

## STAKEHOLDER ENGAGEMENT INCENTIVE SCHEME



Making a positive difference  
for energy consumers

### STAKEHOLDER ENGAGEMENT – PART 1 SUBMISSION ENTRY FORM

#### COMPANY DETAILS: (please complete)

Company: Scotia Gas Networks  
Licensee(s): Scotland Gas Networks  
Southern Gas Networks  
Address: St Lawrence House  
Station Approach  
Horley, Surrey  
Postcode: RH6 9HJ

#### CONTACT DETAILS: (please complete)

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#### THE RULES:

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

MINIMUM REQUIREMENTS		
Please provide supporting evidence and high level overview of how your company has met the minimum requirements	Evidence submitted within application (ie, evaluation, assurance report, survey etc )	Overview of your arguments demonstrating compliance with requirement. Clearly signpost as to additional relevant evidence/information within submission
<p>The network company has a comprehensive and up to date stakeholder engagement strategy, which sets out:</p> <ul style="list-style-type: none"> <li>how the network company keeps stakeholders informed about relevant issues, business activities, decision-making and other developments;</li> <li>how the network company enables timely input and feedback from stakeholders via appropriate mechanisms to inform decision making.</li> </ul>	<p><b>Stakeholder engagement strategy</b> (Part 1, page 1)</p>	<p>We provide an extract of our stakeholder engagement strategy which was updated during the year in discussion with our Stakeholder Advisory Panel. The extract provided explains our commitment to stakeholders and the key principles that underpin our approach to inclusive and tailored stakeholder engagement. The full document can be found here:-  <a href="https://www.sgn.co.uk/uploadedFiles/Marketing/Pages/Publications/Docs-Stakeholder/SGN-Stakeholder-Engagement-Strategy-2018.pdf">https://www.sgn.co.uk/uploadedFiles/Marketing/Pages/Publications/Docs-Stakeholder/SGN-Stakeholder-Engagement-Strategy-2018.pdf</a> The strategy is comprehensive and was developed in tandem with our five year corporate strategy, ensuring that stakeholder expectations are embedded in our business planning.</p>
	<p><b>Tailored two-way engagement mechanisms to inform and listen to our stakeholders</b> (Part 1, page 1)  <b>Expanding and tailoring our engagement mechanisms</b> (Part 1, page 6 and 7)</p>	<p>We tailor our engagement with stakeholders, using appropriate methods depending on their preferences and the level of knowledge and interest that they have in our business. <b>For experts</b> who have significant knowledge about our industry we engage through our Specialist Advisory Panel, through bilateral conversations and through specialist panels focusing on specific topics. For those with somewhat less knowledge, but who are <b>interested</b> in our business we engage through national Moving Forward Together workshops, local workshops, surveys and digital conversations. Deliberative research and digital communication can reach those who have very <b>low awareness or knowledge</b> of our business.</p>
	<p><b>Informing our decision-making with stakeholder input</b> (Part 1, page 2)  <b>Statement from SAP Chair</b> (Introductory section)</p>	<p>Our Stakeholder Advisory Panel (SAP) combines expert stakeholders with our CEO and other members of our Executive leadership team. At joint meetings, members discuss key business issues including for example the five year corporate strategy, building the customer voice into planning for the next price control period and the implications of smart metering for our customers. The external Chair of our SAP has described the panel's role and progress.</p>
	<p><b>Stakeholders influence our five-year corporate strategic priorities</b> (Part 1, page 2)</p>	<p>Our corporate strategic priorities were developed with input from stakeholders at our Moving Forward Together workshops in March 2017. They were reviewed by the SAP in Nov 2017 and a broad range of stakeholders helped to further refine them in 2018.</p>
	<p><b>Specialist panels</b> (Part 1, page 3)</p> <p><b>Stakeholder concerns are embedded in investment and operational decisions</b> (Part 1, page 3)</p>	<p>By working collaboratively with stakeholders on our specialist panels on key challenges that we face, their input and ideas fed directly into solutions that we pursued and continue to develop.</p> <p>The Director of Stakeholder Relations is a member of the Executive team and formal Investment Committee and ensures that stakeholders' views are fed into decision making. This is supported by procedures and templates for decision making that require analysis of stakeholder impacts. Once a project is approved for investment we map local stakeholders and assess the likely impact on the community, engaging with stakeholders to understand any concerns and tailor project plans where necessary at an operational level.</p>

	<b>Assessing the value of new initiatives</b> (Part 1, pages 4 and 5)	We've put in place plans, mechanisms and resources to move successful ideas through the pilot phase to become fully embedded in the business. We explain the decision-making tool for new initiatives that has helped us to assess ideas to determine the value they could bring to customers if implemented. We demonstrate seven examples of this in practice.
	<b>Digital stakeholder management system</b> (Part one, page five)	The introduction of a new digital stakeholder relationship management system has been designed to record stakeholder interaction and support decision making
	<b>External benchmarking and accreditation</b> (Part 1, page 5)	We benchmarked our work against the principles of the AA1000 stakeholder engagement standard. We achieved accreditation from Customer Contact Association to its global standard for our customer service.
	<b>Assurance statement</b> (Part 1, page 5 and Contents page)	PwC provides an independent assurance report of Part one of our submission. This provides assurance that we have recorded a true and accurate reflection of the development of our stakeholder engagement strategy and our engagement activities. Our signed management statement confirms this commitment.
A broad and inclusive range of stakeholders have been engaged.	<b>Our stakeholders</b> (Part 1, page 5)	We provide an extract of our stakeholder mapping. We show how our stakeholders are categorised based on their areas of interest and influence, and whether they are interested in local or national issues.
	<b>Extending our reach</b> (Part 1, page 6)	The introduction of a stakeholder relationship management system and tailored project delivery supports a systematic approach to find and engage a broad and inclusive range of stakeholders. We commissioned independent research to identify harder to reach groups.
	<b>Stakeholder Advisory Panel membership</b> (Part 1, page 2)	We extended the membership of the SAP this year, adding specialist expertise on harder to reach customer groups in London and strengthening knowledge of local authorities
	Examples of a broad range of stakeholders we have engaged with follow:  <b>Engaging hard to reach communities</b> (Part 1, page 6, section 1.2.1)  <b>Increasing engagement with policymakers</b> (Part 1, page 6, section 1.2.1)  <b>Extending support through data sharing</b> (Part 1, page 6, section 1.2.1)  <b>Engaging with an extended range of stakeholders</b> Part 2, pages 1-10)	  We demonstrate how we are using trusted partners, to engage hard to reach communities, in partnership with other utility companies and London Sustainability Exchange.  We highlight our strategy to engage policy makers to contribute our knowledge and expertise to the energy policy debate.  We demonstrate our engagement with WPD and National Energy Foundation to learn from others and focus on fuel poor households.  Throughout Part two, in our case studies and examples we demonstrate the wide range of stakeholders we have engaged with to deliver the initiatives, outputs and the outcomes.

The network company has used a 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	<b>Expanding and tailoring our engagement mechanisms</b> (Part 1, page 6 and 7 section 1.3)	We tailor our stakeholder engagement mechanisms depending on the level of interest and knowledge, to inform and engage stakeholders. We give six examples of how different methods help us to build a good understanding of our stakeholders’ varied perspectives and our assessment of the effectiveness of those methods.
	<b>Building understanding of customer priorities</b> (Part 1, page 8)	SGN partnered with an external research agency, Impact Utilities, to gather the customer voice and analyse customer behavior relating to energy. Through in-depth, deliberative workshops, 160 individuals from a wide range of backgrounds, including small and medium-sized enterprises, rural and urban customers, of different ages, gender and ethnicity have been engaged.
	<b>Choosing the right communication methods</b> (Part 1, pages 8 and 9)	We provide examples of some of the additional channels we’ve used this year to communicate with our stakeholders. We’ve expanded our digital communication for stakeholders, with all materials available online
	<b>Linking into local channels</b> (Part 1, page 8)	We’ve worked in partnership with stakeholders to use their communication channels including digital such as social media or portals such as Resilience Direct.
	<b>Examples of other mechanisms</b> (throughout Part 1)	We highlight our specialist panel workshops. These enable us to engage with experts on important topics for stakeholders such as fuel poverty, gaining their perspective, on the priorities and objectives we should be focusing on. We have used the panels’ advice to improve our business plans and activities.
The network company can demonstrate it is acting on input / feedback from stakeholders.	<b>Stakeholders influence our five-year corporate strategic priorities</b> (Part 1, page 2)	Stakeholders at our Moving Forward Together workshops in March 2017 provided input that shaped the development of our five year corporate priorities. The Executive team responded to further feedback from stakeholders at the MFT workshops in March 2018 by rationalising the priorities (from 7 to 6) as stakeholders suggested. Our corporate strategy is explicit about the importance of meeting stakeholders evolving expectations.
	<b>Specialist help to inform our decisions</b> (Part 1, page 2 and 3)	We provide four concrete examples of how we responded to advice from our specialist panels, with the decisions we made and the actions we have taken.
	<b>Stakeholder Advisory Panel for expert stakeholders</b> (Part 1, page 7)	Our external SAP members made six specific recommendations to the company during the year. We acted on four of those recommendation and have plans to undertake a fifth. In response to the sixth recommendation we took an alternative route to achieve the same goal.
	<b>Acting on our stakeholders’ feedback</b> (Part 1, page 9 and 10 section 1.4)	This table summarises some of the outcomes we’ve delivered this year by engaging and working with our different stakeholder groups on the priorities and objectives they’ve told us mean the most to them.
	<b>Case studies and examples</b> (Part 2, pages 1 to 10)	We provide many case studies and examples throughout Part two to demonstrate that we listen to and act on stakeholder input in order to achieve better outcomes for the business and for our stakeholders.