



Stakeholder Engagement Submission 2018/19



SGN
Your gas. Our network.



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Contact us

This document fairly presents SGN's stakeholder engagement activities for the period 1 April 2018 to 31 March 2019, which we are responsible for designing and implementing. The criteria used for making this assessment, we believe, are suitable for evaluating our reporting. This document:

- was prepared to appropriately describe our stakeholder engagement strategy, the way in which we keep stakeholders informed, how we enable timely input and feedback to inform decision-making and the variety of mechanisms we use to engage, tailored to stakeholder needs
- includes relevant details of changes to SGN's stakeholder engagement management activities in the period 1 April 2018 to 31 March 2019, and
- does not omit or distort information relevant to the scope of the stakeholder engagement management and activities being described.



John Morea, Chief Executive Officer

Welcome by John Morea, Chief Executive Officer



When I'm out and about across the business, I'm often struck by the ethos of public service that runs through our people. Listening to feedback, acting with care and concern, and working collaboratively to do what's right, as we keep all our customers safe and warm.

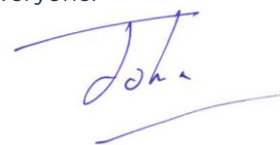
We need to ensure our services reflect all our stakeholders' needs. As we engage, whether in person or online, every conversation gives us valuable insights into the things that really matter to our stakeholders.

We believe as the UK transitions to new low carbon heat solutions, engagement becomes ever more important; planning together for a shared future that meets the needs of all.

This year we have scaled up our partnerships to create stronger outcomes for both stakeholders and our business. And we've worked with leading experts and a small steering group of stakeholders to better measure the positive social impact of what we do.

We've also continued to work with our valued Stakeholder Advisory Panel (SAP) which acts as a 'critical friend' to me and my senior team. We were delighted during the past year to welcome its new Chair, Jayne Scott, who brings a wealth of experience in the consumer challenge arena.

I hope the extracts of activities contained in this report illustrate the importance we place on our engagement with stakeholders – listening and responding to produce better solutions for everyone.



Statement by Jayne Scott, Chair, SAP

I feel very privileged to be able to introduce this report as Chair of SGN's Stakeholder Advisory Panel (SAP) having been appointed to the role during the year.

This has been a year of change for the SAP. During the year SGN's Customer Engagement Group (CEG) was established and the company asked the SAP to consider where it might continue to add value in the development of stakeholder engagement given the CEG's role. A very constructive workshop session was held between members of the SAP and the company to consider how it might challenge and support SGN in the future, while recognising but not duplicating the role of the CEG. Revised terms of reference for the SAP were drafted and agreed with the company as a result. The SAP's revised remit now focuses on how it can work with SGN to continually extend its stakeholder reach, with the widest possible stakeholder engagement, to continue to operate as a 'critical friend' but be independent of SGN, provide practical and expert guidance to SGN to help it respond to challenges from the CEG and to suggest opportunities to continually improve engagement with stakeholders.

SGN's Executive team has continued to be very engaged with the SAP with good Executive team attendance at SAP meetings and by responding positively to challenges and suggestions from the SAP. Particular highlights this year have included:

- ✓ Learning from electricity networks who are leading the way on stakeholder engagement
- ✓ Proposals to work with third parties who represent 'hard to reach' groups including those with disabilities
- ✓ Enhanced engagement with local authorities to align business planning with their future plans and energy needs
- ✓ Engaging with online communities to promote fuel poverty solutions

Overall, the SAP is very encouraged by the progress made by SGN to mature its stakeholder engagement and consider stakeholders as a central part of all business decision-making. We are delighted to present the examples of effective joint working with stakeholders set out in this report.

Ofgem criteria:

The network company has a comprehensive and up-to-date stakeholder engagement strategy, which sets out –

- how the network company keeps stakeholders informed about relevant issues, business activities, decision-making and other developments, and
- how the network company enables timely input and feedback from stakeholders via appropriate mechanisms to inform decision-making

1. Our stakeholder engagement strategy

We reviewed our strategy for long-term stakeholder engagement this year, planning for the next eight years and thinking about continued evolution within our industry and society.

Our stakeholder and customer insight suggests that new technology, evolving social concerns and ambitions for decarbonisation may drive changes in the expectations and priorities of stakeholders. Our stakeholders have asked us to work collaboratively to contribute to solving complex long-term challenges including the energy transition and fuel poverty.

Within this broader context, we discussed and refined our principles of engagement with our Stakeholder Advisory Panel and Customer Engagement Group. We wanted to recognise the importance of collaborating with our stakeholders on shared challenges and we amended our fourth principle to reflect that.

Our updated principles of engagement as written in our strategy are described below:

1. Delivering measurable benefits:

We will engage directly with customers and stakeholders to embed their interests in our decision-making and deliver valued, measurable benefits

2. Focusing on material issues:

Customers and stakeholders should have a say in the issues they care about and that have the most impact on them

3. Driving inclusivity and diversity:

Engagement with customers and stakeholders should be broad and inclusive; we will seek out the diverse perspectives of challenging and hard to reach groups

4. Providing ongoing opportunities for challenge and collaboration:

Engagement will be tailored to the needs of stakeholders to ensure that genuine opportunities for ongoing dialogue, challenge, review and collaboration are created

5. Being responsive and transparent:

SGN will be responsive and transparent, explaining how the views and priorities of stakeholders have influenced decision-making and how we have balanced the needs of different stakeholders

6. Continually improving:

SGN will continuously improve its engagement with customers and stakeholders, finding new and better ways to respond to their changing needs

In our engagement strategy we describe how we bring our principles to life and embed them into our business activities by following a **six-stage**, iterative engagement cycle as shown below.

A summary of our **six stages** of engagement is presented opposite.

1. For each of our key business priorities and processes we **identify** the stakeholders that are impacted by or interested in our activities
2. We **tailor** our methods of engagement and communication to our stakeholders' needs depending on their preferences and levels of knowledge and interest
3. We **engage** with a **purpose** and **listen** to our stakeholders
4. We **respond** to the views of stakeholders across our business
5. We **measure** the benefits of our engagement and its effectiveness
6. We **review** and **refine** our strategy and engagement plans to ensure shareholder views are incorporated



1.1 Keeping stakeholders informed

Our strategy describes how we work with stakeholders to ensure the channels of engagement we use are appropriate for their levels of interest, knowledge and make the best use of their time. This year we added additional mechanisms to keep stakeholders informed including webinars, online meetings and digital newsletters.

- For experts who possess significant knowledge of, or interest in, our industry, we engage through our Stakeholder Advisory Panel, through bilateral conversations, and through specialist panels, workshops and expert roundtable discussions focusing on specific topics.
- For interested stakeholders, who have some knowledge of our business, we engage through our national Moving Forward Together (MFT) workshops, bilateral meetings, local depot and drop-in events, research surveys and through digital communication channels, including webinars and our stakeholder newsletter.
- For those stakeholders who have low levels of awareness and knowledge of our industry and work, we engage in deliberative conversations, research surveys, and through a variety of flexible digital communication channels including social media.

1.2 Enabling stakeholder input to inform decision-making

The overarching purpose of our engagement strategy is to work collaboratively with stakeholders to evolve our plans and activities. Our people record the dialogue we have with external stakeholders systematically and share what has been learned among colleagues to amplify the voice of the stakeholder throughout our business.

We have improved the process of sharing stakeholder contributions this year by adopting a digital stakeholder relationship management (SRM) tool which records meetings, actions and feedback and which can help to drive joined-up activity. For example, in June 2018, at a meeting with Home Energy Scotland one of our managers identified and recorded an opportunity to learn from and partner with Home Energy Scotland to refer vulnerable customers for extra help, rather than creating our own solutions. This opportunity was pursued by the stakeholder team, and in November 2018, we implemented a referral partnership with Home Energy Scotland. Our people referred **10** customers to Home Energy Scotland between November 2018 and the end of March 2019.

Our strategy explains that stakeholders inform and influence our medium, long and short-term decision-making. Each process is described below:

1.2.1 Strategic planning over the next three to five years focusing on our corporate priorities

1.2.2 Long-term ten-year business planning, beyond the next price control period

1.2.3 Short-term, operational project decision-making

1.2.1 Strategic mid-term planning

We described last year the significant influence that stakeholders had on refining our six corporate mid-term strategic priorities. One of these priorities is to continue to keep pace with evolving stakeholder and customer expectations, and we have taken additional steps this year to deliver this:

- The financial incentive plan for the Executive team and senior managers has been aligned to performance measures linked to our customer and stakeholder priorities. For example, a priority for our customers is for us to minimise our environmental impact therefore one of the performance metrics in our financial incentive plan is a reduction in our carbon footprint
- We have aligned the objectives and performance management of managers to the strategic priorities shaped by stakeholders
- We worked with a new external Chair of our Stakeholder Advisory Panel, Jayne Scott, and panel members to review the role of the joint Stakeholder Advisory Panel (SAP). The SAP continues to combine the expertise of a broad range of external stakeholders to provide advice and challenge to the CEO and other members of the Executive team

Stakeholder Advisory Panel

External members



Jayne Scott
Chair



Matt Copeland
National Energy Action



Richard Lowes
Exeter University



Ollie Pendered
Community Energy South



Matthew Pencharz
MSP Strategies



Christine Tate
Partnerships
for Good

Executive team members



John Morea
CEO



Helen Bray
Director of
Stakeholder Relations



Paul Denniff
Network &
Safety Director



John Lobban
Managing Director, Scotland
and Northern Ireland



Glenn Norman
Director of Operations
(Southern)



Andrew Quail
Director of IT
and Innovation

1.2.2 Long-term ten-year business planning over the next price control period

As we look towards the longer eight to ten-year horizon, we are following our six-stage engagement cycle described earlier to ensure that our long-term business planning decisions for the next price control period reflect the needs and expectations of customers and stakeholders.

To illustrate how this process has worked so far, we have described below the example of the replacement programme for our iron pipes, which is one of our largest areas of expenditure.

ENGAGEMENT CYCLE	INPUT INTO OUR DECISIONS ABOUT MAINS REPLACEMENT
We identify the stakeholders that are impacted by or interested in our activities	We identified key stakeholders for our mains replacement programme as: <ul style="list-style-type: none"> • Health and Safety Executive • Customers, vulnerable and future customers • Local residents and commuters • Local authorities • Other utilities • Representatives of vulnerable customers
We tailor our methods of engagement and communication to our stakeholders' needs depending on their preferences and levels of knowledge and interest	We identified it would be important to work with customers with low levels of awareness to help them to understand the sort of decisions we were making and the impact. We did this first through deliberative workshops and later we carried out quantitative research to understand their highest priorities. To gain the perspective of a broad range of stakeholders we designed accessible sessions at our four Moving Forward Together workshops in November 2018 and February 2019. We also engaged with expert stakeholders such as the Health and Safety Executive and Ofgem in bilateral meetings.
We engage with a purpose and listen to our stakeholders	At our Moving Forward Together workshops, senior managers explained to stakeholders the trade-offs we face. For example, we could reduce the short-term cost of the programme by focusing on smaller diameter pipes in the next five years, but this would increase the overall long-term cost. We could accelerate the speed at which we carry out the programme, and therefore reduce gas leakage more quickly, but that would cost more in the short term. We asked stakeholders to tell us the criteria they would take into account if they were making the decisions, and then to prioritise those criteria.
We respond to the views of stakeholders across our business	Andy Musgrave, Head of Network Strategy hosted sessions at the Moving Forward Together stakeholder workshops in November 2018 and February 2019: <i>"I see it as part of my job to understand the perspectives of customers and stakeholders – I know we are making big decisions that will impact on the network and on customers' bills in the long-term. It's important for me to find out directly what stakeholders value, so my team can feed that into our decision-making. We asked our stakeholders to help us to understand the kind of criteria they would use if they were making the decisions. That's given my team a framework we can use to evaluate our decision-making on replacement, but also potentially more broadly on other investment decisions."</i>
We measure the benefits of our engagement and its effectiveness	We created a five-point evaluation scale to assess the effectiveness of our stakeholder engagement for each key decision that we are making in our plan. We gave our stakeholder engagement around replacement decisions a score of four out of five . We had a wide range of stakeholders who gave us their views and helped create a very useful decision-making tool. We reduced our score down to four because we would have liked more attendees at the workshops (53 stakeholders attended).
We review and refine our strategy and engagement plans to ensure shareholder views are incorporated	We continue to review and refine our engagement for long-term business planning with advice and challenge from our Stakeholder Advisory Panel and our Customer Engagement Group. The Customer Engagement Group has a separate formal reporting role to Ofgem and we have not included our engagement with that group in this submission.

1.2.3 Shorter term investment and operational decisions

Our Director of Stakeholder Relations is a member of SGN's Executive team and continues to sit on our formal Investment Committee which ensures the concerns of stakeholders and any impact on them is considered when we make investment decisions. The template for assessing project proposals for investment in the replacement of pipes includes explicit consideration of the impact on stakeholders.

Subsequently, once a project is approved for investment, our operational teams have adopted a 'Tailored Project Delivery' process to consider the impact of stakeholder views in all replacement and major works projects. For each project we map local stakeholders and assess the likely impact on the community. We then engage with those affected and tailor our operational plans to meet local needs. We have continued to roll-out and embed this assessment approach across our mains replacement and planned work projects and we have seen a reduction of **45%** in complaints for planned work this year.

1.2.4 Embedding stakeholder value



Last year we introduced our maturity pipeline which helped us to track stakeholder and social initiatives from the planning stages, all the way through to becoming fully embedded across our business if successful outcomes were generated. For larger initiatives with significant impact, this is a process that can take two or three years from initial idea to full adoption.

Stakeholder expectations

Outcomes



We continue to assess all our social projects and initiatives with a formal assessment tool which provides us with a cost-benefit analysis helping us to determine the overall value new initiatives will bring to the customer.

The proposed projects are measured against at least **one or more** of the following criteria:

- Reduction in cost or time and disruption to customers
- Reduced need for customer to contact us
- Reduced number of complaints
- Increased customer satisfaction
- Reduction in damage to our network
- Increased awareness of the dangers of carbon monoxide (CO)
- Reduction in CO₂ emissions

Some examples of our decisions are documented below.

PROPOSED INITIATIVE	BENEFITS SCORE (maximum 50)	RATIONALE FOR APPROVAL OR REJECTION
Mapolitical, a stakeholder mapping tool	40 Approved	<ul style="list-style-type: none"> • Stakeholder feedback/suggestion • Supports stakeholder mapping • Useful tool for incidents
Green Doctor - Phase 2, an energy efficiency project	35 Rejected	<ul style="list-style-type: none"> • Continuing an existing pilot in same geographical area so therefore not scaling-up • Replaced by provider who delivers scale across geographical areas
Safety Seymour - Phase 2, a CO awareness project	38 Rejected	<ul style="list-style-type: none"> • Does not deliver scale from existing pilot • Feedback to review how the project can be scaled-up
Extension of Locking cooker valve (LCV) campaign	42 Approved	<ul style="list-style-type: none"> • Scaling-up of long-term project • Strategic fit with business and customers in vulnerable circumstances strategy • Extensive stakeholder feedback • Supports other GDNs in their commitment to undertake LCV referrals
Vulnerable Customer Referral Network (including voucher scheme for appliance repairs)	42 Approved	<ul style="list-style-type: none"> • Strategic fit with customers in vulnerable circumstances strategy • Supports specialist panel recommendation following our survey of frontline engineers • Responds to wider stakeholder feedback • Delivers scale across both networks following a successful pilot last financial year
Climate Change Leadership Framework	39 Approved	<ul style="list-style-type: none"> • Responds to stakeholder feedback to focus on environmental performance by acting to reduce emissions within our operations • Provides a tool to measure and benchmark performance

This year we have further **embedded stakeholder engagement** across SGN, with the support of two new groups from our operational teams:

Operational Stakeholder Governance Group

In August 2018, we established an Operational Stakeholder Governance Group. This senior level governance group includes members of our Executive team along with senior managers from operations and stakeholder relations. The group meets fortnightly, to review stakeholder input and focus on driving forward and monitoring the progress of newly-established initiatives, such as our Vulnerable Customer Referral Network.

Operational Stakeholder Working Group

This new working group was also set up in August 2018. It meets fortnightly and utilises the expertise and knowledge of representatives from our frontline engineers to develop and test working practices and procedures to support implementation and roll-out of new initiatives within the operational teams. As a result of their feedback, we have developed an information booklet outlining the support services we offer for vulnerable customers which our engineers can refer to.

Ofgem criteria:

A broad and inclusive range of stakeholders has been engaged

2. Continuing to ensure a broad and inclusive range of stakeholders are engaged

Through our digital stakeholder relationship management tool, we track and manage our engagement with a diverse range of individuals, groups and organisations, reflecting the geographic spread of our networks, how we impact our stakeholders and the priorities that are important to them.

The tool allows us to understand how we most impact stakeholders and how their feedback has influenced the operation of our business. Throughout the year, we communicate with stakeholders to determine their preferences and whether our engagement still meets their requirements.

Campaigns for our SRM newsletter are now being generated by specific priority areas which stakeholders have told us they want to hear from us about. For instance, we continue to improve our engagement with stakeholders who support the needs of vulnerable customers. We sent a targeted newsletter to **394** stakeholders to promote our Help to Heat scheme and our recently-launched Vulnerable Customer Referral Network.

We review our range of stakeholders to identify and address any gaps in our engagement and to ensure we remain broad and inclusive. For example, this year we have enhanced our stakeholder intelligence by sourcing over **4,600** additional external data sets for relevant local political and local authority contacts. We also now maintain a specific engagement tracker for our developing relationships on the future of heat.



We show below extracts of our stakeholder segmentation. We map the interests of individual stakeholders to the priorities that are important to them

Supporting vulnerable customers	Government and regulators	Local interests	Consumers	NGOs and charities	Business to business	Energy peers and partners
Providing excellent service	Central government	Community energy group	Domestic gas user	Charity:	Appliance manufacturer	DNO
Minimising environmental impact	European government	Emergency and health service	Fuel poor customer	• Age	Construction company	GDN
Future energy solutions	Politician	Highways agency	Industrial/commercial user	• Children	Engineering company	IGT/UIP
	Regulation body	Local authority	New gas customer	• Disability	Equipment provider	Engineering institution
Acting safely		Local politician	Road user	• Environmental	Haulage company	Industry group
		Media	Vulnerable customer	• Fuel poverty	Service provider	Renewable energy developer
Keeping the gas flowing		Parish council	Consumer group	• Health	Surveyor	Research partner
		Public transport		• Housing	Consultancy	Shipper
Keeping costs down		Registered social landlord		• Income		Supplier
				• Safety		

72 stakeholder segments, **16,994** engagements, mapped to **7** stakeholder priorities

2.1 Building a broader understanding of diverse perspectives



We have continued to extend our reach this year, with **23%** of attendees at our Moving Forward Together events, attending an SGN-hosted event for the first time.

Last year we explained how we had enhanced our engagement around specific challenges and topics, increasing our engagement with specialist stakeholders with expert knowledge of fuel poverty and vulnerable customers in Scotland and southern. We have continued to reach out to a diverse range of specialists this year. In particular, we hosted a roundtable of health and safety experts and **two** roundtables of sustainability specialists. We created a specialist Future of Heat panel in Scotland, bringing together expert stakeholders, such as academics, government officials and representatives from energy suppliers, all with a wide range of views about potential future scenarios. We also hosted a workshop for companies who make commercial connections or connect to our network for flexible generation.

Stakeholders at our Future of Heat panel suggested that we should better understand the perspectives of large industrial and commercial gas users, and we have therefore carried out targeted one-to-one engagement with **50** large gas users to understand their energy needs and priorities for the future.

To further increase the diversity of our engagement we are continuing to work with specialist partners, such as London Sustainability Exchange (LSx) to understand the perspectives of those who may be harder to reach. As part of our work with LSx, the Elays Network is helping us to engage with people for whom English is a second language, Bipolar Scotland is working with us to engage people with mental health conditions and Involve Kent is working with us to represent people with physical health conditions and their carers.

In our everyday operations, we also seek out those who may be harder to reach through our tailored engagement. For example, our early planning and engagement prior to works commencing in Rye Lane, Peckham in January 2019, highlighted the area as extremely diverse with hundreds of small business proprietors from over **20** different countries of origin. We produced a plan to engage with the **350** small business owners on Rye Lane throughout the planned 12-month programme of work. Subsequently, **156** businesses responded to a survey asking them whether they would like to be kept informed in a language other than English. As a result, our engineers now have translations of key phrases in **24** languages.

2.2 Building a deeper understanding of diverse perspectives

We have increased our research and insight programme over the last year to refresh our understanding of customer and stakeholder priorities and expectations.

We recruited dedicated in-house insight expertise and have developed an insight bank of **150** pages of detailed analysis of stakeholder and customer views and perspectives. This allows us to use a range of sources of insight and to identify any gaps in our understanding.

One of the improvements identified through this analysis work was to ensure that we researched a larger,

representative sample of stakeholders in order to understand the relative importance of their priorities and needs. We have filled this gap in 2018/19 by carrying out three quantitative stakeholder research surveys, adding to the insight which we gather from our qualitative engagement with stakeholders at face to face events.

Overall, we have engaged with over **16,900** customers and stakeholders over the last 12 months, using a variety of mechanisms eg surveys, events (detailed on page 7).



Ofgem criteria:

The network company has used a variety of appropriate mechanisms to inform and engage with 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

3. Tailored engagement mechanisms to inform and engage with our stakeholders

We tailor our engagement channels depending on the level of interest and knowledge that stakeholders have in our industry and our business. Our stakeholder engagement strategy is based on **three** levels of interest and knowledge – expert, interested and low awareness.

Our comprehensive programme of engagement includes the examples overleaf which are tailored to the different levels of interest and knowledge our stakeholders have.

ENGAGEMENT MECHANISM	RATIONALE	EFFECTIVENESS
Stakeholder Advisory Panel for expert stakeholders	Collaborating through a small, regular forum of expert stakeholders at which members act as a critical friend and provide challenge and advice to SGN's Executive team, informed by their experience, expertise of stakeholder engagement and knowledge.	At each meeting external panel members make up to three specific recommendations. This year the company has acted on five of the six recommendations made by the Panel. The only recommendation we did not adopt was to invite more green NGOs to our Future of Heat specialist panel. Instead, we held a separate sustainability roundtable.
National Moving Forward Together workshops for interested stakeholders	To bring together a wide range of stakeholders periodically to inform them about current issues, ask for input and report back on how we have acted on previous advice from stakeholders. We hold dedicated workshops in Scotland and in southern. We are very much in listening mode working to understand any regional differences in the priorities of our stakeholders.	Overall 72% of participants at all our events strongly agreed they were satisfied. An additional 27% tended to agree. 99% also agreed the format was appropriate. <i>"Good to see how SGN have taken stakeholder feedback on board in the development of their plans to date."</i>
Specialist panels for expert and interested stakeholders	New topic for 2018/19 To bring together experts in the subject area to provide advice and work collaboratively to address key questions. This year we extended the range of topics to include the Future of Heat, with expert stakeholders providing an extensive range of viewpoints and advice on this complex issue.	94% of participants agreed they supported the idea of SGN gaining stakeholder input via workshops such as these.
Local workshops and community drop-in events for interested stakeholders or low awareness stakeholders	We hold events at our local depots, or we tailor them to community groups by finding local venues. We share best practice with partner organisations and build awareness of our support services. We also go to where local people are, holding drop-in events and public meetings before starting large projects as part of our tailored project delivery process.	At a community drop-in event held, Stuart McLaren, Managing Director of Crieff Visitor Centre, said in relation to the Crieff project: <i>"We're pleased that SGN has taken notice of our concerns and come back with a solution which will cause far less interference."</i> Another stakeholder who attended an event at our Dundee depot said: <i>"I have attended one of their stakeholder events in Dundee and found it to be very beneficial in raising my awareness of the company."</i>
Roundtable discussion groups with expert stakeholders	New for 2018/19 To share best practice, issues and challenges with industry-leading organisations or experts around specific topics such as sustainability or building a safety culture.	At our safety culture roundtable participants identified 12 routes to best practice and innovation that we could learn from to improve our approach. 16 best practice examples were identified by stakeholders at our sustainability roundtables.
Research surveys of all stakeholders and customers	New measures for 2018/19 Quantitative measurement of stakeholder satisfaction is new this year. We also use a range of research surveys, developed with independent and in-house research expertise, to understand the expectations and priorities of our stakeholders.	We benchmarked stakeholder satisfaction in August 2018 and March 2019. Our results from March 2019 demonstrate an increase in the number of stakeholders who agree with the statement that <i>"SGN continuously improves its engagement with customers and stakeholders"</i> up by 14.4 percentage points to 71.3% .
Webinars for interested stakeholders	New for 2018/19 To make best use of our stakeholders' time, webinars are a way of providing information to many stakeholders and checking our understanding with them.	We shared our understanding of our customers' priorities with stakeholders to test whether the results of our research resonated with our broader group of stakeholders. This year we ran a webinar on 'what customers want from a gas network.' 86% of attendees were satisfied with how the event went.
Digital newsletter for interested stakeholders	New for 2018/19 A communication mechanism to inform and update all stakeholders on our activities.	Our 'Extra Help' digital newsletter was opened by 26% of stakeholders it was sent to. The average open rate for utility company marketing materials is 14% .
Enhanced online engagement with stakeholders and customers	Social media channels provide the opportunity to engage with those who may have low awareness of our industry. We are using online campaigns featuring issues that matter to stakeholders, and encouraging debate and engagement.	Our four-week targeted campaign to raise awareness of our Help to Heat scheme reached over 8,000 people on Facebook who fell into our target groups. Our Locking cooker valve information was endorsed by Scottish media celebrity Kaye Adams to her 64,000 followers.

Ofgem criteria:

The network company can demonstrate it is acting on input/feedback from stakeholders

4. Acting on stakeholders' feedback

Throughout the year we have been listening to, and acting upon, our stakeholders' feedback. We explain below a small number of examples of how we have acted on this feedback to deliver positive outcomes for stakeholders. We have structured this section into **three themes** that summarise the priorities of our customers and stakeholders. The three themes stakeholders would like us to focus on are making a positive impact, delivering a safe and efficient service and planning a shared future. More details about the outcomes we have delivered can be found in **Part 2**.

Making a positive impact

They said

Stakeholders at our Moving Forward Together workshops in Autumn 2018 said we should look for independent ways of measuring the social benefit of our initiatives. Also, we should think about broader measures such as health-related benefits.

We did

We worked with a small steering group of stakeholders to select a consultancy partner Simetrica to develop a social values bank to measure the social impact of our initiatives.

Outcome

Estimates of the social value generated by our activities are included in **Part 2**.

Making a positive impact

They said

Stakeholders said we should make every contact count to safeguard vulnerable customers. They also welcomed our efforts to support the communities in which we work, however they did feel we could do more to help.

We did

We are empowering our staff to help keep vulnerable customers safe by training them to respond to a range of different needs, including training in mental health and safety awareness, Dementia Friends and energy advice.

Outcome

Staff now equipped with training include: **42** customer services managers and advisors who received mental health awareness training through MIND, **700** mental health awareness webinars delivered, **13** mental health supporters; **72** safety champions, **2,335** of our staff and contractors signed-up to Dementia Friends, **37** energy champions.

Delivering a safe and efficient service

They said

Stakeholders told us that providing excellent service can be achieved through making it easy to contact us.

We did

We're now using Roadworks.org, to help customers and stakeholders to gain real-time access to information about all of our 6,500 roadworks.
We have expanded and embedded our 'Live Chat' capability to customers who are applying for a gas connection.

Outcome

Since the implementation of Roadworks.org, we've had **173,750** hits and seen a reduction in enquiries which often relate to our roadworks for replacement work by **24%**, when comparing against the same period for the previous year. The implementation of 'Live Chat' has resulted in a **28%** increase in customers contacting us digitally, with a **four per cent** reduction in telephone contacts.
We have maintained our leading customer service performance. Our Scotland network has the **highest** customer satisfaction scores for all gas networks, with our southern network retaining its **fourth** position.

Delivering a safe and efficient service

They said

Stakeholders at our Moving Together Forward workshops and customers agree we should minimise disruption by embedding innovative techniques.

We did

We extended our investment in our innovative CISBOT robots and are now using the robots on an increasingly regular basis to seal our larger diameter cast iron gas mains. This procedure saves costs as well as being visually less intrusive for our stakeholders.

Outcome

In 2018/19 we achieved **14.75km** of work using CISBOT in comparison to **13.9km** last year. For example, in Elm Grove, Southsea we used CISBOT on an **899m** project. Compared with conventional methods (working a six-day week), using CISBOT resulted in a cost saving of **£302,687**, **26** fewer excavations in the road and a time saving of **93** days (working a five-day week).

Building a shared future

They said

Participants at our sustainability roundtable this year said that SGN ought to strive for best practice initiatives that are already being supported by other business leaders.

We did

We signed-up to the Carbon Trust's Climate Change Leadership Framework which provides a performance score card to benchmark progress in line with climate science and meet the goals of the international Paris Agreement on climate change.

Outcome

Our carbon footprint assessment has been completed to provide a clear scorecard on our current performance and we are now being benchmarked against four leading organisations for comparative performance.

We are developing our replacement to our environmental Greenplan structured according to the United Nations Sustainable Development Goals to expand our approach to sustainability.

Building a shared future

They said

Scottish Government officials and stakeholders in the Highlands and Islands said we should work with off gas-grid communities which could benefit from a gas heat solution and address industrial demand.

We did

We commissioned an independent agency to carry out a customer demand study to assess the appetite for gas or other heat solutions in Fort William through a series of surveys, discussion groups and online. The researchers listened to the views of **600** people, including the views of future customers and seldom heard customers.

Outcome

The study found **66%** of the local community were in favour of a natural gas supply. We therefore took the next step of carrying out an outline feasibility study to understand possible options. We presented this study to the Scottish Government and other partner organisations at the end of March.



5. Using external benchmarking and accreditation to evaluate our performance

For the sixth successive year, we've engaged PwC to provide independent assurance on Part 1 of our submission, demonstrating our continued commitment to open reporting.

Stakeholder satisfaction

We measured our stakeholders' overall satisfaction in August 2018 and in March 2019, which showed an improvement in **six** out of **seven** reported measures.

Respondents were asked whether they agreed with the following statements:

STATEMENT	AUGUST 2018 % AGREED	MARCH 2019 % AGREED	PERCENTAGE POINT CHANGE
SGN values its stakeholders	78.4	82.6	+ 4.1
SGN is responsive to stakeholder feedback and needs	64.3	65.1	+ 0.8
SGN identifies the stakeholders that are impacted by or interested in its activities	67.9	70.2	+ 2.4
Engagement with customers and stakeholders is broad and inclusive	65.1	72.4	+ 7.3
Stakeholders have opportunities to challenge SGN and influence decision-making	56.8	56.4	- 0.4
SGN continuously improves its engagement with customers and stakeholders	57.1	71.3	+ 14.1
SGN focuses on material issues that stakeholders care about	61.5	74.7	+ 13.1



Accreditation

This year, for the first time, we have achieved British Standard 18477:2010 designed specifically to help organisations to identify vulnerable or disadvantaged customers, and to adapt their services to be inclusive and accessible to all.

In May 2018 we achieved the Customer Contact Association's Global Standard Version 6 for the second year. During 2018/19, **eight** of our colleagues achieved the Inspire educational programme run by the Customer Contact Association for high performing frontline colleagues and first-line managers.

The judges said: *"This was a very strategic and well-managed crisis management campaign. Unsolicited positive feedback gives a good indication of how relationships were managed and consolidated through the crisis."*

"We especially liked the idea of creating and sharing an evaluation infographic after the event as an excellent way of demonstrating achievement and accountability – a simple but effective idea which other organisational communicators could add to their crisis communication practice."

We were Customer Contact Association's Member of the Year 2018, for outstanding commitment to customer service excellence.

Awards

This year we won a gold award in the crisis and reputational management category at the Chartered Institute of Public Relations PRide awards for 'Getting the gas back on in Sidcup'.

Around 1,700 customers had their gas supplies interrupted in Sidcup when water entered our gas network in an incident that lasted for over **eight** days in August 2018. The company drew praise from the public and local councillors for keeping everyone informed and for ensuring the vulnerable were visited.

Introduction

This year we set ourselves the challenge of scaling-up our stakeholder engagement to create stronger outcomes for stakeholders and the business.

In line with the principles in our strategy, by increasing the reach, quantity and quality of our engagement, we have worked to deliver measurable benefits that matter to our stakeholders. We listened to a wider cross-section of customers and stakeholders and in many cases worked with them to create and deliver enhanced services.

1

Focusing on things that matter to our stakeholders

> Our extra focus this year:

Additional research and engagement with a diverse range of customers and stakeholders to make sure we're delivering outcomes stakeholders want

We completed a broad, qualitative and quantitative research programme with domestic, future, business and hard-to-reach customers and a wide range of stakeholders, to ensure our activities are aligned to their priorities. We analysed more than **16,900** interactions with customers and stakeholders including formal research, online interactions, workshops and events. Stakeholder and customer views were recorded and cross-referenced in our extensive insight bank.

Overall, customers identified **seven** priorities we should focus on, which, after further workshop discussions with stakeholders, were grouped into **three themes** – **making a positive social impact, delivering a safe and efficient service and building a shared future.**

We have used these themes and our customers' underlying priorities to both plan our activities this year and to structure this report.

Making a positive impact

- Providing excellent service
- Supporting vulnerable communities

Building a shared future

- Future energy solutions
- Minimising environmental impact

Delivering a safe and efficient service

- Keeping the gas flowing
- Acting safely
- Keeping costs down

2

Measuring outcomes

> Our extra focus this year:

Expanding our evaluation of financial outcomes and social benefits.

This year, we added **two** new tools and developed a more comprehensive evaluation framework to understand the value we deliver.

1. Customer willingness to pay

We implemented a new way to prioritise our activities this year by understanding the value our customers would be prepared to pay for specific initiatives, although we are not actually asking customers to pay more. This sophisticated research technique provided a monetary value which helped us to understand the relative priorities of customers and check we are not investing more money than customers think is reasonable. We compared it with the impact of the actual cost of initiatives per customer.

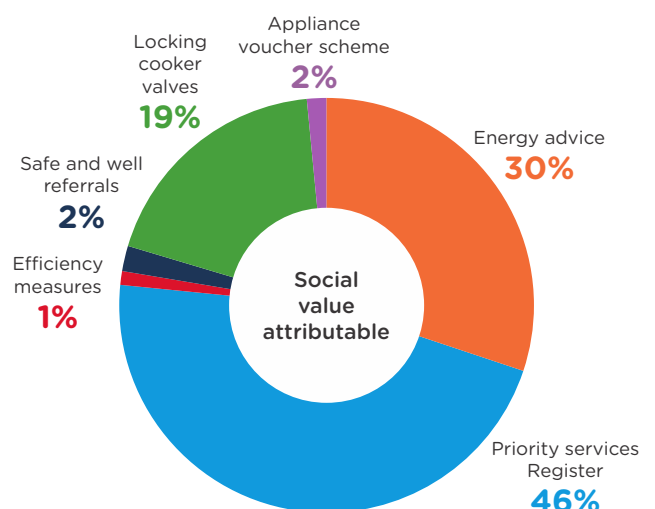
2. Social value

We worked with the leading social impact research consultancy, Simetrica, and a small steering group of external stakeholders to learn from best practice in estimating social value generated in third sector organisations. Simetrica developed a social value bank of financial and wellbeing outcomes applicable to our services for vulnerable customers. Examples of **financial benefits** include securing the warm home discount, or cost reductions from tariff switching. Examples of **wellbeing benefits** include being able to keep a home warm enough, feeling safe at home, being able to obtain advice locally.

The tool incorporates 'deadweight' factors to consider the outcomes which could have happened anyway – for example, if we had not provided energy advice, some households could still have been helped by other service providers. Applying deadweight factors helps to ensure we are taking a conservative approach to key assumptions and has provided indicative estimates for our activities this year. Deadweight factors range from **0.55 to 0.81**. For example, for our energy efficiency advice activities, we have attributed **81%** of the social value created. We are continuing to work with Simetrica during 2019 to develop the social bank further. This approach to estimating social value is endorsed as best practice by HM Treasury for the evaluation of social policy.

We illustrate the social value generated below:

A breakdown of social value by type of service provided:



3. Comprehensive evaluation toolkit

Our full evaluation framework includes assessment tools which we use **before** and **after** activities are undertaken:

- **Before:** Our pre-project assessment tool provides a comparative score of the benefits expected to be delivered. (See Part 1, page 4.) We also assess stakeholder support for initiatives and customers' willingness to pay.
- **After:** We record outputs such as the number of households supported and compare the outputs with the cost to deliver. Outcomes are measured using our social value bank of financial and wellbeing measures. We also look for external validation or accreditation.

As an illustration, the table below demonstrates our new evaluation framework applied to a summary of extra service initiatives for vulnerable customers this year.

Pre-project assessment score (maximum 50)	Stakeholder support	Customers' willingness to pay	Outputs delivered	Cost of additional services per customer	Social value outcome	External accreditation or validation
Five schemes to provide extra services for vulnerable customers each scored over 35 and were approved	98% of stakeholders supported expansion of the services provided to vulnerable customers	£1.26 for extra services for vulnerable customers Total cost £107,748	3,122 extra services provided	The total cost of the extra service initiatives of £107,748 would equate to £0.02 on each customer's bill	£4,148,489 social value generated by extra service initiatives (excluding referrals to the Priority Services Register)	British Standards Institute Vulnerability Standard BS 18477: 2010

The extra services included above are energy efficiency advice and access to energy efficiency measures, safety and wellbeing checks, locking cooker valves, appliance servicing and repairs. Referrals to the Priority Services Register and fuel poor connections are not included in the table above. More detailed extracts of the evaluation measures for individual initiatives are provided in pages 3 to 5.

3

Increasing our positive social impact



What our customers want us to do:
Provide excellent service: Support vulnerable communities



Our extra focus this year:
Scaling-up and speeding-up successful initiatives to deliver a bigger impact

Scaling-up our activity

We increased the total number of vulnerable customers supported with partnership services by **79%** from **3,585** last year to **6,417** this year, as we have worked with new partners and embedded our services within our core business activities.

	2017/18 number supported	2018/19 number supported	Increase in activity this year
Energy efficiency advice and measures	499	2,859	473%
Referrals for safe and well visits, appliance repairs and locking cooker valves	163	263	61%
Extra services	662	3,122	372%
Priority services register referrals	2,923	3,295	13%
TOTAL services including PSR	3,585	6,417	79%



We describe below some of the specific initiatives we have delivered.

Joined-up energy advice for those who may be harder to reach

Stakeholders suggested we learn from other utilities about how they reach challenging groups and joined up our efforts. We worked with Western Power Distribution (WPD) on a Warm and Well Milton Keynes outreach scheme with delivery partner National Energy Foundation. The scheme provided access to combined solutions for households covering electricity and gas additional services.

We invested **£25,000** in this **six-month** project to fund a series of outreach sessions to members of the public and a telephone helpline. In considering where to target our activity we analysed the areas our networks overlapped and used WPD's social indicator map to identify the highest areas of deprivation and eligibility for the Priority Services Register, to ensure help was directed to those in most need. The social value of this project is outlined below.

Initiative	Pre-project assessment score	Financial savings for households	Outputs	Social value attributable	Cost per household supported
Warm and Well Milton Keynes	38	Annual savings of £309 per household	335 customers received advice 72 home visits 69 households switched 61 PSR registrations 38 Warm Home discounts	£444,563	£75 per household advised Total cost £25,000

SGN staff become energy volunteers

We partnered with Community Energy South to support the development of a network of Energy Champions, each trained to provide energy efficiency and tariff switching advice. Our support led to **255** energy cafes or clinics with **1,703** customers engaged, with **141** households switching energy suppliers. The total saving was **£47,059**, with an annual average saving of **£334** per household.

Because of our involvement, Community Energy South was able to extend its support by setting up a new branch – Community Energy Ashford. In addition, **37** SGN employees were trained as energy champions in **five** of our depots.

Initiative	Pre-project assessment score	Financial savings for households	Outputs	Social value attributable	Cost per household supported
Community Energy South	41	Annual saving per household who switched energy £334 . Annual saving per household warm home discount £140	1,703 one-to-one advice sessions 141 households switched 196 warm home discounts 28 ECO measures 101 PRS registrations 37 SGN employees trained	£2,056,740	£14.68 per household advised Total cost £25,000

Extending and embedding our referral network in our core activities

Last year, we piloted our innovative winter appliance repair voucher scheme in our Sussex depot to help vulnerable homeowners who could not afford servicing or repairs when our engineers had to disconnect their appliances on safety grounds. Stakeholders supported the expansion of the winter voucher scheme this year and suggested additional services our frontline staff could connect vulnerable customers to, while still focusing on our core activities. The services we provided this year through partners include fire and safety visits, energy efficiency advice and our appliance repair assistance scheme. Our partners include Agility ECO, Community Energy South, Home Energy Scotland, Fire and Rescue and Scottish Fire & Rescue Service.

Before winter we set up partnership and data sharing agreements across both our networks and created a **referral partnership app** available to all our staff. The app provides a simple automated process designed around the needs of our frontline engineers. With the customer's permission, our people select the appropriate services and details are then sent to the relevant partner for that area. Our partners then respond within



agreed service levels. We made **172** referrals between November 2018 and March 2019 from **16** of our depots.

On the advice of our vulnerable customer specialist panel, we've focused on finding and funding practical solutions to the situations our engineers least like to walk away from during customer visits. The referral partnership app has been very well received by our engineers.

“ I wondered if the lady got any help with the cost of having her boiler looked at, and then to have an e-mail saying the repair was successful was very humbling and gave me a great sense of achievement. ”

Jamie Vaughan, Frontline Engineer, Sussex depot

Empowering our staff

Our engineers are at the heart of our work to support customers in vulnerable circumstances. We designed and tested our extra services referral tool with our Operations Working Group to ensure it was easy to use and to help drive adoption. We worked with stakeholders to co-create simple guidance for frontline staff, provided extensive training and a toolkit covering a wide range of vulnerable circumstances.

Our Executive team demonstrated strong commitment to supporting vulnerable customers and to working with our resilience partners during the year. All directors visited the HQ of Scottish Fire and Rescue for an interactive learning and role-play session to support the launch of our additional services for vulnerable customers.

Case study

Yvonne, aged 82 from Worthing, receives pension credit and is a recent widow. Our engineer found her boiler had a gas leak and had to disconnect her supply for safety reasons. As it was a cold December, and she had no other means of heating, Yvonne was referred to our **Winter Appliance Voucher Scheme**. A survey was carried out within **48 hours** of receiving the referral and a brand-new boiler was ordered and installed within **10 days** at her convenience.

Yvonne was delighted to have her heating and hot water restored telling us: *"I'm so grateful for this service, with my heating working in time for Christmas."* She is now enjoying an estimated **£1,600** annual saving from the new energy efficient boiler.

Support for customers with dementia

Dementia Friends

We continue to work with our partner the Alzheimer's Society as a dementia friendly organisation. We've rolled-out the second phase of training encouraging our employees to become Dementia Friends and have exceeded our March 2019 target of **2,000** with **2,335** of our people and contractors signed-up.

Locking cooker valve (LCV)

This year we set a stretching target for the number of LCVs installed in the homes of customers with dementia. We commissioned a specialist economics consultancy to understand the number of people living with dementia in our areas, and adjusted for factors including the proportion of people living in residential care, for those not connected to the gas network and for those who cook on electric. We estimate the total number of dementia sufferers, likely to be living alone and cooking on gas to be a maximum of **50,000**.

Recognising the progressive nature of the disease and the short window in which the device can support continued independent living, we set a cumulative target of **500**. We reached **443** at year end, **88%** of target. We have received a similar number of additional requests for locking cooker valves (**452**) which have been subsequently cancelled, indicating the circumstances of dementia sufferers may change due to the progression of the disease.



Loose Woman Kaye Adams gives our LCV the thumbs up

We were interviewed on BBC Radio Scotland's 'Mornings with Kaye Adams' programme and followed up with a social campaign supported by Kaye which resulted in **nine** referrals that day alone.



Last year other gas networks adopted the device as best practice, and this year we have extended our partnerships to promote it and increase uptake, with information on the Alzheimer's Society dementia community websites, elder.org, health trusts and many others.

Initiative	Pre-project assessment score	Financial savings for households	Outputs	Social value attributable	Cost per household supported
Referral network including Locking cooker valves Safe and well visits Appliance voucher scheme	42	£1,173 saving per household new boilers - lifetime savings £17,592 £571 per household energy efficiency improvements	263 households supported 214 Locking cooker valves 29 Safe and well visits 14 repairs 1 cooker replacement 5 boiler replacements 8 Switched tariffs 8 ECO measures 8 Energy advice	£1,741, 127	£171 per household Total cost £44,847

Facilitating standalone community warm hubs

Last year we described **two** trial **Warm Hubs** projects where we partnered with Scottish and Southern Electricity Networks (SSEN) to provide seed funding for local community projects to meet local needs for warmth. This was an opportunity to build on work we started three years earlier around fuel poverty in off gas-grid locations transferring from a rural to an urban and suburban setting. We used further learning from Community Action Northumberland, supported by Northern Gas Networks and funded the Wickham Centre to become the first Warm Hub in Hampshire in July 2018. Through our seed funding, there are now **four** organisations taking the Warm Hub project forward in Hampshire.

Elsewhere, Tenterden Social Club in Kent is a community hub providing a wide-range of services to the elderly and adults with learning and physical disabilities. It supports **28** staff, **45** active volunteers and **275** weekly visitors. The building, leased from Ashford Borough Council, was old and not energy efficient. Funding from SGN, Community Energy South and Ashford Community Energy supported the club in securing **£22,000** in grant funding, to transform the space into a community flagship of energy production and efficiency. A newly-insulated loft is keeping the building warm and boiler training has resulted in a dramatic drop in heating costs ensuring the building will serve the community for years to come.



Now accredited by the British Standards Institute in line with Vulnerability Standard BS 18477: 2010.

Innovative partnership approach to fuel poverty in southern

Stakeholders at our southern fuel poverty specialist panels last year suggested we work with all available data to extend our understanding and identification of fuel poor households. This year we worked with the Energy Saving Trust to develop a predictive model using relevant datasets to forecast the likelihood an off-gas property is in fuel poverty. The model uses a range of data sources including EPC ratings, off-gas properties mapped to geographical coordinates, listed buildings, property type/tenure, energy efficiency characteristics, income data, health deprivation and disability scores, proficiency in English and ECO eligibility. This allows us to target our partnership and engagement activities in areas where there is likely to be a high concentration of fuel poor households.

We launched our mapping tool at the House of Commons, in partnership with Dr Carolyn Snell from York University, who presented her research about how vulnerable and low-income

families engage with energy efficiency and the essential role of joined-up partnerships. Over **50** attendees from housing associations, local authorities, fuel poverty charities and community interest companies as well as MPs discussed opportunities to work in partnership to help households in England overcome fuel poverty.

Moving from discussion to action, throughout the year we built over **30** partnerships in targeted areas, each tailored to the jigsaw of local circumstances and organisations. With a dedicated, expert team, we invested significant effort and resource into building local fuel poverty partnerships and believe our approach is industry best practice.

We reversed the downward trend in fuel poor connections from previous years, achieving **1,284** fuel poor connections, the most achieved in our southern network.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Number of fuel poor households connected	1,175	1,208	1,160	1,007	840	1,284

Our partnership approach is supported by our Central Heating Grant Fund which provided a contribution towards the costs of first-time central heating systems for **121** of the **1,284** fuel poor households in southern this year. Our **£10m** Central Heating Grant Fund is supported by our shareholders as part of our commitment to a **£145m** voluntary contribution being returned to customers.

Case study

Our project to tackle fuel poverty in Melcombe Regis, Weymouth, is jointly led by SGN and the Dorset Council's partnership of North Dorset District Council, West Dorset District Council and Weymouth and Portland Borough Council. The scheme is delivering **370** new gas connections, **1,500** LED lightbulbs, **173** cavity wall installations, **69** loft insulations and around **50** new smart meters.

A key element was the creation of an active stakeholder group meeting quarterly to discuss driving the project forward. The group included local community leaders such as the mayor and organisations embedded in the community: Dorset & Wiltshire

Fire and Rescue, Weymouth and Portland Landlord group, the Partnership for Older People Programme, Citizens Advice and Churches Together.

Outreach to minority communities and other harder-to-reach groups is helped by a range of partnerships including the Safe and Independent Living Scheme and specialist community food shops such as Polski Sklep. A broader group of stakeholders is also kept informed of progress and invited to participate and refer households, for example Wessex Water, First Point, Waterside Forum and Dorset Accessible Homes Scheme.

Supporting households living in fuel poverty in Scotland

In Scotland, we've continued to support **Warmworks** which manages the Scottish Government's flagship national energy efficiency scheme. Warmer Homes Scotland provides an enabling fund to support loft clearance and remedial work, allowing customers to benefit from funded energy saving measures.

We also work collaboratively with the Energy Saving Trust (EST) and Warmworks to ensure fuel poor households have the best customer journey to access all the assistance they are eligible to receive. EST can pre-qualify households and refer them straight into our connections team to progress a funded gas installation. In turn, we identify and refer on those customers who are eligible for the extra funded support offered by the Warmer Homes Scotland programme.

Initiative	Pre-project assessment score	Financial savings for households	Outputs	Social value attributable	Cost per household supported
Warm works enabling fund	35 (assessed 2017/18)	Annual fuel savings of measures installed £376 per household	288 measures enabled for 54 households SAP rating increase of 12 per household	£82,299	£238 per household Total cost £12,901

We have exceeded our eight-year target for fuel poor connections in Scotland, with **18,838** against a target of **17,130**.

4

Planning a shared future

“What our customers want us to do:
Work on future energy solutions; Minimise our environmental impact

> Our extra focus this year:
Creating and implementing innovative solutions to reduce our short and long-term environmental impact

Innovating to reduce environmental impact

In response to our customers' challenge to do more to reduce our impact on the environment, last year we completed the design and testing of an innovative Gas Eco (GECO) pump to significantly reduce gas venting into the atmosphere during decommissioning of our assets. This innovative Gas Eco (GECO) pump is capable of **two** key activities:

- Removing gas from a live main or gas holder and returning the gas into another live main, avoiding the release of gas into the atmosphere
- Enabling pressure testing using live gas from our network which improves the existing technique of transporting to site and using high pressure bottled gas

This reduces the cost of transporting heavy gas cylinders to site and also eliminates the need to vent gas to the atmosphere, helping to reduce our environmental impact.

We decommissioned **4km** of medium pressure mains this year using the new GECO pump technique and recycled **400m³** of gas. We are the only gas network company to have developed this technique and are now in discussions with other companies who are keen to share our knowledge and best practice.

The GECO pump has recently been used on **Groathill Road** for the insertion of two **15"** mains, each over **300m** in length. The site is situated in a highly populated area

of Edinburgh, surrounded by schools and shops. Using the GECO pump allowed for a quick, safe and controlled method of redirecting gas back to pressure test and commission the new pipe. This had a very positive impact due to the site location, minimising the amount of vented gas in a populated area, the complexities of gas cylinders on the site footprint, with a need for minimal interruption to regular traffic.

One of our field engineers commented: ***"It's clear from using the GECO pump on site it has great benefits by saving gas which would normally be purged to the atmosphere."***

Finding new ways to use innovative solutions and reduce our impact

To deliver more benefit from our innovation, we extended the use of the GECO pump from decommissioning projects into one of our largest gas mains replacement projects at **Rye Lane**, Peckham.

Our **£2.6m** Rye Lane upgrade was carefully planned with **six** phases to minimise disruption and was expected to take **56** weeks. The road closure required the diversion of **54** buses an hour, carrying around **22,000** passengers over a **12-hour** period, with cycle and pedestrian diversions also impacting local businesses. This year we carried out extensive engagement at each of the first four phases of the plan, making individual visits to some **350** local traders as well as

holding events, public meetings and many discussions with councillors, the local highways authority, bus companies and schools. The chief concerns we heard from stakeholders were about the impact of disruption caused by the road closure on local businesses and the public over such a long programme of works.

We responded to the community's concerns by re-thinking our entire plan. Recognising the complexity of this project and the need to make decisions quickly to avoid any unnecessary delays, we employed a dedicated onsite project manager and provided innovative tools to support decision-making.

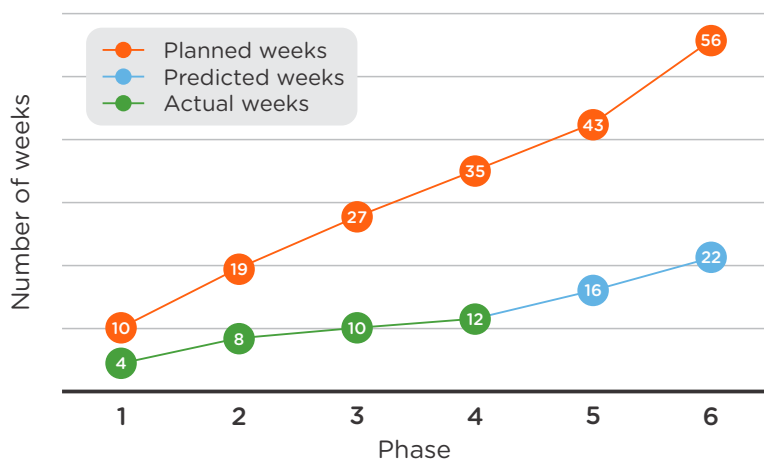
We changed our engineering approach, combining the innovative GECO pump with

a technique called live-dead insertion. Using this approach, we were able to lay longer lengths of main, significantly reducing the number of holes to dig and the duration of our works.

We also used Synthocam, a camera system which can be inserted inside a live gas pipe to detect the precise location of joints, services, connections and other pipeline features including interference.

Using these innovations, the first **four** phases of the works were completed in **12** weeks instead of the planned **35** weeks and the work is on schedule to be completed in **22** weeks instead of the planned **56**-week programme.

Rye Lane progress



By combining the innovative techniques we saved approximately **140** cubic metres of excavation works which reduced the following:

- **Thirteen** large diameter connection excavations (2m width x 1.8m deep x 3m length x 13)
- Time reduced spent excavating and reinstating with large excavating machinery, approximately **23** weeks
- No waste material transported to recycling plant from these excavations
- Avoided the use of the diesel-powered excavators and HGV lorries that would have been required to excavate and remove the ground in a highly pedestrianised location

We set up regular coordination meetings with other utilities and Southwark Highways so any utility could use our road closure permit to carry out maintenance work.

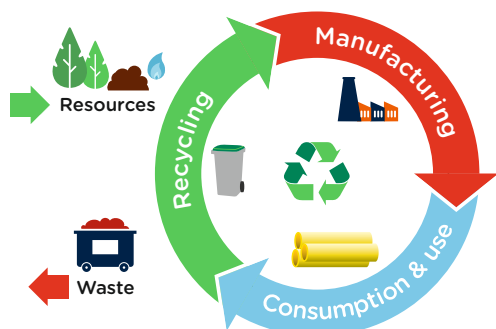
We also helped with a development of the council's local social housing, with large cranes and equipment that would otherwise have required additional road closures.

“My thanks to all involved for pulling out all the stops to minimise the adverse impact of these works on traders.

Council Cabinet Member, London Borough of Southwark

”

Working with suppliers in the circular economy to make the most of our resources



One of the innovative improvements we've driven is working with suppliers to recycle our old polyethylene pipes into drain pipes and car park grids. This supports the development of the circular economy by diverting **279 tonnes** of waste from landfill.

Improving our fleet

Stakeholders suggested that we minimise the environmental impact of our fleet. We have initiated several trials with the potential to impact our CO₂, NOx and particulate emissions

- A CNG trial for our maintenance teams: an onboard inverter system that can power the electrical system; tooling without the need to have the vehicle engine running, producing lower weight, lower emissions and increased fuel efficiency
- We have also begun adoption of electric vehicles, expanding charging points at our larger sites and trialling an electric van at our Epsom depot
- This year we changed our company car policy to encourage drivers to choose low emission vehicles with an additional allowance for drivers who choose vehicles below 50g/km of CO₂ emissions

Embedding past innovation as best practice

CISBOT: We have embedded our innovative CISBOT robot into our business-as-usual operations, and welcome Cadent adopting the technology as industry best practice. We increased the length of pipe remediated by CISBOT this year to **14.75km**, with each project demonstrating significant cost, time and environmental benefits.

Two examples of savings using CISBOT are shown here.

Project	Length	Cost reduction	Reduction in duration	Reduction in number of excavations
Elm Grove, Southsea	899m	£302,687	93 days	26
Fawcett Road, Southsea	1049m	£699,077	131 days	29

Gas holder dismantling: We increased the proportion of materials we recycled from gas holders from **84%** in 2017/18 to **95%** in 2018/19, including our innovative 'sludge cake' solution, from which water is extracted and recycled.

Solutions for the Planet: We embedded our innovative partnership with Solutions for the Planet to include all our areas. The programme enables young people to develop innovative, sustainable and entrepreneurial solutions to environmental and societal problems inspiring young people to consider education, training and career routes in STEM and the green economy.

“Over the last two years over 40 mentors from SGN have supported over 5,000 students develop innovative solutions to sustainability challenges. SGN shares Solutions for the Planet's aspirations to encourage more young people to develop their STEM skills and careers particularly targeting areas of higher social deprivation. SGN has been instrumental in supporting the growth of our 'Big Ideas Programme' creating deeper impact for the young people and schools we support and increase the number of students we reach.”

Jen Baughan, CEO, Solutions for the Planet

Long-term collaboration to decarbonise heat

Our Chief Executive and Director of Energy Futures hosted **two** Future of Heat specialist stakeholder panels to listen to the views of expert stakeholders on our future role in decarbonising heat. We held one in Edinburgh in August 2018 and another in December 2018 in Glasgow. We also worked with the other gas networks to discuss the future of heat with national UK stakeholders at a joint event in London in February 2019.

At our specialist panel, **38** diverse participants (academics, MPs, Scottish Government and local authority officials, climate change experts and third sector organisations) shared updates on their own projects. Participants told us they wanted us to:

- Consider whether there was a realistic pathway to reduce the carbon intensity of the gas in our network
- Look for opportunities across the region to work with others on other lower carbon solutions for the whole energy system.

Acting on this feedback, with other gas networks we developed a collaborative decarbonisation pathway which outlines the necessary evidence-based stages to determine whether the gas network could transport 100% hydrogen and identify the necessary changes required, for example legislation. The potential pathway of research and development projects was debated and improved by stakeholders at our Moving Forward Together workshops, after which we made the visual representation clearer.

Stakeholders at our second Future of Heat' specialist panel meeting in December 2018, supported our proposals to continue to work on the pathway. We engaged with the other gas networks and subsequently set-up a joint innovation project through the Energy Networks Association.

Working across the whole energy system

We have responded to stakeholder feedback to work with others on a wider range of whole energy system. Further solutions we have implemented include:

- Initiating an additional **13** research and development projects, increasing the number of projects underway from **four** to **17**, with more than half collaboratively funded by other energy networks
- Adopting good practice from others, carrying out modelling using Wales & West Utilities' Pathfinder model to develop

scenario planning tools for a range of potential energy futures and carried out modelling to understand how the energy demands of Edinburgh and Brighton could be met under different scenarios

- Instigating and leading the development of a 'whole systems charter' with electricity distribution networks which sets out **seven** commitments to work more closely together in tackling the future challenges of energy decarbonisation, resilience and affordability, to optimise customer outcomes

5

Delivering a safe and efficient service



What our customers want us to do:

Keep costs down: Act safely; Keep the gas flowing



Our extra focus this year:

Embedding stakeholder collaboration in our everyday processes and culture

Embedding best practice in our culture

This year, we've seen evidence of very positive culture change within our mains replacement teams, driven by the full adoption and embedding of our innovative tailored approach to stakeholder engagement. This was applied to all replacement and major engineering works resulting in the assessment of some **1,030** projects this year.

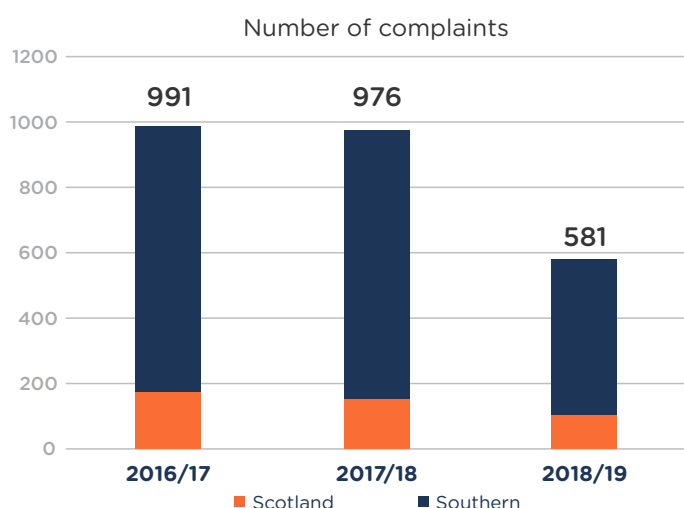
We call this approach '**tailored project delivery**'. Before projects are approved for investment, the impacts on stakeholders are assessed by our Investment Committee (chaired by our Network & Safety Director) before gaining final approval. In the planning stage, we use a standard tool to assess and categorise

all projects, depending on their complexity and the likely disruption to local stakeholders. This tool helps to identify everyone who should be engaged with, particularly hard-to-reach groups and we begin to identify the best mechanisms of engagement. We then carry out early engagement with stakeholders, finding partners, and communication routes to reach residents, commuters and businesses. Working with stakeholders we frequently identify ways we can improve our project plans to reduce any negative impacts.

From an initial pilot in 2016, our approach has been refined, tested and is now embedded across all our planned work.

2015/16	2016/17	2017/18	2018/19
Approach developed	Refined and tested on larger replacement projects	In autumn 2017, introduced for all mains replacement projects and major engineering works	In autumn 2018, simplified and responsibility embedded in engineering teams
10 project trial	87 projects	988 projects	1,030 projects

This year, we have gone one step further to fully embed the process into our operational procedures. We worked with our local engineering managers to simplify the process and transfer responsibility for tailored project delivery to the team managers on the ground, under the leadership of the engineering managers. This is the first year the process has been in full operation and we have seen a real step change in the culture of our own people and our contractors, with stakeholder engagement now firmly embedded. This is evidenced by the **45%** reduction in complaints on planned work we have achieved this year. This reduction is in addition to our networks already being in the **top three** for lowest complaints among all the gas distribution networks.



The number of complaints about planned replacement works has fallen by **45%** during 2018/19 as our tailored project delivery process has become fully embedded

More positive feedback than negative



No one likes their daily life to be disrupted. When we carry out replacement works, we impact local people and communities who have not asked for our help, and who often don't understand the need for our work. Despite this, a higher number of customers and stakeholders made contact to thank us for our communication and engagement

during replacement works, compared with the number of people (**581**) who contacted us to complain. Some **609** people took time to write and say 'thank you' for our efforts to reduce the impact on them and their community.

Case studies

We planned a major project in the summer of 2018 to extend our network and install a new gas connection to the iGas well site of New Road, near Albury, Surrey. Originally scheduled to begin on 7 May for 17 weeks, we revised our original plans and techniques following drop-in sessions and consultations with Surrey County Council which resulted in the project being completed ahead of schedule by **six weeks**. In addition, we suspended our work, removed our traffic lights and reopened the roads during the Albury Music Festival and Ride London in late July. We also jointly funded and installed ducts across New Road with the junction of Albury estate on behalf of Broadband 4 Surrey Hills. The ducts will enable future broadband installation for the local community, without further impact. Additionally, we funded a temporary shuttle bus service to replace a school bus.



Thank you for this very welcome update, and thank you for the good communications right through this project. I was impressed throughout the works with control of the site, the efficiency of the works and the detailed clear-up. Congratulations, on being three weeks ahead of schedule.



Carol Nimmo, Chair of New Town & Broughton Community Council



Erskine Bridge

Following years of careful planning, we began work in March 2018 on the River Clyde crossing near Glasgow. This was a very complex project to replace **two** pipelines currently suspended within the deck structure of the Erskine Bridge with a new pipeline under the river. Unusually for a pipeline construction project, this was in an urban location with **many** engineering and stakeholder challenges including:

- the **2,000** year old Roman Antonine Wall (a World Heritage site)
- the A82 dual carriageway into Glasgow
- a dual-track electrified railway crossing at Kilpatrick Station
- St Patrick's Church which holds daily mass services
- the Old Cessation Church, now converted to a listed building of residential properties
- the Forth and Clyde Canal at Lock 37 above a culvert for Dulnottar Burn
- a disused railway
- a nature reserve
- the five star golf hotel Mar Hall
- a community woodland
- and the Erskine Bridge itself

With an extensive programme of community engagement, we've accommodated local stakeholder concerns about disruption, access, noise and the environment, for example:

- Learning from the Queensferry Crossing project, we installed noise detectors for residents who expressed concerns
- We relocated Lusset Park car park 300m to the north for hillwalkers providing bespoke signage and leaflets explaining the temporary arrangements

- In Boden Boo community woodland, we redesigned our route to keep tree felling to a minimum, replanting with native species. We created bespoke signage and upgraded nearby footpaths
- We tailored access arrangements for residents and emergency vehicles
- We welcomed schools to our site yard to create safety posters which remain on display
- We've hosted visits from resilience partners and members of the Institute of Gas Engineers and Managers (IGEM) to spread best practice learning from this complex engineering project

We've engaged throughout with our stakeholders online and through local events, with proactive project updates and a quarterly newsletter distributed to **350** local residents and businesses. We worked in partnership with local community organisations and partners, using their communication channels to extend our reach. For example, West Dunbartonshire Council shares our messaging on its Facebook platform with **20,000** followers and its Twitter account with nearly **11,000**. Our contractor was recognised under the Considerate Constructor scheme and SGN's project manager was a finalist for 'Engineer of the Year' at the 2019 Gas Industry Awards.

The results of our extensive engagement programme were that during the course of the project we have received numerous positive responses including **18** emails and thank you cards.

On a visit to the micro-tunnel launch site, a local landowner said: *"It was amazing to see the scale of the works that were being undertaken and how little impact there had actually been on the community considering the magnitude of the project."*

Alex Filshie, Gavinburn Farm



Finding new ways to engage local people

This year we've continued to develop innovative ways to communicate with local families and commuters who may be impacted by our planned works.

Working with schools to reach local families:

We ran sessions in school assemblies in four pilot schools where we conveyed information to parents in notes taken home by the children. Schools welcomed our engagement, as we incorporated the needs of parents, teachers and the children's safety in our plans. For example, in Northfleet we altered a diversion route to ensure parents could still park and collect children from school.

SGN alert for local community leaders: We provide targeted local information on gas supply issues and general safety advice for members of the public through the Neighbourhood Alert communication service, branded **SGN Alert**. We were pleased **two** electricity networks have now adopted this initiative as best practice.

We now also use it during severe weather events. In January for example, we targeted areas of our southern network during a snow amber alert, giving our customers information on how to stay safe and warm. This had a reach of **50,979** registered users receiving a rating of **5/6** for our message. In addition, we helped Scottish Water last summer in the unusually warm weather, using the channel to extend the reach of its 'Save water' messaging to all **54,000** users in Scotland.

Extending our reach to keep people safe: Using our **social media** presence, we have shared safety advice with customers and stakeholders, often working in partnership with others.



- We ran a 'Keeping you safe and warm this winter' campaign to raise awareness of who to call in a gas emergency, having appliances serviced by a Gas Safe™ registered engineer, the importance of looking out for vulnerable neighbours and carbon monoxide awareness which linked into established hashtags such as #BeWinterReady. The combined reach of our three month campaign on Facebook and Twitter was **115,418**, consisting of **55,552** views of our tweets, plus **59,866** people seeing our Facebook posts.
- We used our social media reach and influence to share Homeserve's 'How to thaw a condensate pipe' video to assist customers experiencing problems with their central heating boiler during particularly cold weather. Our tweet ahead of forecast freezing temperatures on 3 January was seen **2,435** times, while our Facebook post reached **2,030** users.

Careful planning with local authorities

Our Stakeholder Advisory Panel advised us to increase our engagement with local authorities in order to align our network and business planning with their future plans and energy needs.

We have therefore reached out to local authorities to improve our relationships and develop a greater understanding of their views on infrastructure growth and energy strategy. We are now working closely with local authorities and integrating their development plan files into our models which has provided a more integrated approach to planning and greater visibility of potential development. We've supported a number of groups including: Greater London Authority Growth & Infrastructure Initiatives (including the Mayor's Infrastructure High Level Group), West of Scotland Strategic Infrastructure Summit/Operational Infrastructure Group, North Lanarkshire Infrastructure Group and Scottish Government Infrastructure Delivery Group.

We have increased our collaborative planning this year, with **109** data-sharing agreements in place with Scottish and southern local authorities. We've developed a dedicated team to produce **119** strategic grid review reports for each of our intermediate and medium pressure grid systems which incorporate information provided by local authorities. These reports have been shared with local authorities to ensure we have accurately reflected future development in our network modelling. Collaborative planning informs the design of mains replacement

projects and avoids the risk of returning to the same areas within a short timescale with the potential disruption this may cause to customers.

For example, data shared by Highland Council, indicated significant growth in the west of Inverness. Our planning team proactively engaged with council officials and the teams worked together to identify that a 'once in a lifetime opportunity would be available to install a new main across the Caledonian Canal when the canal is drained as part of a road construction project. Through extensive engagement a plan has been confirmed to install a sleeve for a medium pressure main, which will be sited in a pre-excavated track prepared by the Council's road construction works. Land for a new district governor site has also been agreed. This successful engagement and joint planning has secured a very cost effective solution, avoiding a far longer, much more costly circuitous route. As well as meeting the need for capacity for long term local development, the canal crossing provides additional resilience for the west side of Inverness.

This is just one example of the significant changes to our network replacement and reinforcement plans that have been made as a direct result of data sharing and subsequent engagement with local authorities about their development plans. There are **18** other similar examples which have been agreed this year across both our networks.

“SGN has been part of the Mayor's Infrastructure High-Level Group since inception in 2017. In particular, SGN has been proactive in sharing data on future investment and setting a good example for others to follow. This is essential in supporting the co-ordination of infrastructure across London.

SGN has also been setting an example for industry in supporting a new project to trial a dig once approach to streetworks that has significant potential to minimise the disruption caused by investment and maintenance works.

Madalina Ursu, Senior Manager, Growth & Infrastructure, Greater London Authority



Contact us

If you'd like to be part of the conversation to ensure your views count or if you have any questions on our stakeholder engagement activities please get in touch.



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