also been asked to speak at a number of national and international conferences including Customer Focus Connect, Customer Experience and European Customer Experience World. Helping us to continue to share best practice, learn from others and benchmark against the best.

UK Customer Satisfaction Index 2014

83.1





Community involvement and social responsibility



Our stakeholders said – NGN are well placed to and should go “above and beyond” to support local communities.

- work with partners to deliver sustainable support for vulnerable customers
- create opportunities in areas of high unemployment and economic deprivation
- make your day to day operations more sustainable



Customers, businesses, general public, Local Authorities, charities, special interest groups, education establishments, Councillors, MPs



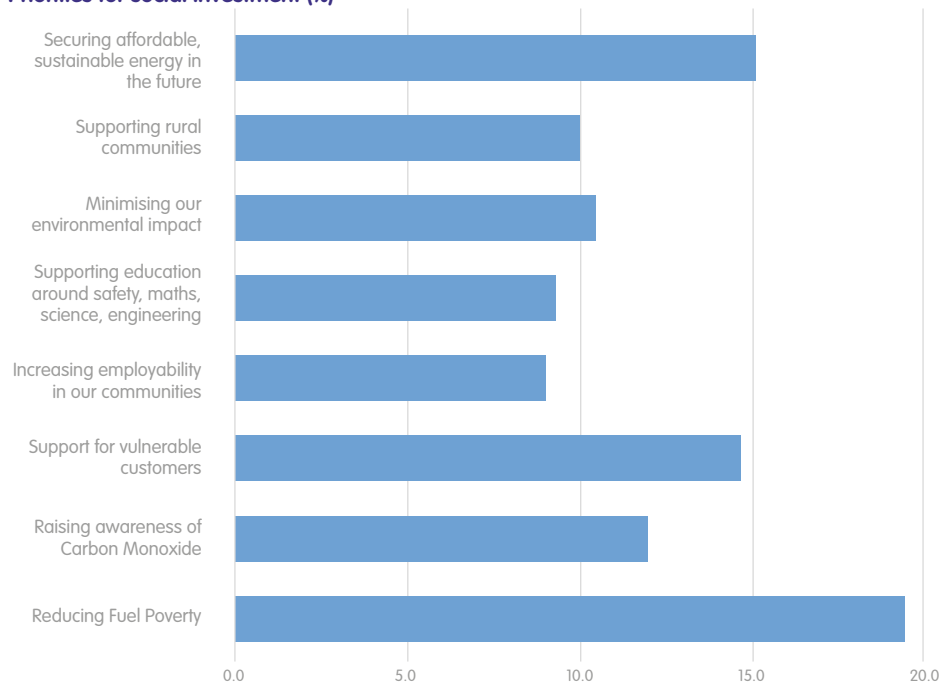
NGN is passionate about making a real and lasting difference to people's lives through supporting, protecting and educating individuals within our communities, especially those who are vulnerable and hard to reach.

We know that the way we run our business and the investment decisions we make have a profound impact on the economic, social and environmental prosperity and this isn't a responsibility to be taken lightly.

This is why we go so far above and beyond our obligations and continue to invest in increasing our impact in this area year on year.

Our Community Promises

Priorities for social investment (%)



When we asked our stakeholders in 2014 where we should prioritise our resources, they said they wanted us to continue with our holistic approach. This has informed the development of our new Community Promises, which is being executed and measured through a stringent new reporting framework put in place to ensure we deliver against our plans and that these plans continue to evolve. We meet monthly to review activity, with outputs reported back into our executive quarterly.



We've provided a detailed overview of how we're keeping these promises in our Discretionary Reward Submission, but a few highlights with specific relevance to this area of our stakeholder activity (covering 2013-15) are:

STOP – we've:



- Reached/assisted almost 1,250 fuel poor families in Bradford on the back of funding three Children's Society advisors.
- Helped people unlock £800,000 in unclaimed benefits.
- Collaborated with our Infrastructure North colleagues – Northern Powergrid, Yorkshire Water and Northumbrian Water – to launch a joint 'Safe, Warm and In Control' campaign.
- Saved an estimated 22 lives through raising awareness of CO poisoning.

SUSTAIN – we've:



- Reduced our fleet by 60% ultimately reducing our mileage on the back of using local contractors.
- Pioneered a no-dig technique combining Core and Vac technology with an Acoustic Camera and reduced virgin materials used for our repair jobs by 96% (won a Gas Industry Award for innovation).
- Developed the industry's first free 'Gas to Grid' pre-feasibility anaerobic digestion calculator for potential biomethane producers (shortlisted for a British Renewable Energy Award in the Company category recognising companies that have done the most to advance UK renewables).
- Proactively playing our part in transforming the UK's energy mix.

Our SHARE and SERVE objectives underpin many of the outcomes we are highlighting within this submission. Here we'll let you know more about what we've been delivering under our SHAPE or "people" promise, with a real focus on improving education and employability in our region and beyond.

SHAPE – Inspired to deliver:



- Our inspire Academy serves a dual purpose – to involve, inspire and develop our colleagues and to make a significant and sustainable difference within the often deprived communities we work in.
- Our 2014/15 strategy has been to continue to deliver our highly acclaimed educational activities across our region, but to focus our employability and charitable programmes on especially deprived areas of Hull (as it approaches its tenure as City of Culture in 2017), Leeds, Scarborough and the North East.

200+

NGN colleagues have been involved in an inspire initiative,

clocking up a total of

1,385

volunteering hours in 2014/15

Our new volunteering policy allows every individual up to

2 paid days

to participate in charitable activities

Education and employability initiatives: encouraging young people to focus on STEM related subjects is of vital importance to our whole sector as is extending help to those who have progressed beyond education and for who prospects of employment and financial security might seem bleak.

In areas like Hull, for example, the job opportunities are there, but there's a huge shortage of the skills required to fill key roles and parts of the area still remain deprived. Young people in areas like this are often also exposed to fuel poverty and other risks to their health and wellbeing, so we're doing all we can to join up the dots and give as many as possible the tools they need to secure a brighter future through:

- Helping **Humber** and **North Yorkshire Business Education Partnership** provide business insights to local school students, focusing on apprentices, higher education and training and reaching more than 4,000 children.
- Involving university professors and students from the **University of Hull** in development solutions around energy futures and reducing our carbon footprint.
- Launching competitions with **local secondary schools in Hull and Leeds** where gas holder demolition projects are soon to commence. The competitions will focus on STEM related themes, such as what we can do to maximise the use of the gas holder land and how we can reduce the environmental impacts.
- Mentoring local kids involved the **Solutions for the Planet's BIG IDEAS** programme which forges innovation partnerships between young people, businesses and communities.
- Sponsoring the national **Maths & Physics Chair** project, which harnesses the brain power of PhD students by equipping them to deliver inspiring STEM-related lessons in schools.
- Completing our first year with the **Ahead Partnership**, which unites business and academia in vocational training programmes. In partnership with Northern Powergrid, we've run a gas safety challenge with six schools in Leeds; attended 21 careers events and run 26 employability workshops for 14-17 year olds.
- Collaborating with Balfour Beatty and other major construction organisations to encourage more young people from across the UK into employment through the **Prince's Trust Built Environment Initiative**.
- Partnering with **local prisons** including Armley in Leeds, Wetherby and Hull, as well as committing to expand our work in this area by joining forces with Timpsons Shoes who lead the way in training prisoners pre-release for future employment in their stores.

Inspiring through STEM For Girls workshop (March 2015)

97%

of the girls said that it had improved their confidence and self-belief, whilst

99%

asserted it had encouraged them to work harder in school.

What is the best thing that you will take from today's experience?

“Work hard, never give up on your ambitions – and girls rule!”

“I learnt a lot about STEM careers and met inspiring women. I also got an idea of what I'll do when I'm older”

“Knowing that there are lots of career paths you can go down in STEM and that it's a great career choice”

“To never forget to follow your dreams whether it's a 'man's' job or not”

We've committed £100,000 worth of funding to education and employability initiatives, helping us to support and inspire up to 20,000 young and vulnerable people a year



Keeping costs down



Our stakeholders said –
Affordability is a real issue so keep driving costs down

- deliver a value for money service
- deliver more for less



Customers, businesses, general public, Local Authorities, Highways Authorities, shippers, suppliers, charities, consumer groups



Keeping costs down is a message we strive to respond to in everything we do.

Delivering a cost-effective service without compromising quality requires a holistic approach to decision making to ensure that every pound we invest delivers maximum benefits. Efficiency savings are reinvested in our business so we can continue to modernise our network and improve customer service and safety.

We are unlocking efficiency savings without compromising performance through:

A revolutionary contracting model: in 2012 we introduced our Construction Services model which engages small, locally run engineering firms to deliver our mains replacement work, rather than relying on large 'Tier One' contractors. The model is supporting local jobs and generating around £70 million per year for the local economy. Our final Tier One contract came to an end earlier this year and our entire replacement programme is now being delivered by small businesses.

We have 26 organisations working for us across the network, employing around 800 engineers and we've seen significant benefits including improved customer service, stakeholder engagement and site safety. Although still in its relative infancy we anticipate that the model will reduce delivery costs significantly and we look forward to sharing a full years' outcomes next year.

Every opportunity for efficiency: in our Repair business we have reduced operating costs by around £650 (19%) a week per team by working more smartly and maximising daily outputs. The introduction of site start and finish, improved stock control, smarter procurement processes and the establishing operational support in all depots as well as bringing specialist services in house are all playing a part.

Benefit led decision making: in RIIO-GD1 we set out our holistic approach to capital investment, which enables us to make investment decisions by site or by asset type across the network. This decision making and planning model is now embedded in our day to day operations and is applied across all capital and revenue investment decisions.

The metering systems on our offtake sites measure the energy travelling into our network and the official amount of gas transported by NGN to 2.6 million homes and businesses. Shippers have told us that metering accuracy is one of the most important things to them as it ultimately affects customers' bills.

Rather than a blanket approach to replacing the assets we realise that there are other less costly methods we can use to mitigate the risk of system failure or inaccuracy. Through considering enhanced training, increased frequency of maintenance and developing a software analysis tool we can reduce risk, prioritise and invest efficiently and ultimately provide accurate reports to our shippers. To simply invest in the asset would have cost £4,550,000, but it would have had very little impact (5.5% risk reduction). Through this approach, an investment of a further £32,000 per annum on training alone could reduce risk by an additional 12%.

Elsewhere we have placed a real emphasis on theft of gas and unregistered sites this year, with a full time position created to deal with this key issue which ultimately impacts customer bills. We have conducted the assessments of circa 1,900 of our most "at risk" sites and we will be developing a holistic risk scoring profile which will reflect our benefits led approach. As we continue to embed this we look forward to reporting back on the impact next year.



Working with NGN has taken our business from strength to strength. It's given us security of work, and allowed us to expand.

We have a great relationship with NGN, and they have helped us with everything from our structure to our business plan and documentation.



Derek Cooper, Managing Director of CMW in East Riding

Modern terms and conditions: utility businesses frequently offer outdated terms and conditions that include high rates of sick pay and set contracted hours (typically from 8am – 5pm), with generous paid overtime outside of these standard working hours.

To maintain our frontier position for efficiency, and deliver the greatest customer benefit, we have introduced a raft of new roles and opportunities with 21st Century Terms and Conditions for individuals to influence their take-home pay through productivity, delivering excellent customer service and maintaining high standards of safety.

Over

50%

of our workforce are on modern Ts and Cs

Efficiency up by

20%

based on the average team



Gearing up for the future

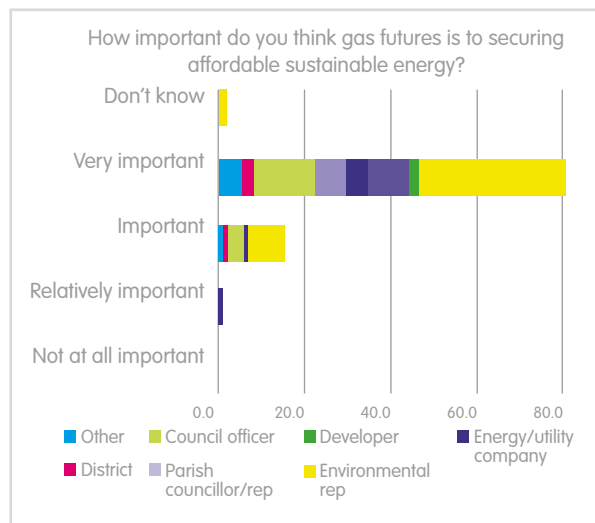


Our stakeholders said –
Deliver a safe, reliable and efficient service today and make it future proof for tomorrow.

- invest in a skilled workforce
- make sure day to day operations are sustainable
- nurture a sustainable future for fuel



Customers, businesses, general public, Local Authorities, Highways Authorities, Shippers, suppliers, meter operators, government departments



The gas is greener: meeting the UK's future energy challenge

Whether it's working with academia to define and deliver the future skills needs within the region; future proofing our own workforce or collaborating to support the introduction of clean, renewable energy, we are planning for tomorrow, as well as delivering today. In the last 12 months we've saved around 46,000 tonnes of CO₂ equivalent through our mains replacement programme and more efficient pressure management, but we're looking forward too.

Gas has an essential role to play in a low carbon economy to 2050 and beyond. We're constantly looking for ways to reduce the impact of our activities on the environment, now and in the future.

At our workshops in November 2014 we presented our views on the role of gas in securing a sustainable and affordable energy future and our stakeholders were not only interested but very supportive of this area of work.

Supporting the UK's developing biomethane industry:

We are working closely with biomethane producers in our region to get their product to the grid, as well as improving knowledge and understanding of this burgeoning industry. For example, we recently produced a comprehensive handbook for biomethane producers. It explains every stage of the gas to grid process, in a very detailed, but accessible form, and covers everything from key equipment and processes to funding opportunities.

We are working closely with biomethane producers on a number of exciting projects, including:

Leeming Biogas: set to be the largest food waste 'gas to grid' anaerobic digestion plant in North Yorkshire, generating up to eight million cubic metres annually of biomethane and handling up to 80,000 tonnes of waste each year.

Ridge Road Farm: the biomethane industry is opening up valuable new revenue streams for local farmers, such as Ridge Road Farm in East Garforth which is utilising the farm waste to create biomethane for grid injection. The project is set to produce over 700 cubic meters of gas each hour.

Northumbrian Water's award-winning anaerobic digestion plant at Howdon on Tyneside produces biogas from sludge. The gas is currently used to generate electricity, we are now working with Northumbrian Water to upgrade and purify the biogas into biomethane, so it can be injected directly into our grid.



Hydrogen as a suitable fuel

We're working with key partners to explore the role of Hydrogen and shale gas in securing future energy supply, which we highlight in more detail in our Discretionary Reward Submission. This activity ranges from lobbying for joined up thinking to piloting projects with Leeds City Region LEP to test the concept of a "Hydrogen City".



Hydrogen cities are a really exciting proposition and I'm delighted that Northern Gas Networks is conducting this trial in Leeds; we look forward to working closely with them to make the most of the opportunities this innovative project can offer our city.



Mel Taylor, Green Economy Lead at
 Leeds City Region Enterprise Partnership

Future proofing our workforce

With an ageing workforce, new skills are needed to support new technologies and a commitment to continually improve our services. We recognise this need and have developed a coherent and strategic approach to ensure that our workforce is fit for the future.

Through our approach to skills, training, recruitment, succession planning, contracting and developing existing talent we believe that we have a robust model to future proof our workforce, our communities, our customers and our colleagues.

Recruiting for the future

- We are a major regional employer and have taken on 285 new colleagues in the last year.
- As well as recruiting more people on modern-day contracts, we're also redesigning roles to meet current and future needs of the business and wider industry. Over the last 12 months we have recruited **30 Operational Response Engineers** - a new operational role which delivers greater flexibility and allows us to improve our emergency response in winter and bolster the delivery of our repair workload in summer.

- Delivered a major boost to young jobseekers in the region by launching our first ever **Construction Services apprenticeship programme**. The groundbreaking scheme has seen 14 apprentices taken on by businesses in the North East and Yorkshire, with NGN overseeing every element of the two year training programme in partnership with Northumberland College and Leeds College of Building.
- Teamed up with **Hull University Technical College** to drive development of the college's STEM-related curriculum. Gareth Bullen, Director of our inspire Academy, has become a governor of the college.



Developing existing talent

As well as bringing in external talent we're keen to give colleagues the chance to learn new skills and achieve their potential.

Our approach to recruiting in at an operational level and developing a "homegrown" workforce through training, encouragement and opportunities is paying dividends across all that we do. Our culture and employee engagement is something we have been externally recognised for through our customer and employee achievements over the last year.

In 2014/15 we have developed:

- **Clear pathways:** we support every colleague to help improve their skills and develop new ones, from the week-long 'Welcome' induction when they first join the business, to continued training and development throughout their career with us. We have developed clear career pathways for our operational teams which are shared with colleagues to improve the visibility of the wide-ranging opportunities available.
- **Apprentices:** fifteen apprentices have developed into Team Leaders through vocational training.
- **A new approach to competency assessments:** we've introduced a new, internally-driven

programme, certified by EU Skills, to continually assess the skills and professional competencies of our workforce. Colleagues take part in 'on the job' assessments and observation sessions throughout the year, with professional portfolios providing a record of their skills, competencies and qualifications. This approach offers a more comprehensive alternative to periodic external assessments, which is the industry's default approach, and is already proving a game changer. For example, by virtue of taking part in our new on-going assessment process, Gas Safe registration for operational colleagues is automatically renewed, with no need to complete the five yearly ACS renewal process.

👤 We are delighted that Northern Gas Networks have agreed to move over to the newly rolled out Group Competence Scheme run by Energy & Utility Skills. This is a significant milestone in the development of the Scheme which is the only alternative to ACS for Companies to register their engineers on the Gas Safe Register and is based on the concept of assuring competence on an ongoing basis as opposed to once every 5 years. We truly believe that this Scheme provides Companies with a safer engineer which in turns means a safer customer 🗨️ EU Skills

10 in 5 approach to succession: our approach recognises that although we can refresh the age profile of our workforce through recruitment we have a wealth of knowledge within our mature workforce and a younger workforce that is keen to learn. The programme aims to accelerate development, with colleagues gaining 10 years experience in 5.

Over the last year we have been identifying interested colleagues through a series of one to one meetings, surgeries and a programme of discussions across our sites, outlining developing areas of our business and the career opportunities these present. As a result, development plans have been put in place for around 150 colleagues.

Paired with our proactive retirement programme, identifying retirees up to March 2018, we are able to develop coaching and mentoring opportunities to help those people with an appetite to progress through the organisation benefit from the wealth of current skills, knowledge and experience.

Innovating for the future

We're always looking to innovate in order to meet the challenges the future holds for our sector. Our Chief Executive is chair of the Energy Innovation Centre and this commitment to finding new and innovative solutions is something that is reflected throughout our business.

For example:

- **Innovation World 2014:** our Asset Innovation and Improvement Delivery Lead, represented us at Innovation World 2014 - a global conference for businesses at the cutting edge of digital technology.
- **Innovation Day London 2014:** following Innovation World 2014 our Asset Innovation and Improvement Delivery Lead was invited to present at Innovation Day London 2014. NGN scooped an award for 'Cloud Innovation' from the conference organisers, beating 120 other companies in the process, and recognised as being the most innovative in rebuilding our processes to improve safety, efficiency and customer service.
- **Preparing for CEER:** new service standards from CEER (Council of European Energy Regulators) are due to take effect in 2020. They will have significant implications for gas distributors, affecting connections, disconnections, planned energy interruptions and customer communications - to name a few. We are already preparing for the changes, through a new working group, and aim to meet or exceed the standards long before 2020.

Appendix

**AA1000 SES Evaluation of
Stakeholder Engagement -**

**Internal Management
Report April 2015**



AA1000 SES Evaluation of Stakeholder Engagement

Internal Management Report for Northern Gas Networks

Louise Hawson, SGS UK Ltd, 7 April 2015

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 OFGEM stakeholder engagement criteria..

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

- Interviews with stakeholder team
 - Sharon Roper, Head of Stakeholder Relations
 - David Gill, Director of Stakeholder Relations
 - Eileen Brown, Head of Customer Experience
 - Laura McKernan, Regional Stakeholder Manager
 - Alison Edeson
- Interviews with individuals responsible for key engagement processes
 - Dan Sadler
 - Peter Derbyshire
 - Nick Phillips
 - Dean Shepherdson - Head of Construction Services
- Interviews with external stakeholders
 - Siobhan Barton, Northern Power Grid
 - Aidan Mundy, Senior Parliamentary Assistant, Office of Bridget Phillipson MP
- Review of strategy and process documentation
- Review of records of engagements and mitigation plans
- Observation of Construction Services hub call
- Review of information on NGN website

The main findings are presented against each of the elements of AA1000SES. In addition, for ease of reference, the findings have been presented against the OFGEM criteria. The report complements the assurance statement, and is intended to provide internal management with detail on the observations and recommendations in the statement.

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Summary

NGN has built on its strong foundation of stakeholder engagement across the company, in particular business culture, strategic response to stakeholder needs, and 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.

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.

- The priority for 2015/16 should be to complete the stakeholder engagement toolkit and to embed this into the business.
- A key area for focus should be building the capacity of people across the business to engage effectively, to ensure this engagement leads to appropriate responses and to learn from engagement. This is partly about having the skills to engage, partly about sharing experience, and partly about understanding the internal feedback processes required to promote learning.
- NGN should continue to review its documentation and action planning processes to streamline and coordinate the various mechanisms for recording engagements of different kinds. Integration into the CEM may help with this.
- The role of the Stakeholder Engagement Management Group is critical to the process of monitoring, evaluation and learning at corporate level. This group is relatively new, and it will be important to evaluate its effectiveness in a year's time, including examining whether it is received all the information it needs from the business.
- The initiation of new surveys of stakeholders and other monitoring and measurement by external providers to provide management information for assessing the effectiveness of engagement is an important step forward. As these surveys have only recently begun, it was not possible to assess how the data is being used, and this will be something to consider for the next audit.
- Previous audits recommended internal audit of key stakeholder engagement processes. The development of a more detailed stakeholder engagement process and toolkit has provided a process which can be audited internally, and this audit process will help in providing feedback on how well systems are working. It may still be necessary to develop ongoing audit or monitoring activities for key operational processes such as the operation of mitigation plans, or delivery of engagement around capex projects.
- A strength of NGN's process is that much monitoring and learning is done through face to face meetings and weekly telephone calls, for example weekly hub calls, or CCO meetings. It is important that these processes are monitored to ensure that feedback is being shared and acted on, and that key issues and challenges are fed up to corporate level so that any systemic issues can be identified and addressed at that level.
- NGN should continue to develop and improve its reporting on its strategy, its engagements and performance to stakeholders, beyond the technical, regulatory requirements of the OFGEM submission. There are also opportunities to use the NGN website to improve reporting on individual projects, as well as key issues and the company overall.
- Finally, for 2015/16 it is recommended that NGN works with the auditor to develop an ongoing rather than 'snapshot' audit approach that reflects how the processes work, for example by scheduling observation of meetings, engagements and responses throughout the year.

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Requirements	Findings
Commitment and Integration 2.1 Commit to the AA1000 Accountability Principles <i>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.</i>	<p>NGN makes a formal commitment to the Accountability principles in its Stakeholder Manual and Strategy. This commitment is also made publicly in its submission to OFGEM</p> <p>NGN continues to integrate stakeholder engagement into its governance and decision making processes. This year, the establishment of the Stakeholder Engagement Management Group provides a forum for sharing learning and outcomes from stakeholder engagement at a strategic level. The inclusion of Board members on this group provides a channel for outcomes to be fed to Board level.</p>
2.2 Integrate with governance <i>The organisation shall integrate stakeholder engagement into governance and relevant decision-making processes.</i>	<p>It is also clear that the drive for integration of stakeholder engagement and feedback into decision making comes from Board level and is a critical factor in the future direction of the business.</p>
2.3 Integrate with organisational strategy and operations <i>The organisation shall integrate stakeholder engagement into all relevant policies and/or processes for:</i> <ul style="list-style-type: none"> • strategy development and • operations. 	<p>Stakeholder engagement is understood as a key part of leading the company into GD2 and establishing a leadership position. At operational level, successful engagement and learning from stakeholder feedback is understood as critical to achieving and maintaining the company's leadership position on Customer Experience. The direct service provider model for Construction Services also recognises the importance of strong engagement with local contractors</p> <p>Strategically, engagement is now integrated into work to address core future issues for the industry, and collaborative working is understood to be the most effective way to tackle core strategic challenges.</p>
Purpose, Scope and Stakeholders 3.1 Establish the purpose of engagement <i>The purpose for stakeholder engagement shall be defined. The purpose shall be connected to the overall strategy and operations.</i>	<p>The business, strategic and wider social benefits of engagement are clearly understood and articulated across the business, particularly at senior level.</p> <p>At the level of individual engagements and projects, NGN is clear on the purpose and scope of engagement from its own perspective, for example improving customer experience, identifying opportunities to improve services or identifying opportunities for collaboration on strategic issues.</p>
3.2 Establish the scope of the engagement associated with the purpose <i>The scope of the engagement shall be defined by determining:</i> <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>In operational programmes, significant effort is being made to communicate to local stakeholders the purpose of projects and associated engagement, including looking at alternatives to public meetings (see methodology below).</p> <p>Interviews with stakeholders this year and last year indicate that they find that NGN is clear on the purpose of engagement.</p> <p>Engagement on strategic issues – such as fuel poverty - has in general become clearer in its purpose and scope since last year. It is noted that work on key future energy issues is currently in an expansive 'information gathering' phase. It is important that once this initial phase is complete, the company establishes clear purpose, scope and boundaries for its engagement to focus on those aspects identified as within the company's resources and sphere of influence.</p>

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3.3.1 Mandate and Ownership: <i>The mandate and ownership of the engagement shall be established. The owners of the engagement shall have the appropriate competencies.</i>	<p>One of the strengths of NGN's approach to stakeholder engagement is that all employees have a mandate for engaging with stakeholders on those issues where they have some responsibility and where they can see potential benefits from that engagement. This is within the overall culture of the company which seeks to empower employees to act.</p> <p>While this is an important strength, it underlines the need for capacity building to encourage high quality engagement, and effective communication mechanisms to ensure that engagements are tracked and learned from across the business.</p> <p>The development of the new stakeholder plans is providing a mechanism for agreeing and formalising ownership of the different strands of engagement within the company.</p> <p>It is noted that there has been a good improvements in the 'division' of ownership of engagement and relationships with stakeholders such as local authorities and businesses at regional and local level.</p>
3.3.2 Stakeholder identification: <i>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.</i>	<p>Stakeholders are identified at an early stage in creating and categorising mitigation plans, developing capex projects, and establishing engagement around strategic issues.</p> <p>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 or by the issue under consideration. As there is considerable internal expertise in delivering stakeholder engagement, there is no reason to believe that stakeholders are not being effectively identified.</p> <p>The development of the new stakeholder engagement toolkit will include guidance in this area. It may be useful to include guidance on considering stakeholders in terms of level of influence and potential impact of the project/issue on them.</p>
Stakeholder Engagement Process 4.1 Plan 4.1.1 Profile and map stakeholders: <i>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.</i>	<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. It also provides a management challenge to ensure quality of engagement activity, responsiveness to stakeholder input, and ability to learn from activity.</p> <p>The development of the stakeholder plans for each business area is leading to the gradual development of stakeholder profiles and maps for each area of the business. NGN is responding to the diversity of stakeholder profiles and relationships by developing stakeholder maps in different styles that recognise the different patterns of engagement in different parts of the company. This is an example of good practice.</p>
4.1.2 Determine engagement level(s) and method(s): <i>The owners of the</i>	<p>Previously work in strategic areas was not always formally planned in line with the requirements of the standard; the new stakeholder plans provide a useful way to do this on an annual basis, giving additional structure without</p>

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<p>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.</p>		<p>being overly bureaucratic and stifling innovation.</p>					
<p>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.</p>		<p>Work has continued in the last year to develop more effective and innovative ways to engage with stakeholders. The Artist in Residence Programme is being developed into an increasingly powerful tool for engaging hard to reach communities, particularly for capex work. The creation of the new Online Community also provides a new way for stakeholders to raise or discuss issues that are important to them.</p>					
<p>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.</p>		<p>Another area of good practice is in delivery of the social strategy, where engagement and delivery of activity has been in collaboration with other organisations that have existing strong relationships with communities, such as MPs and Rural Action Yorkshire.</p>					
<p>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.</p>		<p>The new Repex strategy and process clearly integrates planning of engagement at an early stage in the process, with engagement being part of initial planning and scheduling, as well be in the planning and design process, to identify the stakeholders who may be affected by planned works at an early stage. This allows 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>Categorising projects 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, or wider organisational and business engagement for major high priority projects. The collaborative way in which mitigation plans are put together and signed off is a particular strength.</p>					
		<p>Mitigation plans are not currently shared with stakeholders, although stakeholders are made aware of plans through communication. Sharing plans with key stakeholders is recognised as something that could be done and made part of the process.</p>					
		<p>Indicators for measuring customer experience are well established, and are being used effectively to drive improvement. Indicators in other areas are being established (see below). In future, project stakeholders and customers could be invited to suggest what indicators they would see as useful in measuring the success of the project.</p>					
4.2 Prepare							
<p>4.2.1 Mobilise resources: The owners of the engagement shall identify and gain approval for the resources required for successful engagement.</p>		<p>Significant resource has been made available to deliver engagement. NGN is actively recruiting new CCOs, and seeking individuals with customer and stakeholder engagement background from outside the industry who bring new skills, perspective and expertise. Investment in employment of a highly experienced Head of Stakeholder Engagement at corporate level is an important development particularly in ensuring oversight of engagement quality, promoting good quality engagement, spotting gaps or opportunities, and establishing a strategic approach across the business. At the same time, significant investment in the Customer Experience team and their internal systems and processes has led to significant success in this area.</p>					
<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</p>		<p>For the future key area for development will be building the capacity of people across the business to engage</p>					
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<i>these needs in order to enable effective engagement.</i>		effectively, to ensure this engagement leads to appropriate responses and to learn from engagement. This is partly about having the skills to engage, partly about sharing experience, and partly about understanding the internal feedback processes required to promote learning.					
4.2.3 Identify and prepare for engagement risks: <i>The owners of the engagement and the stakeholders shall identify and address engagement risks.</i>							
4.3 Implement the engagement plan							
4.3.1 Invite stakeholders to engage: <i>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.</i>		Early planning of engagement within processes enable stakeholders to be invited and briefed in good time. This year, cap ex projects have begun to look at systematically engaging stakeholders at an early stage, and the development of the Repex process formalises engagement at a very early stage.					
4.3.2 Brief stakeholders: <i>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.</i>		Strategic engagement is also being enhanced through NGN's engagement in ongoing engagement hubs such as Infrastructure North, ENA and playing an active role in meetings with shippers. This means that when engagements around specific issues are required, contacts and networks are often already in place to develop and deliver action plans.					
4.3.3 Engage: <i>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.</i>		Different tools are being used to record engagements by different teams across the business. NGN should continue to review its documentation and action planning processes to streamline and coordinate the various mechanisms for recording engagements of different kinds. Integration into the CEM may help with this. Improved coordination of documentation across different engagement platforms may make post project debrief/wrap up easier.					
4.3.4 Document the engagement and its outputs: <i>The owners of the engagement shall document the engagement and its outputs.</i>		NGN is creating new ways to communicate with stakeholders around projects, for example through the development of the relationship with Active Profile This commitment to innovation is strength of NGN's approach. In addition, stakeholder newsletters and other mechanisms are used to report on the outcomes of engagement. The development of the microsite could also be used to perform this role.					
4.3.5 Develop an action plan: <i>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</i>							
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<p>outputs of the engagement. The action plan shall be developed in consultation with those who will have responsibility for implementing it.</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>	
<p>4.4 Act, review and improve</p>	
<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>NGN has put significant effort this year into improving its monitoring stakeholder views and learning from engagement.</p> <p>The role of the Stakeholder Engagement Management Group is critical to the process of monitoring, evaluation and learning at corporate level. This group is relatively new, and it will be important to evaluate its effectiveness in a year's time, including examining whether it receives all the information it needs from the business.</p> <p>The initiation of new surveys of stakeholders by external providers will provide useful information for assessing the effectiveness of programmes and gathering feedback from key groups. As these surveys have only recently begun, it was not possible to assess how the data is being used, and this will be something to consider for the next audit.</p> <p>Previous audits recommended internal audit of key stakeholder engagement processes. The development of a more detailed stakeholder engagement process and toolkit has provided a process which can be audited internally, and this audit process will help in providing feedback on how well systems are working. It may still be necessary to develop ongoing audit or monitoring activities for key operational processes such as the operation of mitigation plans, or delivery of engagement around capex projects.</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>A strength of NGN's process is that much monitoring and learning is done through face to face meetings and weekly telephone calls, for example weekly hub calls, or CCO meetings. It is important that these processes are monitored to ensure that feedback is being shared and acted on, and that key issues and challenges are fed up to corporate level so that any systemic issues can be identified and addressed at that level.</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>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 engaged with these discussions provides weight and credibility to the process and to the importance of customer and stakeholder engagement.</p> <p>NGN continues to collect performance information on customer experience beyond OFGEM customer satisfaction scores. Detailed analysis of these scores 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>
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	<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.</p>
<p>4.4.4 Report on engagement: Organisations shall publicly report on their stakeholder engagement.</p>	<p>The production of the Stakeholder report in 2014 was a big step forward in improving the information reported to the public on issues that are important to key stakeholders. The evaluation of this report with stakeholders has provided useful feedback in improving this reporting in future. NGN should continue to develop and improve its reporting to stakeholders, beyond the technical, regulatory requirements of the OFGEM submission.</p> <p>There are also opportunities to use the NGN website to improve reporting on individual projects, as well as key issues and the company overall.</p>

Summary of findings: OFGEM Stakeholder Engagement Criteria

OFGEM criteria	
Detailed and current stakeholder engagement strategy (Part 1 submission).	<p>NGN continues to integrate stakeholder engagement into its governance and decision making processes. The establishment of the Stakeholder Engagement Management Group provides a forum for sharing learning and outcomes from stakeholder engagement at a strategic level.</p> <p>Stakeholder engagement is understood as a key part of leading the company into GD2 and establishing a leadership position. It is clear that the drive for integration of stakeholder engagement and feedback into decision making comes from Board level and is a critical factor in the future direction of the business.</p> <p>At operational level, successful engagement and learning from stakeholder feedback is understood as critical to achieving and maintaining the company's leadership position on Customer Experience. Strategically, engagement is integrated into work to address core future issues for the industry, and collaborative working is understood to be the most effective way to tackle core strategic challenges.</p> <p>The stakeholder engagement toolkit and strategy will provide a strong framework for guiding effective stakeholder engagement and ensuring that engagement is performed and feedback sought across all of NGN's business units. This toolkit is still under development, but is a consolidation and formalisation of processes that are already current within the business.</p>
How NGN keeps stakeholders informed about relevant issues, business activities, decision-making and other developments (Part 1 submission).	<p>NGN is creating new ways to communicate with stakeholders around projects, for example through the development of the relationship with Active Profile This commitment to innovation is strength of NGN's approach. In addition, stakeholder newsletters and other mechanisms are used to report on the outcomes of engagement. The development of the microsite could also be used to perform this role.</p> <p>The production of the Stakeholder report in 2014 was a big step forward in improving the information reported to the public on issues that are important to key stakeholders. The evaluation of this report with stakeholders has provided useful feedback in improving this reporting in future. NGN should continue to develop and improve its reporting to stakeholders, beyond the technical, regulatory requirements of the OFGEM submission</p>
How NGN enables timely input and feedback from stakeholders via appropriate mechanisms to inform decision making (Part 1 submission).	<p>There are processes to capture feedback from all engagement. Feedback is recorded in an activity log and based on the information an action plan is produced that states the people responsible for performing the actions and when these should be completed by. It's not acceptable to state that an action is 'ongoing' or set a completion date a long way into the future. On a quarterly basis the action plans are reviewed by the stakeholder engagement team. The Executive Monthly Management report is provided to the executive management by the stakeholder engagement team that provides an update of feedback received and the status of all actions in the month and this report has been tailored so that the team receive the information in the format they consider to be most effective for them to use the information in their decision making</p>
A broad and inclusive range of stakeholders have been engaged (Part 1 submission).	<p>NGN is proactive in engaging with new stakeholders, evaluating the effectiveness of existing engagement and engaging with organisations that have better contact with certain stakeholder groups. A broad and inclusive</p>
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1 submission).	<p>range of stakeholders are engaged with.</p> <p>Stakeholders are identified at an early stage in creating and categorising mitigation plans, developing capex projects, and establishing engagement around strategic issues.</p> <p>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 or by the issue under consideration. As there is considerable internal expertise in delivering stakeholder engagement, there is no reason to believe that stakeholders are not being effectively identified.</p> <p>The development of the new stakeholder engagement toolkit will include guidance in this area. It may be useful to include guidance on considering stakeholders in terms of level of influence and potential impact of the project/issue on them.</p>
NGN 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 (Part 1 submission).	<p>NGN uses a variety of mechanisms for engaging stakeholders.</p> <p>NGN uses a range of methodologies to engage with and communicate with stakeholders. These methodologies are developed and adapted for each engagement or stakeholder group.</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. It also provides a management challenge to ensure quality of engagement activity, responsiveness to stakeholder input, and ability to learn from activity.</p> <p>The development of the stakeholder plans for each business area is leading to the gradual development of stakeholder profiles and maps for each area of the business. NGN is responding to the diversity of stakeholder profiles and relationships by developing stakeholder maps in different styles that recognise the different patterns of engagement in different parts of the company. This is an example of good practice.</p> <p>Work has continued in the last year to develop more effective and innovative ways to engage with stakeholders. The Artist in Residence Programme is being developed into an increasingly powerful tool for engaging hard to reach communities, particularly for capex work. The creation of the new Online Community also provides a new way for stakeholders to raise or discuss issues that are important to them.</p> <p>Another area of good practice is in delivery of the social strategy, where engagement and delivery of activity has been in collaboration with other organisations who have existing strong relationships with communities, such as MPs and Rural Action Yorkshire</p> <p>Significant resource has been made available to deliver engagement. NGN is actively recruiting new CCOs, and seeking individuals with customer and stakeholder engagement background from outside the industry who bring new skills, perspective and expertise. Investment in employment of a highly experienced Head of Stakeholder Engagement at corporate level is an important development particularly in ensuring oversight of engagement</p>
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	quality, promoting good quality engagement, spotting gaps or opportunities, and establishing a strategic approach across the business. At the same time, significant investment in the Customer Experience team and their internal systems and processes has led to significant success in this area.
NGN can demonstrate it is acting on input / feedback from stakeholders (Part 1 submission).	There are numerous examples of NGN acting on input and feedback from stakeholders. For example, by integrating engagement with stakeholders at an early planning stage in its Repex and Capex processes, NGN is able to respond to feedback through its project scheduling and design, as well as through the way road closures or supply interruptions are handled. On strategic issues, the depth of collaborations developed with external stakeholders means that NGN has been able to develop industry-leading programmes.
The results of NGN's stakeholder engagement activities fit with the stakeholder engagement strategy (Part 2 submission).	<p>Stakeholder engagement activities fit very well with the strategy and processes in the stakeholder engagement toolkit. NGN makes a concerted effort to receive feedback from as many stakeholders as possible and all feedback is then used in the decision making process, whether at operational level or at strategic level.</p> <p>The breadth of NGN's engagement provides it with a huge wealth of information that it can use to identify the most material issues for the business and for individual departments. The evidence of improvements in customer satisfaction scores and feedback from stakeholder surveys provides a measure of whether it is getting this right, particularly at operational level. The business is now carrying out specific engagement to confirm material issues for the business, and determine material issues for different stakeholder groups. It is acknowledged that materiality of issues changes over time and this is taken into account when interpreting feedback.</p>
Feedback and stakeholder engagement results have been considered in policies, procedures, business plans and/or organisational culture (Part 2 submission).	<p>The business, strategic and wider social benefits of engagement are clearly understood and articulated across the business, particularly at senior level. At the level of individual engagements and projects, NGN is clear on the purpose and scope of engagement from its own perspective, for example improving customer experience, identifying opportunities to improve services or identifying opportunities for collaboration on strategic issues.</p> <p>Feedback and stakeholder engagement results are considered in the development of policies and business plans. A good example of this is the current development of engagement with external stakeholder around the futures programme of work, whereby NGN's strategy is being developed in light of its engagement with key stakeholders and partners.</p> <p>One of the strengths of NGN's approach to stakeholder engagement is that all employees have a mandate for engaging with stakeholders on those issues where they have some responsibility and where they can see potential benefits from that engagement. This is within the overall culture of the company which seeks to empower employees to act, and understands stakeholder engagement to be a fundamental driver for delivering high quality outcomes and developing future strategies and plans. While this is an important strength, it underlines the need for capacity building to encourage high quality engagement, and effective communication mechanisms to ensure that engagements are tracked and learned from across the business.</p>
Mechanisms to monitor and report stakeholder feedback and engagement	NGN has put significant effort this year into improving its monitoring stakeholder views and learning from engagement.

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within the organisation and whether results and decision made based on these results impact stakeholder groups (Part 2 submission).	<p>The role of the Stakeholder Engagement Management Group is critical to the process of monitoring, evaluation and learning at corporate level. This group is relatively new, and it will be important to evaluate its effectiveness in a year's time, including examining whether it is receiving all the information it needs from the business.</p> <p>The initiation of new surveys of stakeholders by external providers will provide useful information for assessing the effectiveness of programmes and gathering feedback from key groups. As these surveys have only recently begun, it was not possible to assess how the data is being used, and this will be something to consider for the next audit.</p> <p>Previous audits recommended internal audit of key stakeholder engagement processes. The development of a more detailed stakeholder engagement process and toolkit has provided a process which can be audited internally, and this audit process will help in providing feedback on how well systems are working. It may still be necessary to develop ongoing audit or monitoring activities for key operational processes such as the operation of mitigation plans, or delivery of engagement around capex projects.</p> <p>A strength of NGN's process is that much monitoring and learning is done through face to face meetings and weekly telephone calls, for example weekly hub calls, or CCO meetings. It is important that these processes are monitored to ensure that feedback is being shared and acted on, and that key issues and challenges are fed up to corporate level so that any systemic issues can be identified and addressed at that level.</p> <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 engaged with these discussions provides weight and credibility to the process and to the importance of customer and stakeholder engagement.</p> <p>NGN continues to collect performance information on customer experience beyond OFGEM customer satisfaction scores. Detailed analysis of these scores 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>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.</p>
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