

# Stakeholder Engagement Incentive Scheme

Submission 2018/19

## Part 1



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# Welcome from Mark Horsley, CEO

As we prepare for our next regulatory period, 2018/19 has been a pivotal year of engagement at Northern Gas Networks (NGN).

Collaboration with our stakeholders, at local, regional and national level, has continued to shape the way we run our business. From our industry-leading work around hydrogen and decarbonisation, to our continuing efforts to deliver a value-for money service, each and every day, I feel tremendously proud of the progress we have made.

We started the year by co-designing our 2018/19 engagement plan with our stakeholders. They were clear on what they wanted from us: a single conversation in which they could influence both how we work now and our plans for GD2. We've responded by delivering a plan that seeks to understand and respond to our stakeholders needs over the next 10 years, as well as engaging and acting now.

Many of our regional stakeholders wish to engage with us around perennial issues which will always matter, regardless of the regulatory backdrop. I was reminded of this at the beginning of the year, when, unprompted, our stakeholders told us that planning of works was a priority issue for them – both now, and going forward into the GD2 period. In Part 2, we'll tell you more about how we've responded to this with improvements that make a meaningful difference to our customers.

Over the year I have continued to lead our engagement with stakeholders on many of the key issues that affect the communities we serve. In particular, I've been working with national and local stakeholders on the future of heat – one of the UK's most pressing climate challenges.

I was very encouraged to see a new industry-wide hydrogen transformation group take shape this year – to deliver a coordinated approach to the adoption of this green, renewable gas. Northern Gas Networks was the first distributor to campaign for such a group, and its formation represents the culmination of four years of determined work from us. The potential of hydrogen to help the UK achieve its decarbonisation targets is immense, and this new national group will help the industry to speak with one voice.

My senior team has had a busy year too. Last year, we told you about our move to our TOTEX model - creating a streamlined business that can better respond to stakeholders' needs. This year, as part of this evolution, we've focused on developing senior leaders across the business, creating a clear focus on delivering for our entire community, our colleagues, our investors and all our stakeholders.

Every member of staff, whether on the front line or based in an office or depot, is committed to engaging with the organisations and individuals we serve and to use that feedback to improve service delivery. Whether it's trialing our new 'Footpath Feedback' initiative – walking our work sites with customers - or spending quality time with our customers in our deliberative NGN Public Panel – discussion forums which delve deeply into the issues that matter - our colleagues and customers are engaging more closely than ever before.

A significant development this year for all gas distributors has been the creation of a Customer Engagement Group (CEG) to provide oversight on GD2 business plans. I am especially proud of our efforts to ensure that the CEG has robust governance in place. In fact, our framework has been shared with other networks and drawn on as best practice. I have already seen the benefit that the group brings to the way we engage with our broader stakeholders. This is testament to the calibre of our Chair and members. I look forward to the group continuing to challenge and inspire us over the coming year.



Mark Horsley, Chief Executive

## Engagement highlights 2018/19



**49,000** stakeholders engaged



**An increase of 27%** in stakeholder satisfaction through our monthly benchmarking

**84%**

of stakeholders attending workshops feel satisfied with their relationship with us



**90.4/100** Our industry leading Institute of Customer Service (ICS) score – an independent UK benchmarking programme.



**9.08** Annual Ofgem customer satisfaction score



**1st** GDN to undertake non-regulated customer surveys for our Industrial and Commercial customers



**BSI 18477** standard for inclusive service provision gained



**150** hours spent engaging deliberately with vulnerable customers

**4**

**NEW** engagement mechanisms introduced



**1st** GDN to run a public panel



# A word from our leadership team

Developing a stakeholder community based on trust, solidarity and mutual respect is central to our definition of great leadership at NGN. Our senior leaders build relationships with stakeholders at regional, national and international level and take a hands on approach to our broader customer research and engagement. Here's a flavour of what the team have been doing this year.



**Eileen Brown**  
Customer Experience Director

"To deliver a great service, we need to give all our customers a voice. I've been thrilled to lead our workshops and one-to-ones on supporting vulnerability - a dialogue that I've had the privilege to see mature over the course of the last few years. A significant milestone for me this year was the completion of our 'customer persona' research, a four-year piece of work that has seen us research and profile different types of customer. These insights allow us to continually tailor and improve what we can deliver for our customers and will allow us to evolve our customer strategy for GD2".

Read more about the outcomes of our customer persona research in Part 2, page 4.



**Fiona Sweeting**  
Human Resources Director

"Many of our most difficult challenges, such as workforce diversity and skills retention, are common to all utility companies. With that in mind, I've been working closely with Energy and Utility Skills - a consortium of utility infrastructure providers - to share knowledge, resources and develop joint solutions to our common issues.

"Within NGN, one of the initiatives I'm most proud of from the past 12 months has been the work we have done around mental health and wellbeing, a key hot topic for our stakeholders. Working with specialist mental health partners, we've given everyone in the business access to tools and resources to help manage their own mental health, and recognise the signs and symptoms in others".



**Tim Harwood**  
Head of Programme Management

"There is a lot of exciting work happening in green energy and the future of gas. I personally lead engagement with stakeholders on Compressed Natural Gas projects, culminating in a dynamic conference of over 60 stakeholders which has led to significant outcomes, such as the creation of an 'opportunities' map of our network.

"We also launched a new biomethane working group, to start a dialogue with producers from an earlier stage of the process, so they get a better understanding of the technical and legislative hurdles they need to get over, to get green gas connected to our network".

Read more about Tim and the team's work in Part 2, page 9.



**Ian Waddle**  
Head of Customer Operations Support

"I've continued to develop our relationships with local stakeholders such as local authorities and highways authorities, week-in, week-out. These are key stakeholders, and we couldn't do much of our core work without a strong collaborative approach and mutual understanding.

"Alongside operational relationship building, I've led workshops and customer surveys on our safety and reliability performance. I've been heartened to hear strong support for our current approach on the things that directly impact our customers, like incident response".

Read more about local authorities work here Part 2, page 3.



**Gareth Mills**  
Director of Regulation and Strategic Planning

"Co-creating a business plan for our next regulatory period has been at the centre of my engagement this year. I've been in a privileged position of understanding the breadth of expectation people hold for us, by hearing views from our shareholders, our regulators and our local and national stakeholders. My highlight of the year has been our new NGN Public Panel and seeing customers from all walks of life reaching agreement on the complex issues facing our sector."



**Roger Willey**  
Commercial and Procurement Director

"As director for our Future Ways of Working programme, I've been actively engaged in understanding how we can lever our relationships with stakeholders to create the best solutions for the future. I have taken a leading role on the Energy Innovation Council, which has resulted in sourcing ideas and projects from a pool of more than 6,000 businesses, as well as promoting collaboration across all utilities.

"This group meets six times a year, but I speak to members on the phone just about every week, as it has become an essential part of how we work.

"We're constantly in direct conversation with our supply chain too - holding weekly review meetings with our local Direct Service Providers, who deliver our mains replacement work, to measure performance and roll out new ideas and ways of working. Engagement with the supply chain isn't just part of the day job - it is the day job!"



**John Richardson**  
Head of Operations Delivery

"This year my focus has been upon the development of our new operational leadership team. Our Business Operational Leads (BOLs) are at the forefront of our many of our customer and broader stakeholder relationships. Through a structured leadership development programme, we've been supporting them to meet challenging targets that benefit the whole of the NGN community. Our BOLs have performance frameworks in place that allow us to continually drive improvement across our customers scores and stakeholder satisfaction at a patch level. And we've aligned our Customer Care Officers alongside our operational leadership to support them in playing an increasingly active and visible role in local places".



**Karen Robinson**  
Head of Connections

"Over the past 12 months, I've been engaging closely with our industrial and commercial customer base - including utility infrastructure providers, property developers and independent gas transporters. These groups are not covered by our industry's customer satisfaction survey, and I wanted to make sure we were providing them with a tailored service.

"By carrying out our own research, my team and I picked up lots of useful insights and are already implementing them."

Read about the great outcomes we've had for our connections customers on Part 1 page 8 and part 2 page 5".



**David Waite**  
Finance Director

"I've been working closely with our regulator, banks, tax authorities and shareholders to make sure we fund local services in a way that keeps bills affordable, meet all our compliance responsibilities and deliver an expected return to shareholders.

"There is more public and political pressure than ever before on utilities to deliver an exceptional service to customers, at the right price - and we've taken steps to make sure our business can continue to be an exemplar company.

"Over the past 12 months, we've continued to focus on getting our cost base as lean as possible, so that we can deliver the service improvements our customers want to see over the coming years, without adversely impacting bills".



# 1. Responding to Stakeholder Engagement Submission Incentive Panel feedback

The annual stakeholder submission and review process provides an invaluable barometer of our progress. Following last year's review, we have acted on the panel's feedback, by making changes to the way we engage and make decisions and by being more explicit in this year's submission about the strategic process behind key initiatives.

Feedback summary	Our response	Where is this evidenced?
Demonstrate that decisions are made robustly, based upon an understanding of customer benefits and value	We've highlighted our approach to decision making and the golden thread between engagement, outcomes, benefits and our strategic objectives We've developed our Value Framework and used that to evaluate our initiatives and understand the wider benefits to our customers	<ul style="list-style-type: none"> <li>Golden thread, Part 1, page 4</li> <li>Value Framework, Part 1, page 9</li> <li>Potholes partnership, Part 2, page 3</li> <li>Driveways initiative, Part 2, page 2</li> </ul>
Demonstrate that early engagement has influenced (as opposed to validated) business decisions and actions	Investment in deliberative engagement, consciously designed to focus stakeholders around key strategic questions rather than proposals, is a hallmark of our approach this year. Feedback will be integral to our GD2 business plan as well as driving in year improvements Stakeholders influence what we stop doing, as well as what we start doing. In some cases, we've abandoned initiatives where it's become clear that they aren't delivering for customers	<ul style="list-style-type: none"> <li>NGN Public Panel, Part 1, page 6</li> <li>CNG case study, Part 1, page 4</li> <li>Co-designing communications with schools, Part 2, page 4</li> <li>Smart meter collaboration Part 2, page 3</li> </ul>
Clarify how stakeholder engagement has added value to NIC/NIA projects, beyond their original objectives	We have only referenced NIC/NIA funded projects in this year's submission where we have gone 'over and above' the initial scope of a funded project	<ul style="list-style-type: none"> <li>Value for money in innovation, Part 2, page 3</li> <li>H21, helping to deliver local ambitions, Part 2, page 8</li> </ul>
Provide further detail on the approach to engagement risk management	Stakeholder Risk Management is embedded within our Risk Management process, managed by Internal Audit on the company risk register alongside other high-level risks	<ul style="list-style-type: none"> <li>Internal workshops and risk assessment, Part 1, page 5</li> </ul>

## 2. Our engagement strategy

### 2.1. Our Strategic Framework

Our engagement strategy has been updated for 2018/19 and enriched through learning from best practice and listening to stakeholders. Developed with our Executive Team and Operational Leaders, it was also tested with our newly established Customer Engagement Group (CEG) and is owned by the business's leadership board.

**Our objective:** Insight into our stakeholders' values, preferences and ideas drives business planning and change that results in benefit to our customers.

**Our principles:** We measure our success against that objective with three key principles:

- **Valued:** stakeholders feel valued and can see how their feedback has helped to make a difference. They advocate having a relationship with NGN
- **Meaningful:** we engage a broad range of stakeholders at the right time, on the right issues and in the right way. We go beyond consultation to collaboration
- **Measurable:** we can measure the outcomes our engagement has had on our business planning and change

#### Our cycle of engagement:

We have a well-established framework for engagement, which ensures that we take informed decisions, and continue to learn and improve.

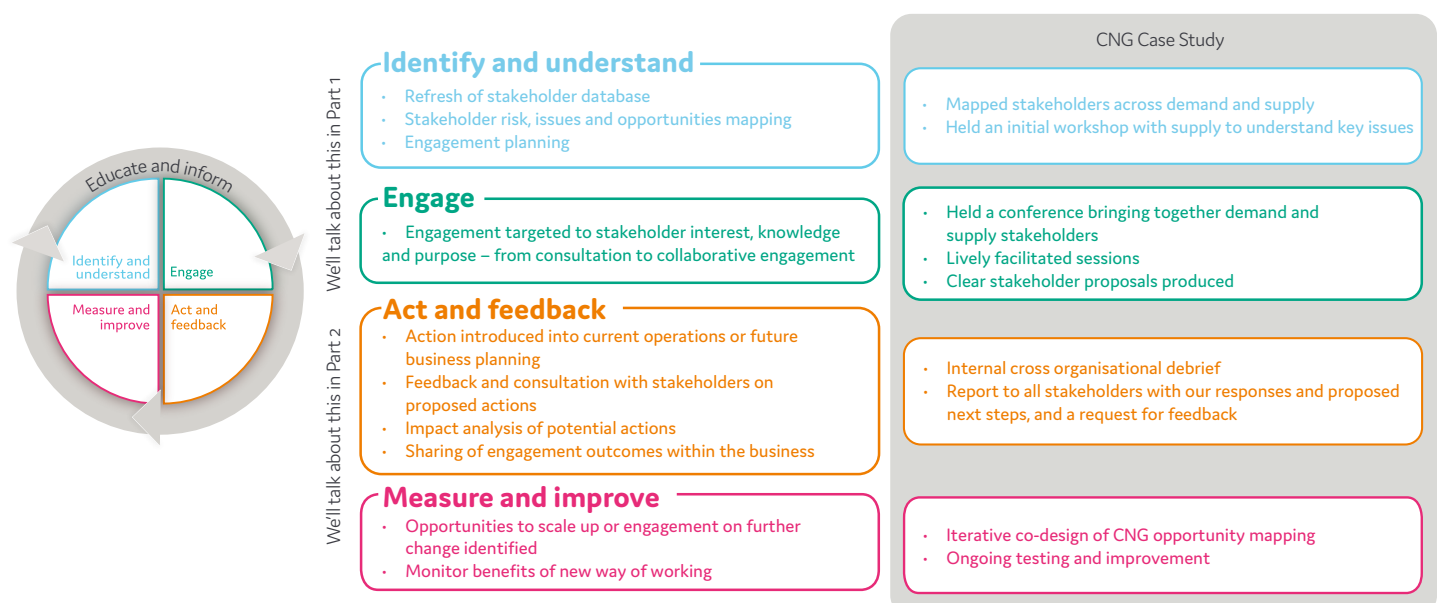


Figure 1: Our cycle of engagement

## Our engagement cycle in action: Compressed Natural Gas (CNG) Conference

A priority stakeholder group for us this year was CNG Infrastructure providers; a group with specific connection needs who we knew from previous feedback we could be serving better. Initially, we held a small focus group with these hard to reach stakeholders to better understand their needs and the role they felt we should play in supporting the development of CNG connections. They told us that, as a key anchor institution in the North, we could play a vital role in convening stakeholders to catalyse collaboration on CNG networks.

In response, we held a conference that brought together seldom heard stakeholders from both supply and demand, with an interest in developing compressed natural gas transport networks. The event was successful in attracting attendees from diverse groups including: local authorities, large fleet operators, utilities, and the CNG infrastructure, vehicle and supply chain. In part 2, we've highlighted some of the ideas our attendees created on the day and how we've been working with them since to support CNG connections in the future.

Number of attendees	67
Number of positive outcomes for our customers	4
Compromise areas (where we couldn't meet the expectations of our stakeholders)	1
% of attendees who felt the event was worthwhile and would attend another such event	92

The diagram on the previous page shows this cycle in action.

"The CNG Conference is a good example of engagement with a clear purpose, that is connected to wider strategy to build new customer energy solutions, and where the purpose of engagement has gradually changed as NGN better understands the role it can play in the industry. The Conference Report provides a good example of a clear output and action plan for stakeholders." **AA1000SES Audit report, Feb 2019**


## The golden thread: from stakeholder feedback to our strategic objectives


We believe that for the impact of our engagement to be truly meaningful we should always be able to see the golden thread running from our stakeholder insight, to the business changes we make and, ultimately, delivery of our strategic objectives.


We use this insight to continually challenge our strategic approach and ensure our objectives continue to meet the community's needs. Our increasingly mature and trusted relationships with stakeholders have been particularly important this year, as we refresh our strategic approach for GD2. Central to this approach is a commitment to decision making and accountability.

As we strive to deliver against our objectives day in, day out, we hold ourselves to account to ensure that the changes and initiatives we take forward meet the test of our golden thread.

Throughout Part 2 you'll see icons, which show you the golden thread from our stakeholder incentives, back to our Business Objectives.

Deliver outstanding customer service 

Operate safely 

Guarantee unbeatable value for money 

Operate with reduced impact on the environment 

Create lasting energy solutions 

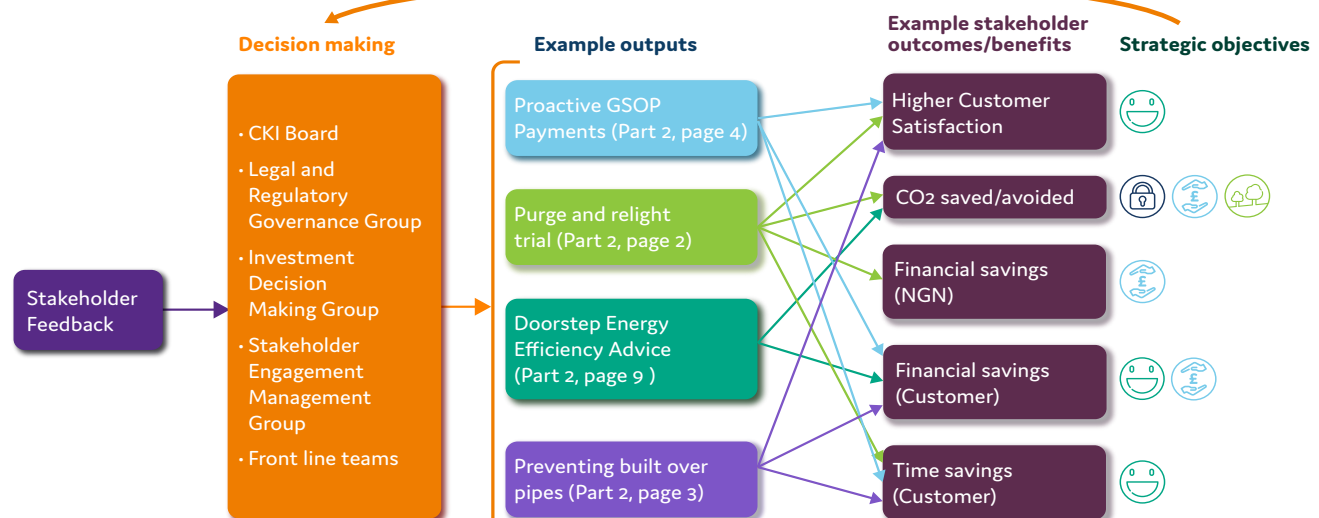


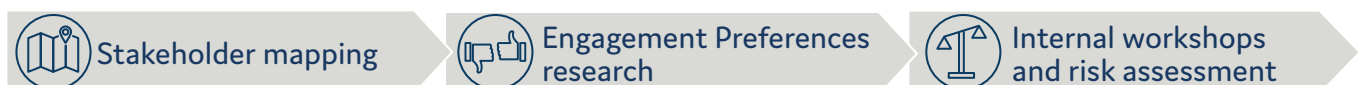
Figure 2: From stakeholder feedback to our strategic objectives

## 2.2. Identify and understand: Our approach

To guide our activities throughout the year, we worked with stakeholders to develop an updated engagement plan. The plan ensures we:

- Take stock of our stakeholder's hot topics and respond to these throughout the year
- Engage early, by scanning ahead for key business changes and challenges on the horizon
- Create a common framework through which our leadership team can plan their engagement with their teams, collaborate and manage risks

Developing our plan was a 3 step process.



The corresponding delivery action plan sets out who will be engaged, methods that will be used and who in the business will be responsible for the engagement and delivery of outcomes. Our detailed plan was tested with stakeholders, including a deep dive from our Customer Engagement Group.

"The Engagement Strategy sets out a clear framework for engagement. The Detailed Engagement Plan is clearly based on the strategic priorities of the business. The Delivery Plan has been built on external feedback and internal engagement and identifies strategic priorities for engagement that are relevant to core business planning."

**AA1000SES Audit report, Feb 2019**

## 2.2.1. Stakeholder mapping

We carried out a new stakeholder mapping exercise in 2018/19, to enrich our dataset, help us prioritise our engagement activity and to inform how we engage. The mapping exercise was focused on four broad groups of stakeholders:

Stakeholder group	Description	Examples of stakeholders
National Policy Shapers	Stakeholders who have a broader geographical reach than NGN's operations and who are principally concerned with ensuring that NGN and the industry as a whole are delivering in line with their objectives	Government departments (N1), Ministers (N2) and Consumer groups (N6)
Local Place Makers	Stakeholders who are concerned with developing place and communities in the local area, either by providing services or through policy and strategy activities	MPs (L2), Local Government (L1) and Resilience forums (L6)
Customers	Covering a broad range from future customers, domestic and commercial customers and our shippers and suppliers	Domestic customers (C1), Utility Infrastructure Providers, (UIPs) (C13) and Next generation of bill payers (C6)
Wider Workforce and Supply Chain	Our colleagues, our direct service providers and the range of businesses that make up our supply chain	Supply chain (W1), Trade Unions (W8) and Shareholders (W7)

Our stakeholder mapping allows us to more effectively target challenging groups of stakeholders, including seldom heard, time poor and stakeholder groups with lower satisfaction levels. In turn this informs bespoke engagement designed to specifically overcome risks to engagement. Read more about our enhanced work with Local Authorities, as an example, in Part 2, page 3.

Once the mapping was complete, we undertook a social listening exercise, where the social media content of over 575 relevant stakeholders was analysed over a 6 month period to understand key drivers and identify individuals with a legitimate interest in engaging. Outcomes of this are discussed Part 2, page 8.

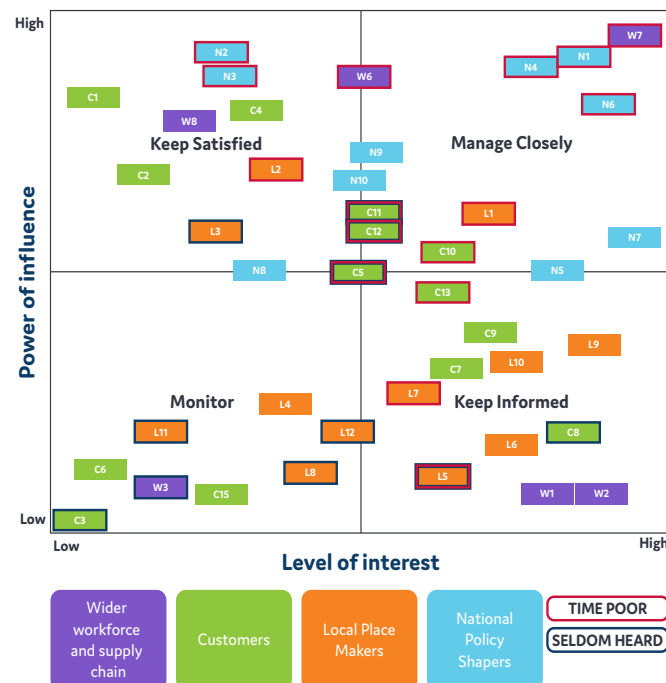


Figure 3: Stakeholder mapping

## 2.2.2. Engagement preferences research

Any successful engagement programme needs to start with a good understanding of stakeholders' needs and priorities. This year, we carried out two new pieces of research to better understand how stakeholders wish to be engaged, and on which topics.

In partnership with the other gas distribution networks, we surveyed over 70 national stakeholders, including government and regulatory bodies, national consumer and trade associations and think tanks.

And across our own network, we surveyed over 160 stakeholders from across our network including local authorities, education providers, landowners, councillors, parish councils, highways authorities, charities and third sector organisations.

Key findings included:

Our stakeholders said	How we reflected feedback into our plans
A lack of knowledge is a barrier to engaging. Some stakeholders (particularly where energy is not a core focus) require greater support in understanding how our business plan may affect them	All of our engagement has been preceded and accompanied by appropriately informative education materials, developed for each stakeholder group to improve perceptions of relevance
Stakeholders want us to engage with them on a wide range of topics when developing business plans	Our engagement plan allows stakeholders to inform the topics we engage with them on and get involved in both GD2 and 'business as usual' engagement
Consultation fatigue may be a barrier to engagement, potentially missing the voice of stakeholders significantly impacted by the business plan	We introduced 11 engagement mechanisms targeted to stakeholders' different interests and available time – including online, 1-1 meetings and roadshows on specific topics

## 2.2.3. Internal workshops and risk assessment

The feedback from our stakeholder research became the driving force for a series of internal workshops with senior managers and their teams to identify the challenges they face and the opportunity for stakeholders to influence service delivery, now and in the future.

These workshops lead to the development of an engagement risk log – helping us to understand high level risks – which ultimately feeds into our corporate risk register.

It is reviewed on a regular basis by our senior leadership team and NGN's Risk Committee Directors who represent all our shareholders (including our parent company, CKI) and meet three times per annum to discuss changes to risk scores and any new / emerging risks.





### 3. Engage: our approach

We recognise that all our stakeholders are different, and many have specific areas of interest – often single issues.

By ensuring our engagement programme allows these diverse views to be heard, we are confident that we are building the required evidence base and legitimacy for our current and future plans.

We have designed a programme that allows our stakeholders to engage with us on the issues that matter to them, whether they have just 10 minutes or more time to spare. This has seen us significantly enhance our online engagement and also try out new deliberative mechanisms to deal with our knotty issues. We've also made the decision to pause some engagement mechanisms that were proving ineffective.



Figure 4: Engagement Pathways

#### 3.1. Engagement in action: case studies

The following case studies illustrate the flexibility of our engagement programme – allowing stakeholders to engage with us on the topics that matter to them, and in a way that suits their time and availability.

##### NEW Footpath Feedback

New for this year, we launched a Footpath Feedback programme to improve understanding of how customers view our presence in streets in their communities. Customers and NGN colleagues take a walk around a work site, with customers then asked to rate a number of categories including safety, site tidiness and staff behaviour.

We first trailed the approach with internal colleagues, and then adapted it for customers, amending the questionnaire to reflect knowledge levels. So far, our colleagues and customers have carried out 57 surveys. Our average site score from colleagues was 8.7 out of 10, and customers rated our sites 9.4 out of 10.

##### NEW Willingness to Pay

We have begun a programme of research to understand the value that our customers place upon different levels of service in key output areas. This research is a natural continuation from the priorities research we launched in 2017/18.

Through deliberative discussion, our bill paying customers helped us to select service areas most material to them for further research. We worked with a diverse group of 43 customers, including 5 vulnerable customers.

As well as informing our emerging GD2 plan, we are using the outcomes of the research to further develop our Value Framework (see section 5, page 9 for more information) which helps to guide spending decisions across the business.

Our customers went on to co-design our engagement materials. Their feedback has allowed us to further refine the way we present our bill breakdown, making it more understandable and transparent than ever before.

##### NEW NGN Public Panel

We're particularly proud of the launch of our NGN Public Panel this year. We know our best engagement comes when we have the time and opportunity to build understanding and knowledge; but this can be challenging through traditional means of engagement, particularly for our domestic customer groups. Our Panel brings together a group of 50 domestic customers who represent a demographic sample of our network over three, full day events. The first session had a focus on educating and informing, as well as facilitation of some in depth discussion – helping to create a sense of community amongst customers with diverse backgrounds and needs. We also delved deep into our pipe replacement programme, educating our customers on the drivers for replacement and, for the first time, understanding their appetite for investment over and above our mandatory requirements. Our Panel will continue next year, focusing on those areas that the group have indicated is of most interest to them; environment and vulnerability. In future, we intend to use the momentum and knowledge the group has built to establish an enduring customer panel.

##### NEW Hot Topics Workshop Series

Hot topic workshops facilitate in-depth, round table, qualitative discussions with stakeholders to develop and refine emerging topics that reflect their preferences. This year our Directors and Heads of Service led 5 workshops covering innovation; environment; future of energy; social commitments and vulnerability; safety and reliability. Around 170 stakeholders attended our workshops and conferences in 2018/19.

###### Hot Topics Workshop Series: Social issues

Led by our Director of Customer Experience, Eileen Brown, our social workshop brought together stakeholders with an interest in inclusion and vulnerability to:

- Ensure social strategic priorities reflect stakeholder preferences and priorities
- Explore alternative options for delivering the fuel poor extension scheme
- Test appetite for delivering energy efficiency support to customers

Stakeholders helped to shape the agenda, by answering a pre-event survey about their expectations.

Hot Topics Workshops: key stats	
Number of attendees	102
Stakeholder groups in attendance	N W L C
Overall satisfaction with the events rated by attendees	90%
Seldom heard/time poor stakeholder groups in attendance	5

## ENHANCED Post-incident reviews

Following major loss of supply incidents we now always hold a retrospective review meeting with customers and stakeholders who were impacted. These meetings are an excellent opportunity to refine the way we respond to future incidents.

In May 2018, we held a review meeting with the local community in Silsden. The village had suffered a supply loss incident for four days over the 2018 Easter bank holiday weekend. We were able to improve the effectiveness of this meeting, by putting into practice experiences from previous review meetings. For example:

- The session was jointly chaired by our Director of Customer Experience and Bradford City Council Resilience Representatives, rather than being solely chaired by NGN. This reinforced the collaborative approach that we took to managing the incident and allowed for broader feedback on the support provided.
- We extended the invites to include representatives from Ofgem, impacted micro-businesses, and directly and non-directly impacted customers.
- If any invitees were unable to make the event, they were able to provide their feedback by email and phone, and their thoughts were included in the session.

*"The retrospective review of NGN's response to the Silsden major incident provides a good example of working with stakeholders to both improve NGN's own services and build new joint responses for the future."*

AA1000SES Audit report, Feb 2019

There were 20 positive outcomes around 3 engagement topics; communication, support services and our partnership approach. We have completed the actions we promised to take on 19 out of 20 outcomes. We have yet to fully resolve the remaining issue uncovered during this session. This was that customers told us that they had experienced delays and mixed messages from their suppliers for the Guaranteed Standards of Performance payments they were due. While we provided all the necessary information to the suppliers with the defined timescales, there is no consistent approach on the supply side to process these payments, and this is further complicated by the large number of suppliers that are now in the market. We are working hard with industry to agree a consistent approach in terms of time and messaging, understanding how frustrating this delay is for customers.



## SCALED UP Online surveys

**Stakeholders Say:** During our engagement preferences research, over 50% of our stakeholders told us they prefer online engagement.

Responding to this, we launched our new online engagement hub, hosting surveys on the key issues that interest our community including; the environment and the future of gas, network reliability and safety, roadworks and reinstatement, customer service and connections. In 2018/19, over 1300 stakeholders viewed our hub and around 550 stakeholders took our surveys, providing essential feedback that informs our more deliberative engagement.

## COMPLETED Customer 'persona' research

This year, we concluded our customer persona research – a 4 year project to profile different types of customers and develop action plans to improve service delivery. **In total we have delivered 38 positive outcomes from the 52 recommendations**, based around the 11 identified personas. We are continuing to work on the remaining 14 recommendations, however some of these are more complex to deliver. For example, stay at home parents requested that we explore the provision of a temporary hot water solution during supply interruptions. This has been time-consuming to progress, as we needed to undertake a call for innovation through our innovation partners, followed by development of an NIA project. The NIA project has now been completed, and we are moving into deployment of the technology, but we are yet to fully implement this across our business.

Year	Persona	Recommendations	Outcomes
2014	Motorists/passers by	2	2
2015	Vulnerable customers	5	2
2016	Micro business owners	10	4
2017	General public (Stay at home parents / shift workers)	7	6
2017	Shippers/suppliers	7	6
2018	Industrial and commercial	5	5
2018	Colleagues	2	2
2018	Emergency services	3	2
2018	Gas Safe engineers	2	1
2018	Landlords/letting Agents	2	1
2018	Schools and councils	7	4
	<b>Total</b>	<b>52</b>	<b>38</b>

**In the pipeline:** We've produced a training package to share with colleagues across the business to help everyone serve specific groups of customers better. We're also going to share this with fellow members of the Institute of Customer Service.

## PAUSED Stakeholder panel

The GD2 consultation process has seen the creation of a new Customer Engagement Group (CEG). As some members of our Stakeholder Panel joined the CEG, this gave a good opportunity to reflect with our remaining members. Their feedback was that they generally have some specific, single topic issues they wish to engage with us on and told us they would prefer one-to-one or hot topic-based engagement on these issues. In response to this feedback we paused our Panel and delivered more through these preferred mechanisms. We will review our approach in the coming year, in ongoing consultation with stakeholders



## PAUSED Test-IT research

For the past couple of years, we have been testing 'in progress' pieces of work with stakeholders, such as our bill breakdown, via a platform called 'Test-it'. However, we've found the process to be rather restrictive as it only allowed stakeholders to validate our plans – and not provide any detailed feedback. We have therefore paused this research in favour of more deliberative engagement.

## 4. Culture and capability

### 4.1. Executive level engagement

Stakeholder engagement is a shared business-wide endeavour, overseen by our Chief Executive and senior leadership team.

The leadership team provided input into the development of our revised engagement strategy and action plan, and signed both off. The team receives a weekly report on stakeholder engagement being undertaken across the business and progress against the engagement action plan is considered as part of the leadership team's monthly board meeting.

### 4.2. Driving engagement throughout the workforce

#### NEW

#### A cultural focus on engagement

Effective stakeholder engagement is celebrated at our annual internal awards ceremony.

This year Alex Brightman (CCO) won the stakeholder engagement award at our annual we are the network Awards, for her commitment to great community engagement during a project to replace gas pipes in a high rise block. She worked closely with housing managers, caretakers and social services to engage local residents. This was a complex job that needed completing ahead of impending winter weather. Alex worked to tailor our approach for those who are harder to reach or known to be challenging. As a result of Alex's dedication and flexible working, we achieved 100% access rate-meaning all 200 customers had their supplies restored before our engineers left site.

#### ENHANCED

#### Operational performance objectives

Our patch leaders, known as Business Operational Leaders (BOLs) all have new performance objectives related to stakeholder engagement, alongside their existing objectives for continual improvement in customer service. Our Customer Care Officers now report directly to these patch leaders, as opposed to the corporate centre, further enhancing the capacity to develop strong and sustained local relationships.



#### ENHANCED

#### Stakeholder Engagement Management Group

This central group is dedicated to delivering the stakeholder action plan and supporting colleagues across the business to engage effectively. The group, which includes senior leaders and colleagues from different levels of the organisation now meets fortnightly. Standing agenda items include sharing live stakeholder feedback, and collaboration on outcomes and upcoming engagements.



### 4.3. Engagement in action

Colleagues across the business, in all roles, are encouraged to use stakeholder engagement in order to enhance service delivery. Here are two recent examples:

#### Case study 1 – Karen improves connections by engaging with seldom heard stakeholders

Karen Robinson, Head of Connections

"Our regulated customer satisfaction surveys focus solely on our domestic customers, but don't include our Industrial and Commercial (I&C) Customers. Through analysing the customer persona research on our I&C customers and also looking into our complaints data, I could see that there were some specific pain points on the I&C customer journey.

In response, I put together a survey that could be completed online, to make it easy to get feedback from these very busy and seldom heard customers. 82% of customers told us they were 'satisfied' or 'very-satisfied' with our customer service. The specific feedback allowed us to exactly pin-point which parts of the customer journey needed improving. One key area for improvement related to the quality and clarity of our written communications. In response, we have designed communications that are more understandable.

Receiving feedback such as this is having a really positive impact on the team. We are starting to understand how we are serving ALL our connections customers, and the feedback is being sought by the team who can directly act on the improvements needed. We will be repeating this survey at regular intervals throughout the year."

Read more about how we've engaged with our connections customers in Part 2, page 5.



#### Case study 2 – Chris engages the supply chain to improve reinstatement

Chris Green, Site Manger (East Riding)

"I recently took part in our Professional Development Programme, undertaking a module in Customer and Stakeholder Engagement, which gave me an appetite to look more closely at customer feedback on the patch. It was apparent that we were receiving a high level of complaints about reinstatement – I wondered whether we could be more proactive about speaking to these customers, or the driveways contractors when we know our works will be in their areas.

I set up a pilot scheme. We mapped areas of high mains replacement workload to identify an area that we could focus on (East Riding) and identified driveway contractors in that area. We contacted driveway contractors to let them know we'd be working in that area and asked that they contact us to let us know if they'd be there too.

We quickly expanded our approach beyond this patch by using social media. Through a sponsored advert on Facebook, we received 37 enquiries from customers about this service. We've seen multiple outcomes from this initiative, including numerous schemes changed to accommodate our customers, and the initiation of a new project working with local authorities in a similar way to prevent built over services (see Part 2, page 2)."





## 5. Measuring value for money

Our stakeholders and customers consistently tell us that they want affordable bills, without compromising the safety and reliability of our network. We recognise that we need to demonstrate value to our customers in a meaningful and transparent way.

Measuring the value that our activity delivers can be challenging. For example, it is difficult to attach a pounds and pence figure to societal aspects such as traffic disruption caused by our pipe replacement programme.

To support these efforts, we have developed a framework for assessing value in a consistent way across all our asset management activity. This is known as our 'Value Framework'.

The framework facilitates a structured, transparent and consistent means to compare different activities. It also provides a clear line of sight between any activity (programme, investment, maintenance, operations or projects) and our overall strategic objectives.

In the application of the framework, measured values (known as Value Measures) are categorised as shown in table below.

Value Measure	Description	Example output	Cost included in Value Framework Cost applied
Environment	Impacts on the physical and living environment	Carbon emissions Gas use	£660 per tonne CO2 £0.16 per kWh
Customer	Impacts on NGN customers	Loss of supply Waiting in traffic	£300 per property per day £15 per hour per vehicle
Health, safety and wellbeing	Impacts on the state of physical and mental wellbeing of employees and the general public	Minor injury to colleague on site Fatality on site	£16,836 £16M
Business impact (Including regulatory and legal)	Value driven by avoided disruption to business	Customer complaint Regulatory fines	£700 £3M

Data supporting our Value Framework is based on nationally recognised values from sources such as the Government Green Book and has been developed in collaboration with the University of Leeds and Homes England. We are in the process of further refining our Value Framework with our stakeholders, through a series of Willingness to Pay workshops, which have been ongoing through 2018 and 2019 to enable us to understand values specific to our customer base.

In measuring the full range of costs and benefits an activity can deliver, we have facilitated a better understanding of the true value our activities deliver to customers and stakeholders. We are also able to assess dissimilar investments against each other to define which delivers the most value and in what context. This has enabled us to become an even more accountable and transparent organisation.

Our journey towards our goal of knowing the true value of our investments in ongoing, shown below.

We'll demonstrate in Part 2 how we've used the Value Framework to apply value to some of our initiatives with a greater degree of sophistication and insight than we were able to in previous years.

### Point in Time cost benefit analysis

Immediate costs and pay back period considered

### Multi-criteria decision support

Able to apply value to a limited set of criteria such as CO2 and staff working time

### Decision support informed by Value Framework

- Values for more criteria including societal benefits/costs
- In the future will be informed by stakeholders through willingness to pay

Figure 5: Value framework

On pages 2-3 of Part 2, we'll demonstrate how our initiatives deliver value for money



Potholes and beyond – Reinstatement in action





Reinstate your way - our online advertisement campaign

## 6. Monitoring and evaluation

We use a variety of methods to assess the impact our programme is having, such as stakeholder satisfaction surveys; we conduct monthly satisfaction surveys, as well as relying on post-engagement analysis following specific projects and events. Key highlights this year:

 **An increase of 27% in stakeholder satisfaction through our monthly benchmarking**

 **84% rated their overall satisfaction with the relationship with NGN as 8 or above**

 **90% rated their satisfaction with our workshop series as 8 or above out of 10**

 **68% rated NGN makes it clear how they have used feedback to change their business plans as 8 out of 10 or above**

### 6.1. Customer Engagement Group (CEG)

Our newly formed CEG has an important role to play in ensuring our engagement leads to business planning that really meets stakeholder needs.

We ran an open recruitment process that has led to a group with a broad range of skills and expertise. We have supported the group to develop its evaluation framework – resulting in a clear understanding of the group's purpose and principles, and methodology for assessing our next business plan.

This framework has been recognised as an example of best practice. It has been shared with the other CEG's across the network, and has been adopted by National Grid.

While the group's primary focus is on providing assurance around our new business plan, they are also helping us to improve the quality of our engagement, by coming along to workshops and events to provide meaningful feedback.

### 6.2. Our independent audit

For the last 7 years our engagement has been externally assured against the internationally recognised AA1000 Stakeholder Engagement Standard (SES). Across the week-long independent audit the assessor observed stakeholder engagement in action and interviewed those managers responsible, as well as a comprehensive document review.

Areas of best practice were identified as:

- Creating a single Engagement Strategy that meets the needs of both GD2 development and continued delivery of GD1 commitments
- Supporting stakeholders to build their capacity to engage, see Part 2 page 7 for further information
- Drawing on the experience of the water sector in valuing the social and environmental impact of its activities to create a Value Delivery Framework which can be used to better understand the impacts and benefits of engagement and stakeholder projects
- Integrating stakeholder engagement into strategy, policies and processes across the business. See our connections customer case study (part 2, page 5)

Other best practice is highlighted throughout the document, such as our CNG case study (Part 1, page 3-4) and incident retrospectives (Part 1, page 7)

Although no areas of concern were identified, the audit recommended areas for development, which are outlined below with our plans of how to address them.

Areas identified for development	Our plan for 2019/20
Continue to actively review the mechanisms by which key stakeholders are able to input to strategy and governance	We'll work continue to develop our mechanisms for engaging with stakeholders. In particular, working with our CEG to develop their role following submission of our business plan and building on the momentum of our iterative NGN Public Panel Sessions
Continue to build the support framework for patch leaders to ensure effective engagement at operational level	We'll further develop our mechanisms and support for linking operational engagement into strategy and planning. We'll review the impact of our new targets for our patch leaders and use the lessons learnt to refine our approach
Continue to review stakeholder profiling and mapping and continue to build capacity across the business to undertake this locally	We'll review our stakeholder mapping as part of our annual refresh and roll out new toolkits for colleagues
Incentivise innovation in engagement methods across the business, and promote sharing of these across the business	We'll work with colleagues across the business to find the best ways to incentivise innovation in engagement and roll out the best ideas
Evaluate the effectiveness and sharing of documentation of engagement	We'll create new channels for sharing and disseminating feedback across the business
Strengthen post-engagement sharing, learning and challenge	We'll continue to develop the role of our Stakeholder Engagement Management Group (SEMG) and it's challenge role, alongside ongoing work with our Customer Engagement Group















