

Part 1

Our strategies and highlights of the year

2017/18



Our next steps from DNO to DSO

- Responsible for keeping the network stable and power supplies reliable.
- Regional DSOs of sufficient size and capacity to be accountable.
- Interconnection boosts physical and cyber security resilience.
- Provide the physical trading platform for other parties in the Energy Market.
- Market maker for distribution grid services.
- Enabler to access transmission grid services market.



Part 1 – Our strategies and highlights of the year 2017/18

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I am privileged to lead a regional infrastructure business that provides an essential service to the communities in which we live and work. Our vision is ***“To be the best energy company in serving our customers, while delivering sustainable energy solutions.”*** In reality that is more a journey than a destination, and it means that every day we strive to find ways to deliver and then improve upon a consistently high standard of service for all of our customers, particularly those whose need is greatest. We have to hear the voice of our customers if we are to do that.

The entire energy industry is on a journey of unprecedented change. Yet our customers’ needs remain straightforward; time and again they tell us they want reliability and value. And they also tell us we have a responsibility

to look to the future, to provide a flexible energy system which enables our communities to use energy in the wider variety of ways that the future will offer.

Our Distribution System Operator proposals have been driven from the outset by our customers. Outlined further in Part 2, we have built a programme of engagement to harness our plans for an innovative new approach to the needs, views and priorities of all our stakeholders and customers.

Our company and our customers share a proud heritage in both energy and industry. Our lead role in the Northern Energy Taskforce responds to the wider strategic needs of our regional stakeholders. Many believe that the recommendations of the Northern Energy Strategy could unlock the economic potential the North has to offer as an energy-rich region. We believe we have an obligation to play an active part in helping our stakeholders explore possibilities that might otherwise be lost.

In the past year, we have transformed the quality and outcomes of our engagement by retaining the successful elements of the past (our pioneering Stakeholder Panel) and adding elements our customers find particularly

valuable (including partnerships, and a strategic framework). Internal groups then channel the stakeholder voice more effectively within our business. As a consequence, in this report you will read about the impact our stakeholders have had on our policy responses, our capital programme (undergrounding, flood defences), our customer contact and commitment to a smart energy grid for future generations.

Our aim has always been to ensure that our stakeholders and customers are heard within Northern Powergrid, driving the quality of planning and the effectiveness of outcomes. Our new approach makes these debates be heard more clearly and brings us closer to the people we are proud to serve.

Phil Jones
President and CEO

2017/18 headlines

170

meaningful outcomes delivered for stakeholders

18,000+

stakeholders engaged

Leadership

Executive team leading stakeholder discussions on strategic issues

95%

satisfaction with webinars – broadening reach through digital channels

Policy

Stakeholder voice influencing policy – local energy, undergrounding and charging methodology

2018/19 priorities

Keeping our promise to deliver more for less for our customers – innovation driving improvements

Pioneer the use of smart meter data to realise benefits for our stakeholders

Work with our stakeholders to prepare for a successful transition to being a DSO

“Northern Powergrid continues to embed good practice in stakeholder engagement across the business and to develop innovative approaches and collaborations where possible. As in previous years, the strengths of the company’s approach are its business culture, the strategic nature of the response to stakeholder needs, and the provision of sufficient resources to deliver engagement and respond to stakeholders. There is evidence that systems are maturing, and that NPG is seeking to strengthen the culture of engagement and spread good practice further through the business. We particularly welcome the current focus on deepening the integration of stakeholder engagement within core strategy and business planning.”

SGS AA1000 Stakeholder Audit – May 2017

CASE STUDY

Stakeholder voice influencing policy

Feedback and insight

- ▶ Stakeholders want to be engaged early and influence strategic decisions in our business and also at a policy level.
- ▶ Stakeholders do not always have the right channels for being heard collectively on policy.

What we did

- ▶ Introduced consultation response discussions at our stakeholder panel.
- ▶ Engaged 10 Local Authorities to discuss their local energy needs and wrote to Ofgem to raise their issues.
- ▶ Engaged with all our National Parks and

AONBs to discuss and agree undergrounding investment schemes and then engaged Ofgem to discuss further investment.

Outcomes and benefits

- ▶ We have responded to a number of consultations reflecting the collective views of our stakeholders, e.g. Industrial Strategy, Innovation, Electricity Storage, Last Resort Supplier and RIIO2 consultation.
- ▶ Our stakeholders’ views are being put to policy makers on specific issues such as the discussions about new connections in areas where cable undergrounding is taking place.

We have a clear strategy in place that guides the delivery of our initiatives, projects and programmes, which we have highlighted in this submission.

Our stakeholder strategy

Our stakeholder strategy defines how the role of engagement underpins the delivery and development of our business in the short, medium and longer term. Our activities and initiatives ensure stakeholders and customers and their priorities are influencing our business plans and service improvements. The strategy is not rigid. It is informed by our research and engagement activities and the increased learning this brings; adjustments are

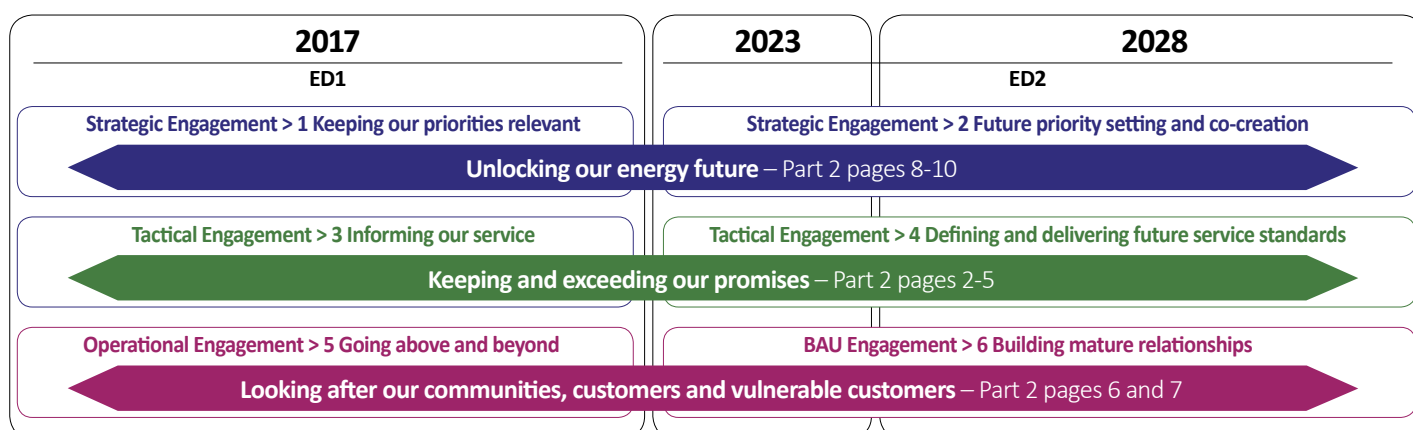
subsequently agreed with our executive and stakeholder panel.

The three areas of the strategy that stakeholder engagement underpins are Unlocking our energy future, Keeping our promises and Looking after our communities.

Examples of the outcomes and stakeholder benefits we are delivering within these areas are illustrated throughout Part 2.

"The new business planning process for stakeholder engagement includes new reporting templates and processes, in which stakeholder reporting is integrated with existing reporting against key business improvement initiatives and business plan objectives. This is a powerful way to integrate reporting and monitoring progress into the core of strategy and operations, and ensure that Directors are kept aware of progress."

SGS AA1000 Stakeholder Audit – May 2017





Our social responsibility strategy

Our five Social Pillars (see below) are the foundations on which our social responsibility strategy is built. They were developed in 2015 with guidance from our external panel, the Social Issues Expert Group, and have been tested with wider stakeholders' groups since then. The Social Pillars link our strategy to our social programme.

As a regional infrastructure business that serves the communities in which we also live and work, our pillars bring a focus and approach to different social issues which are impacting our customers and wider communities and show how we can make a difference. Details of our community engagement and education programmes can be found in Part 2 of our

submission and our consumer vulnerability and affordability programmes are detailed in Part 3.

 Vulnerability	 Affordability	 Community	 Education	 Engagement
Providing targeted support to our most vulnerable customers before, during and after a power cut.	Helping customers and communities by alleviating the effects of fuel poverty.	Strengthening communities whilst ensuring and securing safer places to live and work.	Creating a more informed and aspirational generation for our industry and the communities we serve.	Empowering our people to improve our engagement and deliver a timely response to our customers' needs.
28.6% of our households have a person with a long-term health problem or disability.	15.6% of our customers are living in fuel poverty.	8.2 out of a potential 10 vulnerabilities recorded in 15 of our urban communities.	24.5% of our customers aged 16+ have no qualifications.	1,684 hours volunteered in 2017.

Embedding our strategies

Our stakeholders told us that they wanted to influence our business plans, so we have changed our management processes to make this happen. In 2017/18 our focus has been:

NEW To bring the voice of stakeholders in earlier – before the very start of our annual business plan cycle. Executive directors and senior managers take part in round table open discussions about the big questions that they have yet to form

answers on in their respective areas, shaping their views before the planning has even started.

NEW Defining the measurement and reporting of our initiatives based on what stakeholders value, not legacy business performance measures. Working across the business to better define, measure and report outcomes, impacts and benefits (see page 9) which

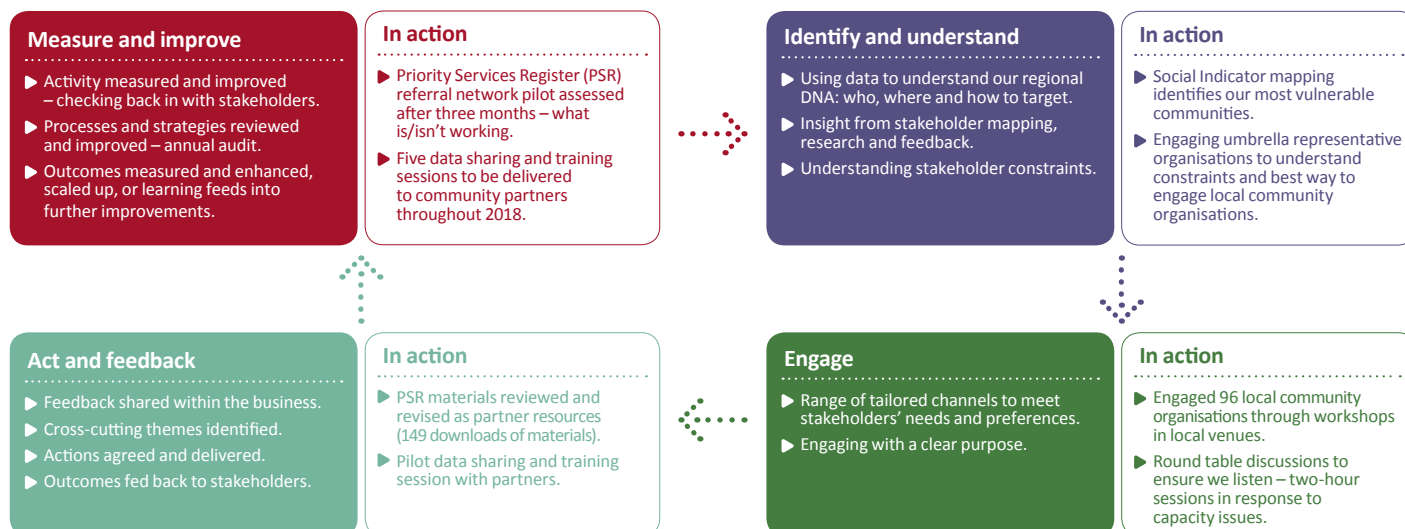
are meaningful for our stakeholders. This includes adapting core reporting procedures and ensuring there is continuous visibility and focus on this measurement and approach.

► Internal engagement and training to increase awareness and provide the skills and tools to do the job (see page 5).

Creating lasting relationships with our stakeholders and communities is essential to the long-term sustainability of our business, helping us design and improve services. We have strengthened our end-to-end engagement approach, embedding it within our governance processes and bringing our stakeholders' voice earlier within our annual business planning cycle.

End-to-end meaningful engagement approach

Our cyclical approach to engagement is set out below, along with the example of how this works in practice through our community engagement workshops.



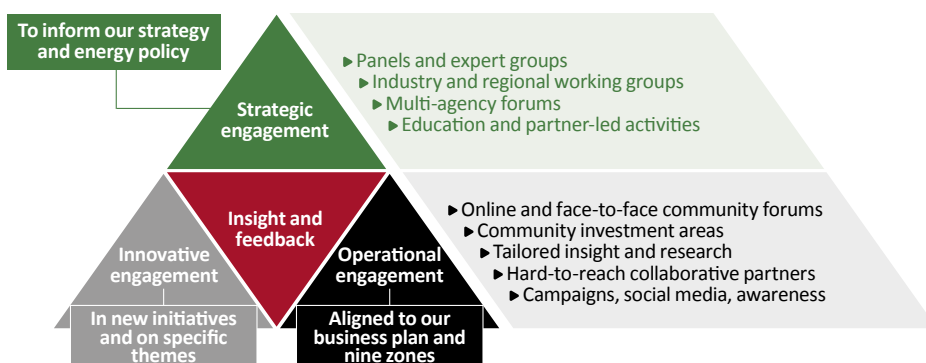
Embedding our approach

It is not enough to simply share the engagement approach with our colleagues; we have truly embedded engagement within our governance this year and within our annual business planning and weekly, monthly and quarterly management reporting processes. We have also developed a series of engagement improvement initiatives to support service delivery to our customers and enhance the skills of our colleagues across the business.

Priority	Initiative examples in 2017/18
Developing engagement, data and research channels	<ul style="list-style-type: none"> ▶ Social indicator and business data for our region now available for easy interrogation on our on-line system (see page 4). ▶ Early engagement on key issues – priorities and horizon scanning discussions introduced earlier in business planning cycle (see page 5). ▶ Engagement plans for each key business activity before executive sign off.
Developing our people, culture and capacity	<ul style="list-style-type: none"> ▶ Bespoke consumer vulnerability training delivered to 1,728 staff (see Part 3 page 8). ▶ Regular briefings to staff explaining how we can Make Every Contact Count particularly for our vulnerable customers (see page 5).
Deliberate development of key partnerships	<ul style="list-style-type: none"> ▶ Community partnerships expanded to match the needs of our vulnerable customers which enables increased PSR referrals, shared learning and drives local innovation (see Part 3 page 5). ▶ Collaboration in innovation expanded to support DSO and smart grid enablers programme.
Robust governance, processes and measures supporting, learning, review and continual improvement	<ul style="list-style-type: none"> ▶ Strategic Stakeholder Engagement Management Group (SSEMG) members refreshed to ensure we have the senior/executive leads for a broader expansion of work with a clear focus on the outcomes of engagement plans (see page 5). ▶ Strengthened approach to measuring outcomes, impact and benefits (see page 9).

Tailoring our approach

We strive to have an engagement approach which is open and accessible to all who wish to take part (see pages 6 and 7). However, we also understand that our stakeholders have differing levels of knowledge and interests and this will influence where and how they wish to engage. Tailoring our engagement approach from light touch to in-depth engagement ensures as inclusive an approach as possible. We respect our stakeholders' time and so we have a flexible range of engagement channels to suit their preferences.



An increased understanding of our stakeholders helps us to prioritise, target and tailor our engagement and the programmes we deliver as a result.

Gaining greater insight through data

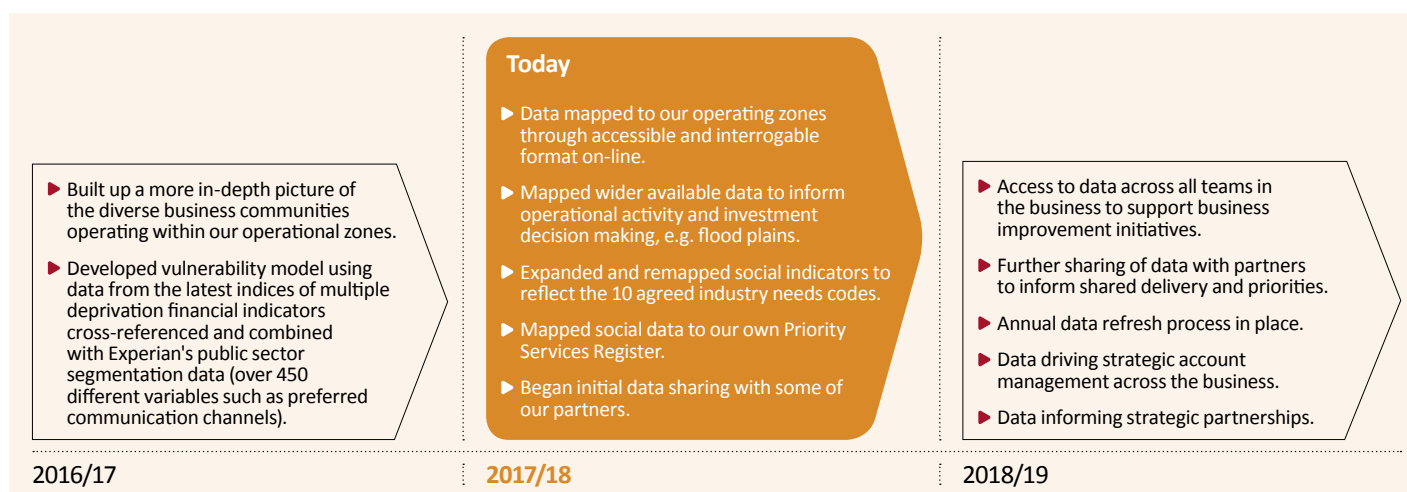
Last year we reported how we had significantly increased access to data which gave us a more informed view of the communities we serve. A particular focus was given to vulnerable customers and issues of affordability to support developments within our social programme.

NEW

We have continued to develop these tools so that we have data which is more meaningful and accessible for our

colleagues and partners. Continuing our work with Experian we now have a web-based system, Tableau, which allows us to interrogate data such as social indicator information, in line with our own operating boundaries. Introduced in November 2017, this increased interpretation of and accessibility to the vast data sources we have available is already helping us make better informed decisions and target our

resources. We have piloted this approach and plan to utilise and roll out a further suite of business community data in conjunction with our own operational data throughout 2018. Although still in the pilot stage – Ovo Energy and Sainsbury's are now talking to Experian about using this model to target their activities and we believe this may be of interest to the wider industry following this pilot stage.



In 2017/18 the data has helped us to take a more informed approach and make more efficient use of resources:

- ▶ Target 105 campaigns in areas with least awareness in a tailored and focused way.
- ▶ Target our engagement in our most vulnerable communities to expand our PSR referral network.
- ▶ Informed the scope of projects such as the Nissan battery feasibility study (see page 6).
- ▶ Expand our social programmes into our most deprived areas, where they can deliver the greatest benefit.
- ▶ To better understand the needs and challenges of residents in our tower block improvement programme to tailor our approach.
- ▶ Share data with Yorkshire Water to inform a community engagement and PSR referral project later this year, which is now in development.

NEW

Sharing data insights and understanding

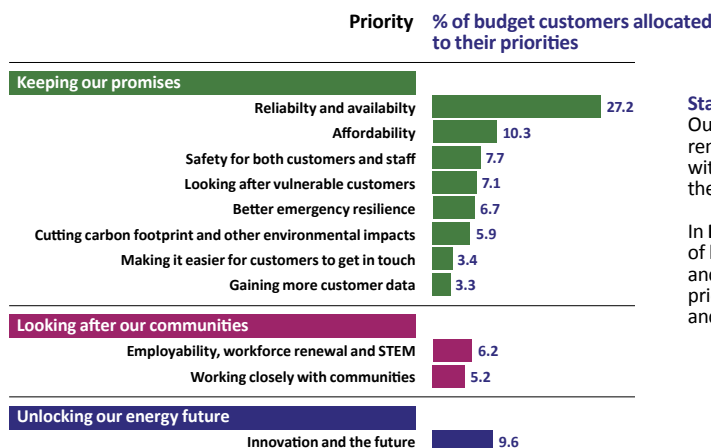
We have already seen the value of detailed and accessible data, so we are working to share it with our partners. Stakeholder suggestions for opportunities that the data presents include:

- ▶ **Utilities** – sharing with both gas and water companies to inform our shared consumer vulnerability and social programmes.
 - ▶ **Local Authorities** – targeting shared resilience programmes.
 - ▶ **Third-sector partners** – to inform how we tailor and target our joint projects and strengthen bids for further avenues of funding.
- Our stakeholders agree that sharing this information needs to be done in a controlled manner as data insight comes with a high degree of responsibility. We are already working on sharing agreements which define appropriate control procedures.

Our shared priorities

As well as the breadth and depth of engagement and feedback we get from our tailored and targeted engagement, it is important that we regularly check in with a broad representative group of our stakeholders to make sure that overall our priorities and delivery of our business plan are on track.

To inform our 2017/18 Business Plan, our stakeholder priorities research was followed up with qualitative focus groups to give us a more detailed understanding of our stakeholders' expectations within these priorities.



Stakeholder priorities
Our stakeholder priorities remain broadly consistent with reliability and availability the number one priority.

In **Part 2** we set out examples of how we are responding to and delivering against these priorities for our stakeholders and customers.

We work hard to ensure every member of Team Powergrid has the right skills, tools and capability to deliver excellent stakeholder engagement and service for our customers. We also know that we can achieve more together through partnership and collaboration.

Developing our people

Senior management engagement

We have held a monthly forum on our stakeholder engagement activities since 2013. This group has recently been refreshed to increase membership of executive leads as well as senior managers to discuss strategic focus of engagement outside of the board room. Our Strategic Stakeholder Engagement Management Group is chaired by our Policy & Markets Director with each area of the business accountable for their own engagement plans aligned to their business plan responsibilities. This group monitors progress and forthcoming engagement and, critically, potential areas of overlap, duplication, or where complementary activities are taking place, helping our teams to deliver more effective outcomes for our stakeholders and to deliver our Stakeholder Strategy.

Our executive has clear visibility of our progress across Stakeholder Engagement, Social Responsibility and Consumer Vulnerability Programmes. There is formal reporting into quarterly Board meetings and monthly executive meetings. There are also weekly updates provided on our executive call, led by our CEO. This ensures the executive is regularly monitoring, shaping and challenging our plans and progress.

As well as delivering day-to-day engagement with key stakeholders, our executive and senior managers are actively involved in our strategic engagement activities, recognising the importance of hearing views and feedback directly. Since its inception in 2013, five directors regularly attend our quarterly stakeholder panel to participate in discussions, take questions and report on progress in key areas of network performance, environment and safety,

regulation and policy consultations. Our executive lead on key strategic themes and events such as DSO and Smart Grid and have led each of our six business planning round table discussions on key and emerging issues.

Embedding engagement

Whilst it is important that our executive and senior managers lead the organisation's strategic stakeholder engagement, social and consumer vulnerability programmes, doing the right thing for our customers and stakeholders is everyone's responsibility and accountability.

Last year we launched our Make Every Contact Count (MECC) engagement campaign. We have built on this using our simple MECC promises to our customers, branding these into our internal communications, engagement and capacity building activities. Embedding our approach in business as usual activities reinforces the message that engaging and responding to the needs of our stakeholders and customers is part of everyone's job. In order to further build the capacity and capability of our staff this year we have:

- ▶ Engaged 3,164 colleagues who regularly receive social responsibility, consumer vulnerability and stakeholder engagement good practice briefings.
- ▶ Supported 160 key colleagues who have received tailored in-depth briefings through operational stand-down sessions and wider internal information sessions.
- ▶ Inspired 157 staff involved in volunteering through our social programmes, helping to build their understanding of the issues affecting our customers and increase their own job satisfaction.

NEW

Identified consumer vulnerability champions and stakeholder engagement champions across the business who have encouraged their own teams to deliver good practice, share messaging and get involved.

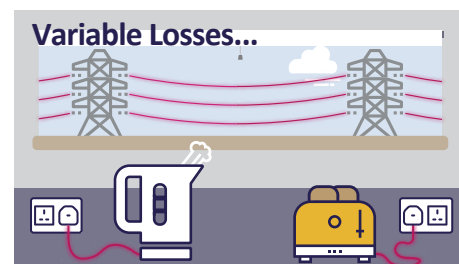
NEW

Supported our DSO team in ensuring complex subject matter is easily accessible and clearly messaged as they embark on our long-term engagement programme around this issue.

NEW

Developed new, innovative materials to support teams to better engage with their stakeholders around often complex issues including losses, community batteries, risk and communicating investment and improvement programmes to communities and civil leaders.

Electricity losses animation developed following feedback



NEW

Run an engagement pilot with our asset management team to ensure our processes are fit for purpose – this has led to an audit of our templates to ensure stakeholder mapping is accurate and engagement plans are comprehensive.

Developing our partnerships

Through collaboration, we not only increase our capacity, capability and reach, we also continually learn and improve. We do this in a number of ways, working with a range of complementary partners to deliver programmes and projects, shaping what we do and how we do it to ensure the best possible outcome is delivered in the most efficient and effective way.

Industry collaboration and best practice sharing

We work closely with our peers in industry across a range of issues, sharing best practice and learning to inform joint projects and ideas we can roll out in our own area. Further examples and details of the examples highlighted to the right can be found in Part 4 of this submission.

- ▶ **Smart metering DCC user group with SPEN, UKPN and Siemens:** This collaboration led to all three Distribution Network Operators (DNOs) achieving the pending go-lives of their gateway programmes ahead of

schedule. The group remains active and recently led discussions at European Utility Week on smart metering cyber security and how smart meters can be used by DNOs in the future, sharing best practice with DNOs beyond the initial user group.

NEW

Engaging together: For the first year we shared a stand with other DNOs at the National Energy Action Conference, jointly sharing our PSR and affordability information with over 300 delegates. We also joined with the other DNOs to host a stand at the Rural England conference in January; raising awareness of 105 and PSR with this hard to reach audience.

NEW

Communicating with vulnerable customers: We lead the national PSR communications working group looking at how we can best reach out to customers in vulnerable situations through national campaigns and joint communication channels.

NEW

Innovative spark – Working together to change the future: DNOs have joined together to produce a joint Electricity Network Innovation Strategy. Significant work with stakeholders has ensured their voices have been heard every step of the way.

NEW

The Future of the PSR – Using data to support customers in vulnerable circumstances: The energy landscape – and the population – is changing. DNOs need to know how these new pressures may affect the way they plan their support for customers in vulnerable circumstances. Research has been carried out to help all DNOs understand how their Priority Services Registers might change in the future. It will help us plan our approach to caring for customers in vulnerable circumstances.

Cross-utility approach driving customer benefits

Our Infrastructure North Partnership formed in 2013 when it was apparent just how many similar issues and customers we shared with the other utilities in our area; it made sense to take a joined-up approach and share learnings. This is now an area of best practice that others have adopted. We work closely on a number of projects with specific sub-groups for innovation, environment and social issues. Projects in 2017/18 include:

SCALED UP

Data sharing with Northern Gas Networks (NGN). We have a mutually beneficial arrangement in place with NGN to access our PSR customer information provided through a comprehensive data-sharing agreement. In return their engineers and frontline staff sign up vulnerable customers to our PSR register so that we can provide them with extra help when they need it the most. This year we have received 4,320 referrals which is a 300% increase from the pilot year.

► **Golden Guide:** Targeting older people in Tyne and Wear, Northumberland and

County Durham, the Golden Guide, with comprehensive information, advice and guidance on energy saving and additional support, was published in January 2018. It is advertised within a referral magazine that targets older people living independently at home to ensure copies reach those vulnerable people who need the information most.

NEW

Social impact research: The first ever cross-utility industry research to explore the social impact of our improvement work on communities. This innovation project is exploring appropriate metrics for assessing the social impact of network interventions. It is investigating how innovation can be used to maximise benefits, reduce the impact on local communities and drive productivity.

NEW

Future consumers research: Targeting young, future consumers from a range of socio-economic backgrounds to better understand their needs, interests and challenges in relation to utilities now and in the future (see page 8).

Partnerships driving innovation

We are always looking for new and better ways to deliver our services and manage our network and we know that collaboration with key partners in our supply chain, industry and beyond strengthens how we do this in the most effective, efficient and innovative ways. We have 25 established and new partners working with us on a range of technical, commercial and strategic innovation projects.

Strategic partners



NEW

CASE STUDY

Nissan Energy – industry-leading innovation



This year we established our industry-leading innovation partnership with Nissan, formalised in a new Memorandum of Understanding. We are working together to explore a range of innovation projects over the next six years looking at how electric vehicles (EV), batteries and other technologies can support energy networks. We are establishing a range of projects, the first in partnership with NEA and Nissan to look at developing battery storage solutions for medically dependent customers, trialling solutions for giving them the vital security of an uninterrupted supply of energy. The project is looking to deploy second life (electric-vehicle) batteries into properties where residents have additional electrical needs directly related to the operation of critical medical equipment to maintain health. This will provide back-up and improve resilience.

Delivering meaningful engagement

We use a range of open channels to deliver tailored engagement, providing a multi-layered approach to achieve maximum involvement, input and good quality outcomes.

A range of tailored channels

We challenge ourselves to make our engagement as accessible as it can be for as wide a group of stakeholders as possible, mindful of their time. We use a range of channels to facilitate this (see below).

Face-to-Face



Events

- Meetings
- Workshops
- Conferences
- Community Events

Expert panels

Stakeholder panel and social issues and DSO expert groups

500+

People engaged

46

Members

12

Meetings per year

Digital



600

webinar views

95%

webinar satisfaction

over 100

stakeholders accessing incident data

Social Media



9,297
Facebook followers



66%
increase from 2017



19,934
Twitter followers



+ 23%
increase from 2017



6,395
LinkedIn followers



+ 46%
increase from 2017

Newsletters and updates



2,800+

Recipients

Areas of Research



15,000+ engaged

- Customer satisfaction
- PSR satisfaction
- Stakeholder satisfaction
- Priorities
- Willingness to pay
- Future consumers
- Electrical losses
- Risk
- Unplanned powercuts
- Flooding
- Hard to reach – rural safety

Online community

1,706

Active members discussed **30** topics

We have introduced new channels and improved a number of our existing engagement channels in 2017/18:

- ▶ We have established our DSO panel drawn from technical experts and industry stakeholders. Following our nationwide launch events, the group will support the development of this important and complex transition (see Part 2 page 8).
- ▶ Our stakeholder panel and expert groups have been expanded to reflect current stakeholder maps and priorities – new members include the NHS, on social issues, and other utilities on the stakeholder panel.

- ▶ Our stakeholder panel are setting the agenda – they agreed the 2018 priorities at our January meeting and a topics calendar for the year to support the development of these. They also now have a regular slot to discuss and input to industry consultations and policy issues.
- ▶ Focused research and understanding: we have increased our research programme around specific issues including research on losses, risk, unplanned power cuts and future consumers.

NEW We have established an on-line community for stakeholders with a particular interest in our approach to electrical losses. This was introduced in response to stakeholder feedback given through research, our stakeholder panel and DSO events.

NEW

We have introduced regular consumer focus groups to test service and communications improvements – this year they have informed our PSR communications, our smart metering literature and our annual stakeholder report.

NEW

Engagement reach and accessibility: we have begun to use webinars and webcasts to make our engagement more accessible, particularly to the time poor – to date over 600 people have watched or participated in webinars covering DSO transition, demand and supply heat maps and Active Network Management.

CASE STUDY

Accessible and transparent reporting



Feedback and insight

For our stakeholders and customers outside of the industry, our business and how we are performing can be difficult to understand. We are committed to making our reporting more transparent and accessible for different audiences.

What we did

- ▶ We developed an online, interactive version of our Incentive for Connections Engagement (ICE) work plan that gives our connections stakeholders a real-time view of the status of our service improvement commitments and links to key action outputs and deliverables.
- ▶ We now publish two tailored versions of our annual stakeholder report; one for the regulator and those looking for more detailed reporting, and a more widely accessible version. Following stakeholder and customer feedback we expanded the report so that, in addition to reporting our performance against targets, we have included our relative ranking position among the other distribution network operators performance trends, the financial incentive rewards/penalties we have earned/incurred along with the impact of those incentives on an average domestic customer bill.

The outcomes and benefits

- ▶ Our commitments, planned outcomes and performance measures are clearly visible to Ofgem and our stakeholders.
- ▶ The status of each work plan action can be seen in real-time so stakeholders can filter the level of detail and actions applicable to them.
- ▶ The ICE work plan is fully compatible with smart phones and tablets so that the latest information is always at our stakeholders' fingertips.
- ▶ Our annual performance can be assessed by more of our customers and wider stakeholders and contextualised to relevant industry performance.
- ▶ Helping consumer representative groups to understand the industry and compare our performance.

CASE STUDY

Stakeholder feedback driving engagement



Feedback and insight

In September, Impact Utilities reported back on a piece of broad stakeholder satisfaction research highlighting a feeling of frustration with DNO and gas distribution network (GDN) engagement and the intent behind it.

“DNOs are listening with an agenda, meaning engagement is mostly self-serving with stakeholders being denied the opportunity to input into the agenda.”

“Stakeholders would prefer a more longitudinal approach, an on-going dialogue which helps build familiarity, trust and satisfaction.”

What we did

- ▶ We have reviewed our engagement channels for the coming year and enhanced them with new activities to address this.
- ▶ We have established our DSO expert panel to support development of our transition to DSO in the longer term.

- ▶ Before conducting our priorities research we are holding six business planning round table meetings on key or emerging issues that we are tackling and that are of particular interest to stakeholders. These are open discussions, led by our Executive Directors, where we share our thinking but more importantly we listen to our stakeholders' thoughts and ideas to inform our business plans.

Outcomes and benefits

Early engagement allows for co-creation, influencing strategic issues, not just optionality on programmes which are already underway.

Engaging the hard to reach – tailored and targeted approach

Some of our most important stakeholders are the hardest to reach. We therefore take different approaches to identifying, reaching, and engaging and supporting the hard to reach, dependent on their particular needs and the outcome we are trying to achieve.

Hard to reach stakeholders can be challenged due to experiencing a specific vulnerability, a low level of understanding, awareness or interest in issues impacting them or a lack of capacity or capability to engage through the channels available.

A lot of our hard to reach engagement is delivered through partnerships, particularly for vulnerable customers (see Part 3 page 5). Overleaf are some examples of the ways we have tailored our engagement to target specific hard to reach groups.

Some examples of how this is working in action this year are:

CASE STUDY

Listening to future consumers

Future customer concerns are centred around 'security' – their own financial stability as well as Britain's



Feedback and insight

- ▶ Over 1 million young people living in our regions.
- ▶ 13.3% of people in the North East not in education, employment or training.
- ▶ All utilities are engaging to gather feedback to inform new business plans for regulatory scrutiny between 2019 and 2023.
- ▶ We are making investment decisions now that will impact customers for the next 20

to 40 years – we need to understand the views of those future consumers.

What we did

We commissioned independent researchers to deliver focus groups with 40 future consumers/young people across a broad socio-demographic mix to better understand their needs, interests and challenges in relation to utilities now and in the future. This will be run quarterly to ensure that we are keeping track of any changes and can spot areas to make improvements in our methods or with particular stakeholder groups.

The outcomes and benefits

- ▶ Established group to continue to engage throughout our business planning cycle.
- ▶ Better understanding of how to engage future consumers and their key areas of interest:
 - Their priorities are centred around 'what

is best for me' rather than a wider appreciation of broader priorities such as environmental issues

- Future consumers prioritise safety, affordability and elements of service that have a direct impact upon them – underpinned by innovation
- Consumers expect little contact from utility providers other than dealing with problems quickly and efficiently but they are open to hearing more, e.g. energy saving tips.

"NPG continues to look for new ways to engage with 'hard to reach' groups, including the use of intermediaries who are known in their sector to identify and reach new groups. The research into views of Future Customers is a good example of looking at a new but important group of stakeholders."

SGS AA1000 Stakeholder Audit – May 2017

CASE STUDY

Supporting vulnerable, rural communities



Feedback and insight

Community Action Northumberland support communities in rural areas in the North East. Their network of 20 Warm Hub centres means they can support many of the regions most vulnerable people through offering a safe, warm and friendly environment to meet. They find that people are more open to discussing

debt, energy efficiency and other advice in these forums.

What we did

Through our Community Energy Seed funding:

- ▶ Delivered fuel poverty and energy training for a network of 36 Energy Agent volunteers who now regularly cascade energy information to around 1,000 people a month through Warm Hubs.
- ▶ Hosted 6 Energy Roadshows – helping people to check what tariff they're on, to ask for a smart meter and to go on the Priority Service Register.
- ▶ Created a magazine with energy advice for around 2,500 people to help them access information on an on-going basis.

The outcomes

The funding has made a positive impact on many people's lives. For example:

- ▶ A 92-year-old blind woman came to a Warm Hub – her boiler had stopped working and one of the Warm Hub Energy Agent volunteers discovered that she didn't have any heat or hot water in her home. Thanks to advice, the lady was able to have a heavily subsidised boiler and a radiator fitted in her kitchen.
- ▶ A man with cancer, who lives in a very isolated village, had no central heating and unreliable hot water that leaked badly. He had around £6,000 of fuel debt. CAN's new Energy Agents were able to get this written off completely, have a new central heating system fitted and the damp repaired.

CASE STUDY

Focusing on health



Feedback and insight

- ▶ 1.66 million households in our region with health and mental health indicators – 11.8% higher than the national average.
- ▶ We currently have 21% of people with potential health issues (identified through social indicator data) on our PSR.

What we did

Following the attendance of NHS England at one of our community events, discussions were held to try to embed PSR referrals into health and mental health support processes. As each individual NHS hospital trust operates as a separate organisation, there is no single route that PSR can link into, so we jointly decided to hold a Supporting Vulnerable People event on 6th March 2018, where we could outline the Priority Service Register and associated services to encourage each organisation to help us identify and refer the people who need our help the most. NHS England hosted the workshop, and we ensured all the utilities from gas, water and electricity attended to jointly present to 73 attendees from Emergency Services, Housing Associations, Local Authorities (Social Care and Emergency Planning) and NHS Trusts (inpatient, community and emergency planning).

The outcomes

- ▶ Feedback from this event, and our community events, informed our first digital campaign specifically targeted at individuals experiencing physical or mental health issues in an engaging and sensitive way. The campaign will start in May 2018 and we look forward to reporting the results next year.
- ▶ NHS England now attend our Social Issues Expert Group as a core member.
- ▶ We now have a number of key contacts from each represented group actively promoting the PSR; two NHS hospital trusts have initiated steps to include PSR referrals in their inpatient discharge processes and discussions are underway with several more.
- ▶ We are working with NHS England to develop a replicable model to embed PSR registration into hospital discharge processes and community services assessments.

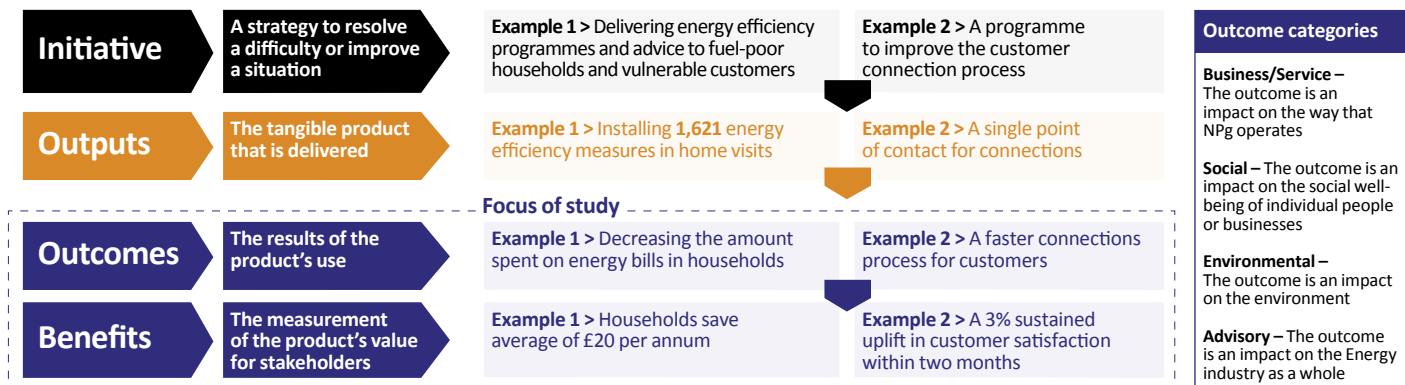
To ensure we are delivering the right benefits for our stakeholders and customers we are always looking at ways to better measure our impact, learn from best practice and improve.

Measuring impact

Across the business we have strong metrics, measures and reporting in place to assess our performance against plans. Often these measures assess what is important to the business but may not necessarily capture what our stakeholders value. Working with business leads we have created processes measuring the outcomes that our stakeholders value. Resetting plans and the reporting to align with agreed outcomes is a key development being undertaken.

“NPG evaluates the tools used for engaging with stakeholders to ensure they are appropriate, timely and provide the stakeholders the opportunity to feedback in an easy manner. The Stakeholder Engagement Strategy includes both internal and external measures to demonstrate action on feedback from stakeholders.”

SGS AA1000 Stakeholder Audit – May 2017



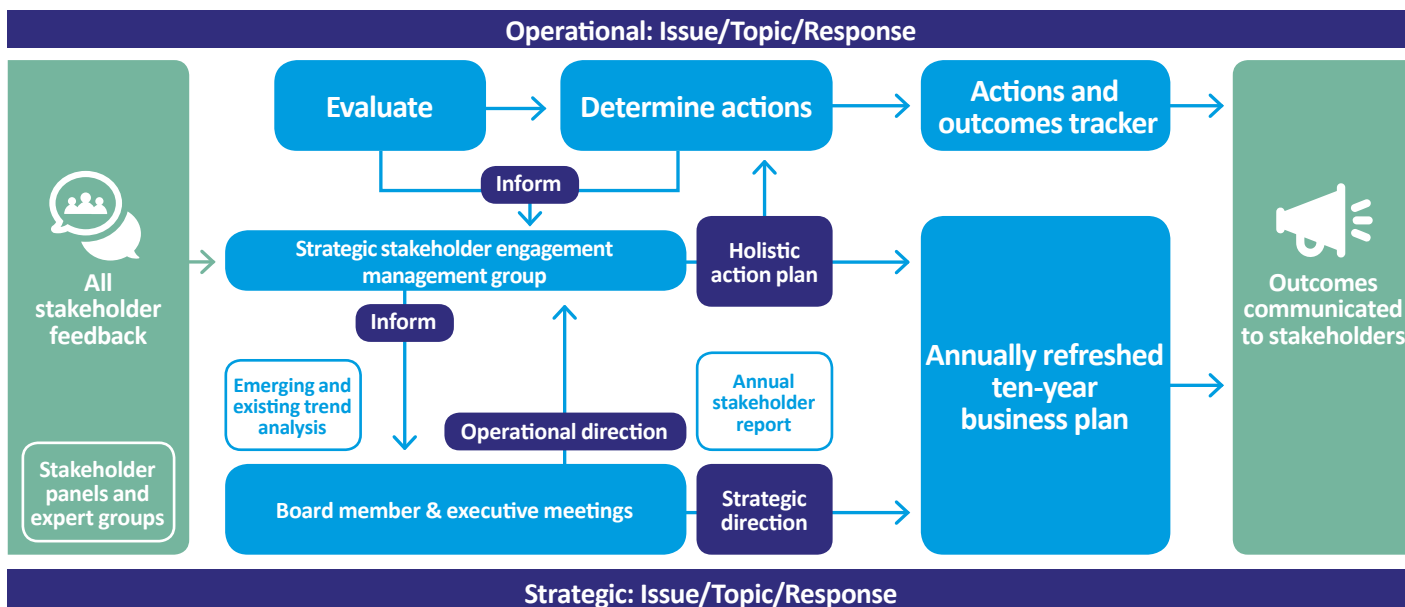
This approach (above) sets out our end to end process and identifies types of benefits including; indirect financial and non-financial examples and offers a template (see example on the right) to be completed before projects and initiatives are undertaken. This is helping us to report clearly the impacts as well as informing investment decision making in terms of what we invest in and where we move projects on to scale up or enhance following pilots.

Illustrated below is the template used to define the outcomes and benefits

Description of the initiative	Process stage	Financial information	
Detail in simple terms what the timeline is about, the reason for implementing it and its objectives. Provide high-level timeframe, potential partnerships identified.	1. Conceive and Prototype	Costs £Value NPG's investment to implement the initiative	Benefits Estimated or realised financial benefits for the stakeholders Estimated or realised non-financial benefits
	2. Start Up		
	3. Scale Up		
	4. Embed		
	5. Enhance		
Outputs Output #1	Reported outcomes Social outcome: Description of a social outcome as a result of the output.	Reported benefits Quantified benefit: Definition of the indicator used to measure the impact of the outcome as well as its value.	
	Environmental outcome: Description of a social outcome as a result of the output.	Quantified benefit: Definition of the indicator used to measure the impact of the outcome as well as its value.	

Informed decision making

We have set out below our governance process for how stakeholder feedback informs decision making within the business.



External assurance and learning

In order to ensure we are continually learning and improving we undertake a number of assurance and accreditation activities, helping us to do the right thing for our business and our stakeholders, learn from best practice and target our resources in the right places. We are proud to continue to achieve the following standards:



BSI: Assessing our approach to Consumer Vulnerability which ensures we are delivering comprehensive, quality services for our vulnerable customers.



Action for Hearing Loss – Louder than words
We maintained our 'Louder than Words' charter, following a successful assessment by Action on Hearing Loss against their 10-point charter.



NEW

UK'S top 50 companies for customer service

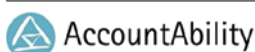
In 2017 we were the only electricity network operator to secure a place in the UK's 2017 Top 50 companies for customer service. Every year hundreds of companies from sectors including insurance, banking, energy, transport and retail enter the programme, which is designed to independently assess contact centre customer service standards.



NEW

ISO27001 certification

In our business priorities focus groups the concern of holding customer data was raised and our stakeholders were seeking assurance of what we are doing to uphold our responsibilities and ensure we have the right levels of protection in place. In November, we were certified as ISO27001 compliant for operational technology and customer data, verifying our robust approach to data security and protection of our networks.



AA1000 Stakeholder Engagement Standard

We are audited annually against the AA1000 standard. We act on the recommendations and good practice this process brings as we continually seek to improve our engagement.



We were successfully accredited against the ISO 55000 asset management standard which includes an assessment of our stakeholder engagement strategy.

Meaningful engagement leading to clear, measurable benefits

The best measure of how successful our engagement has been is how it is translating into meaningful outcomes and benefits for

our stakeholders and customers. This year we have delivered or committed to **170** meaningful outcomes, many of these are highlighted in

more detail throughout the submission and in the summary table below.

Engagement summary	Number of outcomes	Example actions and outputs	Example outcomes and benefits
Representative views setting priorities through open and targeted channels Over 3,700 people engaged through channels including on-line community, priorities research, customer focus groups and awareness surveys. Over 10,000 through customer satisfaction surveys.	62	<ul style="list-style-type: none"> ▶ Live web-chat facility introduced – 95% satisfaction. ▶ Flood resilience programme accelerated. ▶ Education programme expanded and enhanced. 	<ul style="list-style-type: none"> ▶ Customers have a greater choice of channels to get in touch. ▶ More resilient network meaning fewer power cuts for customers. ▶ Over 23,500 children inspired into work and STEM subjects.
Issue specific, tailored and targeted engagement Over 4,000 people engaged through issue-specific channels including PSR customer surveys, local energy events, community partner and health workshops, co-creation round tables and many more. We also engage with hundreds of stakeholders every year through face-to-face meetings with Local Authorities, MPs, Local Economic Partnerships, Environment Agency etc. We also attend a number of key forums around resilience, fuel poverty and more.	74	<ul style="list-style-type: none"> ▶ Greater understanding of consumers' views on financial risk appetite. ▶ Over 100 community and health partners referring customers to our PSR. ▶ Enabling local infrastructure projects through innovative solutions. ▶ 100 key stakeholders have direct access to incident data. 	<ul style="list-style-type: none"> ▶ Consumers' views influencing our approach to pension funding and investment strategy. ▶ Our vulnerable customers are supported by trusted professionals. ▶ Cheaper, quicker, more efficient infrastructure connections, enabling economic development. ▶ Stakeholders can access information when and how they want to support their own customers.
Expert panels – informing strategic direction and issues We regularly engage with 46 issue experts through our own stakeholder, DSO, undergrounding and social panels. We also meet with over 40 experts through groups including the Northern Energy Taskforce and Infrastructure North.	24	<ul style="list-style-type: none"> ▶ Additional £2m to be invested in undergrounding overhead lines in AONB and National Parks. ▶ Established Nissan Energy project looking at uninterrupted supply for those who are electrically, medically dependent (EMD). 	<ul style="list-style-type: none"> ▶ Reduced visual impact on our environment for customers living in or visiting our local parks and beauty spots. ▶ Potential to lower risk of power interruptions for EMD customers in an affordable way.
Industry engagement, best practice and collaboration We regularly attend over 25 industry working groups and panels as well as best practice sharing visits, events and meetings with industry colleagues including DNOs, GDNs, energy suppliers and government.	10	<ul style="list-style-type: none"> ▶ Smart Meter Customer Appointment Booking System introduced and increased headcount to deal with customer issues. ▶ Local energy engagement events held with all DNOs. 	<ul style="list-style-type: none"> ▶ Enabling smooth journey for customers when installing smart meters. ▶ Better understanding and response to the needs of local energy stakeholders consistently across the country.