



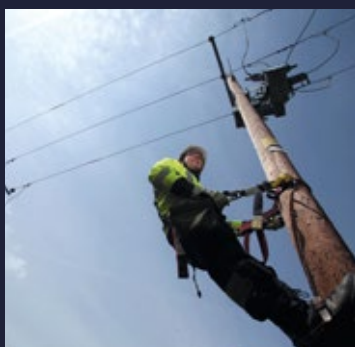
**FIRST DNO TO HAVE A FIVE STAR
TRUSTPILOT RATING**

Receiving over 20x the reviews
of any other network operator

Part 1

Our strategies for stakeholder engagement and consumer vulnerability

2019/20 Stakeholder Engagement and
Consumer Vulnerability Incentive





Part 1

UK Power Networks is the country's largest electricity distributor, making sure the lights stay on for more than eight million homes and businesses across London, the South East and the East of England.

Every year we take the opportunity through the Stakeholder Engagement and Consumer Vulnerability (SECV) Incentive to summarise how we engage with our wide range of stakeholders and address key consumer vulnerability issues. This suite of reports aims to demonstrate how we embrace wider social and environmental objectives through our engagement activities while ensuring the ongoing delivery of an efficient network.

Our submission is divided into three parts:

Part 1 Outlines our strategic approach to engaging and working with stakeholders and supporting our most vulnerable customers

Part 2 Highlights some of our key achievements and the benefits we have delivered through engaging with our stakeholders

Part 3 Focuses on the initiatives and impact we have delivered to support our most vulnerable customers

This is **Part 1** of our 2019/20 SECV Submission.

This year we have included personal examples from our staff and stakeholders bringing to life the work that we have delivered.

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Chief Executive's introduction

UK Power Networks has a clear public purpose – to deliver electricity to our customers. We strive to be the best performing network operator, supported by our vision to be an employer of choice, a respected and trusted corporate citizen, whilst being sustainably cost efficient. This year, engagement has influenced our vision, adding commitments to enable the net zero transition; reflect how we tailor support to vulnerable customers; and reinforce our partnerships to achieve greater societal impact.



This year has seen huge change. The UK now has legally binding emission targets of net zero by 2050, bringing with it proposals to ban the sale of petrol and diesel cars by 2035 and install low carbon heating in all new homes by 2025. We have seen advancements in data, with Artificial Intelligence and machine learning exposing new possibilities to benefit customers, however we are also experiencing the devastating social, health and economic impacts from the Covid-19 pandemic.

In these times, engagement could not be any more important, yet this virus makes speaking with people even harder. Thus, effective interaction requires creativity, empathy and a commitment to build strong relationships with customers and stakeholders, as people, not just numbers in a report.

Our submission this year demonstrates how this approach is applied across our customer and stakeholder strategic focus areas:

- Meeting our customers' evolving needs
- Tackling the net zero challenge
- Ensuring no one is left behind during the complex energy transition and
- Helping customers in vulnerable circumstances

Part 1 explains our stakeholder and consumer vulnerability engagement strategies, which delivered 352 outcomes this year alone. We highlight the work undertaken to improve our prioritisation and value measurement from our projects, using a range of techniques, including Social Return on Investment.

We also include examples of how feedback has helped adapt and tailor our services, ranging from advanced analytics adopted from digital start-ups to partnerships increasing our impact with vulnerable customers. Lastly, we demonstrate the independent assurance of our strategies and performance.

Engagement is everyone's job at UK Power Networks and it is personal. It is ingrained in the fabric of this organisation and helps us to continue raising the bar of performance for every one of the 8.3 million homes and businesses that we serve.

Basil Scarsella
Chief Executive Officer

Stakeholders shape our strategic direction

Building on last year, our vision, informed by the world we live in, reflects stakeholder priorities and drives how we do business. It acts as a consistent beacon, guiding our direction and decisions, and provides clarity of purpose for the whole organisation. Our public purpose and philosophy is enshrined within our business vision and values. Every employee of our organisation can describe our vision and what is important. For example, monthly team briefs, delivered to all staff, start with performance against the vision; also, routine communication and feedback from staff ensure our vision and values remain current in a fast-changing environment.

This year, based on challenge from our CEO Panels, we delivered three key enhancements to our vision:

- **Trust:** Stakeholders provided feedback that given the public discourse on trust in the sector, we should consider making it more explicit. We have:
 - Amended one of our vision pillars to: *A respected and trusted corporate citizen*;
 - Furthermore, we considered how we can evidence this in a way that is independent and transparent. We decided to have an independent view of our company through the Business in the Community accreditation. We are also embedding Trustpilot as an additional customer feedback loop, learning from our engagement with leading retail businesses.
- **Collaboration:** Stakeholders felt that our vision did not reflect the level of collaboration we undertake with many private and public organisations.
 - We have added *Deliver our commitments in a collaborative way* to our vision and have expanded our partnerships. For example, we have launched our highest volume of high impact projects to tackle fuel poverty by collaborating with local councils, energy

Our vision: To be consistently the best-performing Distribution Network Operator in the UK within an agreed set of values: **Integrity – Respect – Continuous Improvement – Responsibility – Unity – Diversity and Inclusiveness**

Delivering our RII0-ED1 output commitments and measurable outcomes across the three aspects of our vision:

An employer of choice	A respected and trusted corporate citizen	Sustainably cost-efficient
<ul style="list-style-type: none"> ■ The safest – with an exemplary safety record ■ A place where people love to come to work ■ Embracing diversity ■ An appropriately skilled workforce for both today and the long term 	<ul style="list-style-type: none"> ■ The most reliable networks ■ The most satisfied customers ■ The most innovative ■ The most socially and environmentally responsible ■ Ensure we meet the needs of our customers in vulnerable circumstances, both now and in the future ■ Enable the net zero transition for all ■ The leading UK Distribution System Operator 	<ul style="list-style-type: none"> ■ The lowest-cost electricity distributor for our customers ■ Deliver our commitments in a collaborative way ■ Deliver profitable growth in our Services and Connections businesses

suppliers, gas networks and water companies for the benefit of customers.

- **Net zero:** Our stakeholders advised us that *"UKPN has a strong story to tell about its contribution to the wider economy"*. We sought to clarify this to better align with our strategy, which consists of two elements: **reducing our carbon footprint**, evidenced by our Green Action Plan and working with the Carbon Trust to set a science based target approach; and **enabling others to transition to a low carbon future**. This is now reflected in our vision to *Enable the net zero transition for all*, reflecting our work to support the economy and helping our communities to achieve net zero.

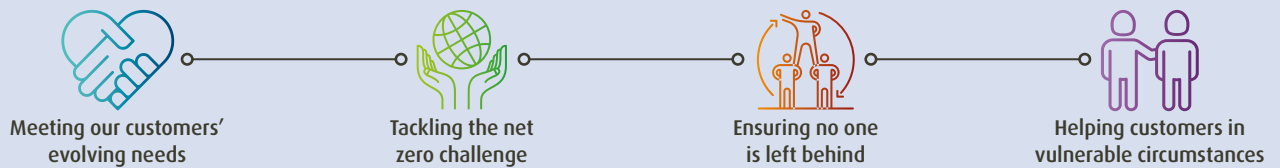
This year we engaged with over **23,000** stakeholders across 500 events, in one-to-one meetings, focus

groups to tailored Critical Friends Panels (CFP), roadshows and wider industry panels and forums. We also used our issues tracker to identify, assess and validate key trends across all engagement mechanisms. In-depth engagement has resulted in consolidating our stakeholders' priorities into four strategic areas, as covered on Page 02.

Engagement is everyone's responsibility, best delivered through visible leadership at all levels. This year, our leadership team has engaged face to face with over 4,724 staff to gather their ideas from interacting with customers. We had 21 executive site visits, 155,884 internal social media Yam-jam interactions and biannual sessions with 600 leaders to discuss business improvement opportunities and challenges.

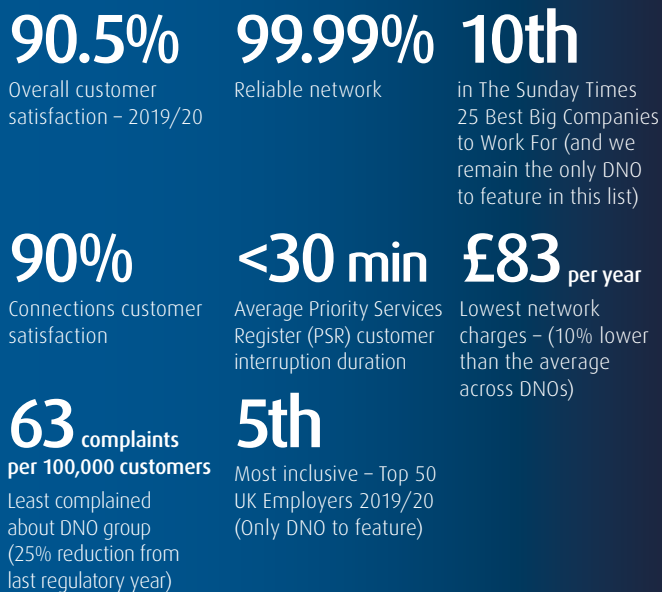
Delivering our stakeholders' priorities

Extensive stakeholder engagement has informed our strategic focus areas:



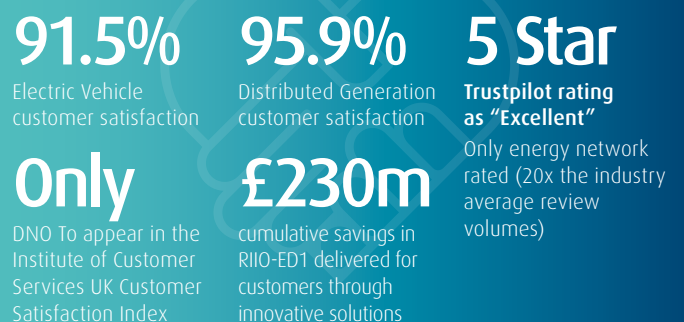
Demonstrating strong outcomes in these areas throughout 2019/20, we continue to raise the bar for our customers

Continuing to raise the bar



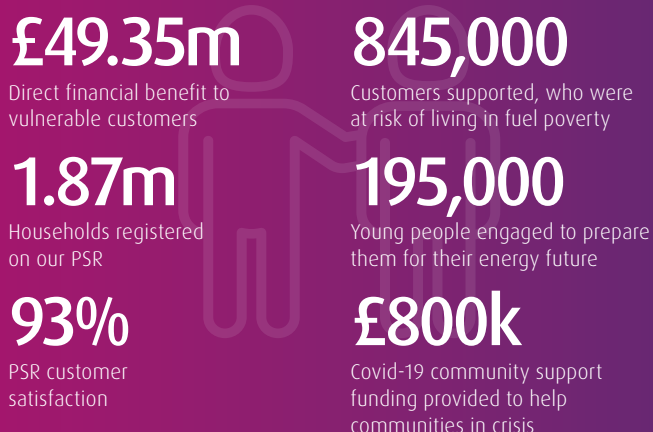
Meeting our customers' evolving needs

To ensure we are always at the forefront and keeping pace with our customers' evolving needs we continuously scan the horizon to anticipate developments and innovate to offer new services and deliver the best service.



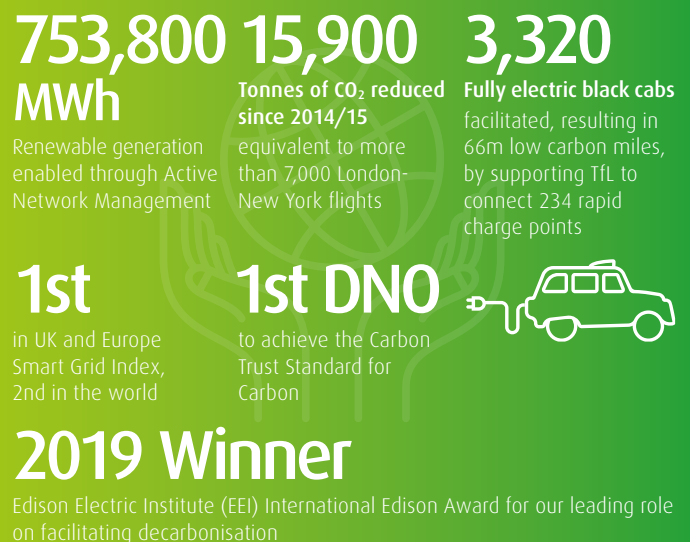
Helping customers in vulnerable circumstances

We strive to alleviate fuel poverty for the hardest to reach and most impacted customers. We also remain sensitive to the roll-out of new technologies, ensuring all of our customers are empowered to engage and harness the benefits of new tools and technologies.



Tackling the net zero challenge

Against a backdrop of legislative targets to achieve net zero and with environmental standards rising, our stakeholders on the CEO and Critical Friends Panels challenged us to go further to be a sustainable business.



Ensuring no one is left behind







We have dedicated formal training across our 6,500 staff members and partners, ensuring they are equipped to ensure no one is left behind in the changing energy landscape. For example, electric vehicle charging schemes and flexibility services are enabling revenue for customers and we are conducting pioneering research to understand how all customers can participate.



Core stakeholder engagement strategy

Our extensive stakeholder engagement programme continues to evolve. This year we have delivered our highest level of outcomes at 352, each one aligned to our vision and stakeholder priorities. We have achieved these outcomes in an increasingly changing landscape.

A year of change

What changed?	How engagement has defined our actions
 Legislation to commit the UK to a legally binding target of net zero emissions by 2050	Engagement has been critical to informing our net zero strategy. We used a broad range of stakeholder feedback to shape our strategies from the ground up, incorporating best practices from other industries such as telecoms and retail to shape our net zero approach.
 Government's proposed target to ban the sale of petrol, diesel and hybrid cars by 2035	We are collaborating with our customers, stakeholders and local communities to enable the electrification of transport at the lowest cost to consumers. This has involved making our EV connection process easier, working with new organisations in the motoring industry, and identifying the most valuable data for us to share.
 Government mandate: all new homes from 2025 will have low carbon heating	Engaging with new stakeholder groups has been critical to informing our DNO heat readiness strategy. We have built on the process used for electric vehicles (EVs) and are the first DNO to publish a heat strategy to inform the debate through engaging closely with experts in the field.
 Energy Data Taskforce recommendations published	We are the first DNO to publish an open data portal and crowd sourced ideas for how we built on it – learning from TfL (e.g. citymapper) by making our data accessible.
 EV Energy Taskforce recommendation on leveraging digital data	We revamped the way we share our data. Our published Digital Strategy which highlights how through technology, data and our employees we aim to improve our customer experience, interconnecting our data and widening our community engagement.
 Covid-19 global pandemic	We adapted our business model to continue providing essential services. 75% of our staff, including call centre agents, are working from home and our customer satisfaction during this time is over 92%. We are also adapting the support we provide to customers who may be experiencing transitory vulnerability, including the way we have adapted our Power Partners fund and raised additional funding from other utilities to create an £800k support fund.

Our stakeholder engagement approach

Our stakeholder engagement strategy outlines the process we follow for identifying and engaging with our stakeholders. Below, we highlight the key enhancements made in 2019/20 to each part of our engagement approach.

1. Identify and understand stakeholders:

Understanding our wide-ranging stakeholders is as important as the engagement we undertake. This year, we further segmented our stakeholder groups.

Our tools and processes:

- ✓ Annual stakeholder mapping and auditing
- ✓ Annual review of 10,000 stakeholder database
- ✓ Tracking engagement sessions **ENHANCED**
- ✓ Processes for employees to raise new ideas **NEW**
- ✓ Quarterly market development report

2. Tailored engagement and listening:

We have focused on making our engagement mechanisms more effective. Our Critical Friends Panel (CFP) sessions previously addressed several subjects and invited a wide range of stakeholders. Following feedback, we repurposed these to be issue specific. For example, our Electric Vehicle CFPs enabled us to understand the overall EV network-related challenges and clarify how and with whom we can collaborate to address them.

Our tools and processes:

- ✓ Over 20 engagement mechanisms **ENHANCED**
- ✓ Stakeholder engagement matrix to tailor engagement to stakeholder groups
- ✓ Central action log tracker and reporting process to track stakeholder actions **NEW**
- ✓ Tractivity tool to best manage engagement with stakeholders **NEW**
- ✓ Feedback forms and surveys
- ✓ Post-event reports
- ✓ Consultations



3. Assess feedback and prioritise:

We have strengthened our approach to assess social return of investment on initiatives. We built on the DNO-coordinated willingness to pay study, to understand the value for money of actual initiatives. We triangulate back to qualitative feedback and consult with our stakeholders and customers to make sure we have the right priorities.

Our tools and processes:

- ✓ Annual willingness to pay research across UK Power Networks bill payers
- ✓ Business cases including cost benefit analysis
- ✓ Machine learning applied to customer feedback **NEW**
- ✓ Annual cycle of market research

4. Deliver improvements:

This year, we have expanded our approach to incorporate methods to quantify both direct benefits to customers and wider benefits to society as a whole. In addition to embedding Social Return on Investment analysis, we have used a new Social Value Bank tool to model our services to vulnerable customers.

Our tools and processes:

- ✓ Monthly strategic stakeholder engagement governance meetings
- ✓ Co-creating and collaboration sessions with partners based on feedback during project delivery
- ✓ Project plans
- ✓ Social Return on Investment and Social Value Bank to use data to inform decision-making processes **ENHANCED**

5. Measurement and reporting:

This year, we have increased visibility of our Trustpilot reviews as a key performance indicator (KPI). We are the first DNO to achieve an excellent 5-star status. This gives us a tool to monitor and action feedback as well as identify initiatives that are not delivering the expected outcomes.

Our tools and processes:

- ✓ Trustpilot profile **ENHANCED**
- ✓ Detailed project planning including milestones, KPIs and management dashboard reports
- ✓ Stakeholder newsletters, e.g. EV-SHOT
- ✓ Communication channels that enable us to close the feedback loop

Why we engage

We engage to deliver better outcomes for our stakeholders; specifically, we engage to:

1. Create new services or improve existing services for customers
2. Use customer feedback to challenge and shape our projects, strategies and company vision
3. Understand how we can adapt and apply innovative practices from other businesses

Guiding principles of our stakeholder engagement strategy

identify

We **identify** stakeholders who give us a variety of perspectives

proactive

We are **proactive** in seeking feedback, and understanding stakeholders' perspectives

personal

We take a **personal** approach and engage in ways that suit the stakeholder

purpose

We define the **purpose** of each engagement and design it to match that purpose

act

We respond to feedback and **act** on it

As a respected and trusted corporate citizen, we want to know what is important to our stakeholders.

We welcome feedback – good and bad – to identify opportunities to improve our services. Our engagement principles are simple and allow us to review our engagement strategy to ensure it is comprehensive and up to date. Responding and acting on feedback we receive is key.

How we have engaged with our stakeholders this year

Over 504 engagements, reaching 4.75m stakeholders.

Stakeholder knowledge of UKPN	Engagement mechanism	Example stakeholders	Example outcomes	Reach
High	Chaired 2 CEO Panels on business planning <small>ENHANCED</small>	Sought feedback on our business plans from 18 senior executives and advisers with knowledge of the energy industry	Refined our corporate vision, focused our net zero strategy and overhauled our recruitment processes to attract a more diverse pool of candidates	18
	Held 5 Critical Friends Panels <small>ENHANCED</small>	Met with 35 representatives from charities, businesses, community energy, wildlife trusts and consumer bodies to get feedback on our plans	Added stringent targets on air quality and biodiversity to our new Green Action Plan	35
	40 roundtables with industry specialists	Collaborated and shared best practice with 624 stakeholders from electricity system operators, water and gas utilities	Developed our heat strategy, supported petrol forecourt retailers to understand network connection requirements	624
Moderate	159 responses to our consultations	Reaching 9,254 stakeholders such as local authorities, academics, consultants, suppliers and other utility companies	Our EV consultation had 40+ responses from investors to manufacturers and installers, giving us insight into expectations on where we should support the roll-out of EV charging infrastructure	9,254
	Held 69 specialist surgeries and forums	Engaged with 1,731 developers, local authorities and businesses	Developed our understanding of the needs of local authorities in facilitating on-street EV charging	1,731
	9 Roundtables held <small>ENHANCED</small>	Reached 100 stakeholders from organisations including BRITA, Association For Black and Minority Ethnic Engineers and the Jobcentre Plus	Shared best practice on recruitment, diversity and inclusion, leading us to run outreach workshops with 180+ residents disadvantaged in the job market to develop their work skills	100
	45 workshops	Shared best practice with 871 local authority, government agency and NGO stakeholders	Sharing best practice on low carbon transition and EV uptake across our networks	871
	5 webinars held	Interacted with 600 flexibility interest group stakeholders and customers	Increased stakeholder reach through webinars by 253% and enabled new flexibility customers to understand and use Piclo flexibility market platform	600
Low	791 Inclusive Customer Panel members engaged	Over 85,000 interactions with our domestic customers who are eligible to join the Priority Services Register	Reviewed and tested all new services and customer communications to improve customer experience	791
	Launched our online Seminar Series <small>NEW</small>	Joined by 37 domestic customers and local stakeholders	Launched our online seminar series as one of our new ways of engaging with our stakeholders without travelling	37
	2 Roundtables held	13 stakeholders from SMEs and the EV industry	Co-designed a project with the Federation of Small Businesses on the EV requirements of SMEs	13
	Chaired our first Telephone Town Hall <small>NEW</small>	Reached out to 6,266 councillors and local authority officers	First ever Telephone Town Hall in March to give our stakeholders in local government, who may not have access to the internet, the opportunity to find out more about EVs	6,266
	41 community safety outreach events	Engaged with 18,160 school children and stakeholders in agriculture, construction and trades	5,330 school children and 11,746 agricultural workers reached with safety messages	18,160
	3 newsletters sent to stakeholders	Sent to 3,389 local authority officers, civil servants, industry stakeholders, community energy groups	Taking our stakeholders along with us on our EV and heat journeys as part of our commitment to tackling net zero	3,389
	122 email updates to political stakeholders	41,972 communications sent to 6,266 councillors, 2,492 parish councils, 169 MPs, 25 London assembly members and other local authority/community stakeholders	Keeping our elected representatives and local stakeholders informed about UK Power Networks and their local communities	10,493
	524,988 real-time customer feedback surveys	Sent to all customers, with 83,100 responding	43 improvements delivered for customers resulting in 90.5% overall customer satisfaction	524,988
	36,092 social media messages sent to customers	79,550 social media messages from customers	Introduction of WhatsApp, with 91.3% satisfaction score during a power cut and 79,000+ customer social media messages responded to within 8 minutes	79,550
	3,601,747 hits on our website	5,513 real-time surveys from customers	More than 9 website improvement projects delivered and over 5,500 Rant and Rave surveys used to continue to improve our services	3,601,747
	475,000 customers invited to comment on our performance and customer service	14,000 customers took the opportunity to respond	Expanded our engagement activities to include petrol forecourt operators, EV and planning officers, hospital and care providers and other specific community groups. Service improvements delivering increased customer satisfaction	475,000

A workforce committed to responding to wide-ranging and evolving stakeholder needs

Engagement is deeply embedded at all levels of our organisation, from front-line staff receiving first-hand customer feedback at the doorstep to Basil Scarsella conducting CEO Panel sessions gathering advice and challenging feedback, and all levels in between.

We understand the intrinsic link between employee and stakeholder engagement, hence our strong focus on being an employer of choice. Alongside many face-to-face channels, our leadership hear from staff and vice-versa through surveys, internal social media channels and the CEO's and Directors' monthly 'Yam Jam' Q&A, which all provide a creative flow of ideas focused on continuous improvement.



This year we launched a company application called **My Idea**, where employees can feedback ideas in an easy to use format, allowing company-wide conversations to progress ideas to approval.

We offer enhanced engagement through a multi-layered approach, offering customers and stakeholders a broad range of mechanisms, varying the degrees of depth dependent on subject matter

and ability to interact, with the aim to deliver impact and true outcomes. For example:

Depth

- Our rural stakeholders asked our maintenance staff to consider how we could adapt our management of vegetation to enhance biodiversity at our substation sites. **We established a programme across 100 substations to provide havens for biodiversity to flourish.**
- Customers living in apartments advised they were interested in participating in our DSO flexibility programmes. We partnered with EDF Energy and launched Urban Energy Club, a project focused on unlocking value from multiple unit buildings. This has resulted in us having the lowest capacity flexibility contract threshold in the industry.

Breadth

- The extent of our engagement is best exemplified by our journey in enabling electric vehicles. The amount of stakeholders is vast, the type of infrastructure required is varied and engagement transcends many layers to unlock true impact. For example, the way we

have enabled electrification of buses, working with TfL and GLA, has led to wider EV readiness collaboration across London, resulting in 3,320 electric black cabs delivering zero carbon journeys.

- What we learned helped us partner with UPS to create the largest fleet electrification trial in the world, resulting in more than 900 new EVs on the road this year. This reveals how we can learn from one example and replicate success across other stakeholder groups.
- During Covid-19, our front-line staff asked how they can offer our vulnerable customers more support during such a tough time. We created an app for our engineers with useful information ranging from exercise, health, groceries, medicine collections to isolation rules, including the services we provide to our vulnerable customers.

Throughout this submission we cover examples of how we tailor engagement through our vast range of stakeholders in order for it to be meaningful and impactful.

Creating a more diverse and inclusive workplace

The relationship between the diversity of our workforce and company performance was reinforced at our CEO Panel in September. We developed our recruitment and retention strategy to ensure that our workforce reflects the community it serves and is therefore able to provide a better level of service. We are **the only DNO to achieve the National Equality Standard (NES), this year rising six places to fifth position in the Inclusive Top 50 Employers for 2019**; we also won the Diversity Award at the Utility Week Awards 2019. This recognises the developments we have made to our recruitment

processes and the work of our EMPOWER Community to ensure we truly value diversity.



Members of our EMPOWER Community celebrating International Women's Day

Stakeholder Outcomes

- ✓ Diversity of ideas and different perspectives help us to be more representative of the customers and communities we serve
- ✓ Better understanding of our customer needs through deeper reach from the broad diversity of our workforce



Assessing trade-offs from engagement feedback

Fundamentally, our stakeholder engagement strategy assesses and prioritises stakeholder feedback and, where appropriate, incorporates this into existing activities or practices to define new initiatives.

The net zero agenda and the political and social context around climate change have risen dramatically, bringing prominence to the relevance and urgency of achieving the nation's carbon targets.

In parallel, our vision, built on years of engagement, guides us to strive to be the lowest cost DNO.

A clear tension exists in trying to balance these requirements – probably our hardest task at hand. How do we decide when to invest to prepare for the future, ensuring our network is prepared for future demand whilst, simultaneously, ensuring we safeguard those most vulnerable?

Posing this question to our CEO Panel in September generated considerable debate. While some may think we should simply build more infrastructure, investing in refining our forecasts and developing our distribution energy scenarios will ensure we build the right assets at the right time in the smartest way. Secondly, our flexibility-first approach maximises the use of existing assets rather than building unnecessarily. This approach ensures we facilitate the transition whilst protecting customers' bills.

Stakeholders said	This would mean	Why we did not act
Through our EV Strategy public consultation we were asked to consider staged payments for purchasing grid connectivity with an initial low/waived connection fee	Acting outside our licence conditions	To remain compliant, we did not act directly on stakeholders' requests. Instead we considered alternatives, held discussions with Ofgem and BEIS to highlight market failures and proposed a framework to better support public charging infrastructure – see Part 2
You should aim to be the leading DNO in procuring the largest (MW) amount of flexibility	Procuring flexibility where we don't need it would cost customers more	Our approach is to transition to a DSO whilst maintaining the lowest cost to customers. Instead, we focused on opening up our flexibility market to a wider pool of participants by lowering the power requirements threshold
Some stakeholders suggested we should consider rolling out system-wide Low Voltage (LV) monitoring	Installing monitoring at sites that do not have a capacity challenge	The EV Energy Taskforce report advised we should consider a range of solutions wider than our LV monitoring, including smart EV chargers, grid edge devices and smart meter capabilities, to achieve the same outcome for less
Some connections customers requested we continue to deliver lower priority work during Covid-19 lockdown	We put our staff and customers at risk for non-essential work	We saw this as a test of our vision. How could we claim to be an employer of choice if we continued with lower priority work? We engaged with our customers to explain what work we could continue and why. We used this approach to inform the industry-wide framework with Ofgem adopted by all DNOs

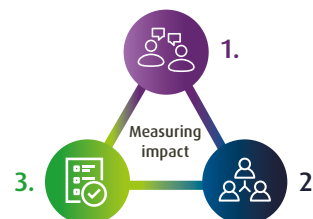
Measuring overall impact

We are a business with customers at its heart. We strive to serve our customers to the best of our ability and this means ensuring that every pound we spend delivers maximum benefit for them and wider society. This year we stepped up our approach to measuring benefits.

Our approach to measuring benefits has three key objectives:

a) Ensure the actions we take deliver the greatest possible benefit to customers and society; b) Demonstrate measurable impact of the overall actions we deliver on an ongoing basis; c) Provide assurance that we are fulfilling our ambition to be a leading socially responsible business.

To meet these objectives, we follow the steps outlined below, incorporating valuation methods and independent review based on best practice within the sector and across other industries.



a) Prioritising the actions we deliver

Last year, we presented several tools and processes used to prioritise actions stemming from stakeholder feedback. This year, we have expanded our approach to include additional quantitative and qualitative valuation techniques, allowing us to enhance the way we identify the 'best possible action' in a more holistic, transparent and consistent way.

1. Informative stakeholder feedback (qualitative)

First, we identify what our stakeholders (including our end-customers) value through informative qualitative feedback. We consider a range of channels including ongoing stakeholder engagement, market research and priorities put forward by Ofgem and BEIS. This feedback informs how we shape our internal priorities and potential actions.

2. Willingness to pay (quantitative and qualitative)

We then use quantitative willingness to pay (WTP) research to determine the value that customers place

on different areas across our business by asking them what portion of their bill they would like to attribute to each area. **To validate and test these results we undertake further qualitative market research focused on our network areas only**, giving us a tailored understanding of our regional customers.

3. Social impact valuation (quantitative)

We then go a step further by using social impact valuation tools. These measure direct financial benefits to our customers (e.g. savings due to switching to a cheaper tariff). They also measure wider impact of our actions on society (e.g. savings for the NHS linked to a reduction in fuel poverty or our positive environmental impact due to lower CO₂ emissions). We have embedded a Social Return on Investment (SROI) toolkit based on guidance from the UK Cabinet Office, enabling us to quantify the combined financial and social benefits per £ spent for each initiative.

Triangulating the quantitative and qualitative results provides us with evidence, before delivery, that our prioritised actions are shaped by the wants and needs of our stakeholders and demonstrate the highest possible benefit to customers and society versus costs.

Once we have developed a list of initiatives to deliver, we go back to our customers through our engagement mechanisms to inform them on the holistic benefits and gather feedback. Our customers are then able to provide more informed feedback on what they value. One example of this approach is our assessment of net zero projects like Active Network Management roll-out. This area is not well understood or highly valued by our customers but reveals significant benefits to customer and society through social valuation. Triangulating these results informed us to proceed with delivery while continuing to educate our customers of the wider benefits in parallel.

b) Measuring the impact of our actions

Once the selected initiatives have been rolled out, we measure the benefits they deliver in practice. This exercise has two aims: to quantitatively report our outcomes versus costs, and to assess how our forecasts deviated from actual results. We measure

our overall impact in three ways: 1) direct financial benefits delivered to our customers, 2) indirect benefits – net value to customers based on WTP research and 3) social benefits – holistic benefits to customers and society per £ spent.

The table below provides a summary of the overall impact of initiatives we tested with customers in 2019/20.

UK Power Networks strategic priority area	Initiatives tested with customers	Willingness to pay value	Cost to deliver our initiatives	Indirect net benefits to customers	Direct financial benefits to customers	SROI (net benefit per £ spent)
Meeting our customers' evolving needs	Customer Support (3 initiatives tested)	£6.86 (per customer)	£21,470,974 (total) £2.59 (per customer)	£35,467,026 (total) £4.27 (per customer)	£8,300,000 (total) £1.00 (per customer)	£8.12 (per year)
Tackling the net zero challenge	Smart Networks (4 initiatives tested)	£2.84 (per customer)	£2,656,794 (total) 32p (per customer)	£20,915,206 (total) £2.52 (per customer)	£138,900,000 (total) £16.73 (per customer)	£13.89 (per year)
Ensuring no one is left behind	Sustainability (4 initiatives tested)	£4.99 (per customer)	£7,331,520 (total) 88p (per customer)	£34,085,480 (total) £4.11 (per customer)	£70,269,880 (total) £8.47 (per customer)	£3.83 (per year)
	Resilience (3 initiatives tested)	£4.32 (per customer)	£168,400 (total) 2p (per customer)	£35,687,600 (total) £4.30 (per customer)	£86,480 (total) 1p (per customer)	£0.60 (per year)
Helping customers in vulnerable circumstances	Vulnerability (4 initiatives tested)	£5.96 (per customer)	£927,226 (total) 11p (per customer)	£48,540,774 (total) £5.85 (per customer)	£49,351,793 (total) £6.04 (per customer)	£34.07 (per year)

Understanding that no social valuation method is without limitations, we are constantly looking to enhance our approach in this measurement area by incorporating best practice techniques. This year, in addition to SROI, learning from our gas colleagues at SGN, we trialled a tool called Social Value Bank,

developed by Simetrica. This tool has allowed us to model additional wellbeing benefits delivered to our vulnerable customers, providing another layer of quantitative evidence to inform our decisions and measure impact (see Part 3).

c) Benchmarking our social role as a business

In addition to measuring the impact of the initiatives we deliver, **we also evaluate our overall social value as a company**.

A pillar of our vision is to be a respected and trusted corporate citizen and we understand all commitments and ambitions to achieve this are defined by our social role. We build our social role on three levels:

our purpose, our non-negotiable responsibilities and our wider role in society as a responsible business.

To hold ourselves accountable to the high standards we have set, this year we were the **first DNO to be independently assessed against the newly launched Business In The Community (BITC) Responsible Business Tracker®**, a corporate

measurement tool that provides gap analysis and benchmarking of corporate social responsibility and sustainability. This assessment underlines we are delivering the best stakeholder engagement in our industry as highlighted in the 2020 'Insights Report'. With an overall score of 68%, we are delivering far more in corporate social responsibility and sustainability than our cohort average (43%).

Our Consumer Vulnerability Strategy

Our strategy is to be the most socially responsible network operator in how we deliver services that support our diverse communities and all of our customers in vulnerable circumstances, today and in the future.

Our guiding principles

Inclusive

Collaborative

Innovative

Our approach



1. Continue to understand the needs of our customers

We engage extensively with stakeholders who represent customers in vulnerable circumstances, as well as directly with our customers, listening to their feedback daily. We employ over 20 engagement mechanisms to gather informed feedback from those who are best placed to share insight into the needs of our customers and the circumstances that create vulnerability.

Our expert stakeholders guide us on the evolving needs of customers and help us to design appropriate responses that lead to measurable benefits.

2. Focus on data to deliver tailored support

In addition to our community social indicator data and vulnerability mapping tools, our extensive Priority Services Register (PSR) dataset, with 1.87 million records, plays a central role in our strategy. It allows us to understand who needs our support, informs our partnerships and promotion efforts as well as our investment decisions.

3. Deliver excellent service through the help of our partners

We strive to offer our customers excellent service, regardless of their situation or the area they live in. Our approach to consumer vulnerability relies on an extensive portfolio of tailored services, offered by highly trained colleagues and a vast network of specialist partners across the areas we serve.

4. Learn and embed knowledge

To deliver the outstanding level of service that our customers require, we ensure that everyone at UK Power Networks has a role to play in providing support.

Our approach to training and ongoing coaching has created a customer-first culture that has resulted in PSR customer satisfaction of 93% in 2019/20 and yielded improvements for the benefit of our customers.

5. Review, measure and evaluate outcomes

We are a performance-driven business and as such we track, measure, review and assess all of our efforts. Our aim is to deliver a meaningful and positive impact to customers in vulnerable circumstances, whilst keeping costs low for our whole customer base.

Our Consumer Vulnerability strategic focus areas for 2019/20

Maximising our partnerships and training our staff



Managing our Priority Services Register



Tackling fuel poverty



Providing inclusive services to ensure no one is left behind in a changing world



Spring Partners Forum 2019

Tools and processes

- ✓ **BSI 18477 inclusive service provision standard achieved for 6th consecutive year**
- ✓ **Collaboration with over 545 partners who are integral to the development of our services**
- ✓ **Consumer Vulnerability Inclusive Customer Panel to ensure we design services that are inclusive and innovative.**

Our Consumer Vulnerability Strategy is endorsed by our stakeholders

Our Consumer Vulnerability Strategy sets out how we strive to be the most socially responsible network operator delivering services that support our diverse communities and all customers in vulnerable circumstances. Each year we endeavour to ensure our services are fair and inclusive for all customers. We assess our engagement mechanisms and aim to increase the breadth of our offerings to those in greatest need.

Each year we review our strategy and consumer vulnerability delivery programmes with members of our CEO Panel, Vulnerability Critical Friends Panel and Partners Forum to ensure it meets the evolving needs and expectations of customers and stakeholders.

As part of our full review process this year, in June 2019 our stakeholders challenged us to do more in

shaping our strategic focus of tackling fuel poverty. They indicated our ambition should be more specific and far-reaching. We updated our strategy to be more assertive, **introduced a new dedicated fuel poverty forum that meets twice a year and launched our new £300k Power Partners annual fund.** This mechanism is set up to design new effective community initiatives delivered by locally based partners to support customers at risk of fuel poverty across our network.

All of our partners confirmed that we had incorporated their expert feedback to help shape and improve our Consumer Vulnerability Strategy. They believe our ambitions are bold and challenging and are committed to giving us guidance on how best we can reach the most impacted.

This year, at a time of unprecedented change, our stakeholders confirmed that our approach is flexible and adaptive to a changing energy landscape. They recognise we have considered how we can best protect and cater for our customers today, but with an eye on tomorrow, leaving no customers behind in a fast-changing and increasingly digital world. They continue to help us understand the nature of the barriers customers face and provide new trusted intermediaries to support them.

We strive to improve the way we identify vulnerability and explore ways that we can make smarter use of our insight and information to better serve our customers and specifically those living in vulnerable circumstances.

How we engage on consumer vulnerability

Our engagement with stakeholders and customers in vulnerable circumstances is provided through a specific subset of our 20 wider stakeholder engagement mechanisms. This approach ensures our customers in these circumstances have appropriate, targeted and tailored engagement channels. Examples are provided below:

Our core consumer vulnerability engagement mechanisms			
Engagement mechanism	Stakeholder categories	Examples of stakeholders involved	Stakeholders
Strategic	CEO Panel EMBEDDED	Senior executives and advisers with knowledge of the energy industry	Mind, Scope, NEA 15
	Critical Friends Panel Consumer Vulnerability focused ENHANCED	Senior representatives from organisations with strategic expertise relevant to consumer vulnerability	Senior representatives (C-Suite) including Citizens Advice, NEA and water companies 4
Strategic / Delivery	Partners Forum EMBEDDED	Local fire and rescue teams, NHS support groups and charities	90
	Utilities Forum EMBEDDED	Strategic partners on consumer vulnerability and delivery partners	Water companies, gas networks and telecomms 14
	Fuel Poverty Forum NEW	Local authority energy officers, Energise Sussex Coast, Groundwork East, Rural Coffee Caravan	35
Delivery	Inclusive Customer Panel EMBEDDED	Domestic customers and advocacy services for vulnerable people	Customers on our PSR, carers, care organisations and disability influencers 791
	Staff, Delivery Partners and Referral Networks EMBEDDED	Front-line employees, delivery partners of inclusive services and PSR referral networks.	Field engineers, call centre advisers, Citizens Advice and carer support groups 327
Research	Community Events EMBEDDED	NHS and community groups, faith centres, charities and domestic customers	Enfield Islamic Women's group, Suffolk Family Carers, Helping Hands (autism group) 31,375
	Tailored Focus Groups ENHANCED	Domestic customers, care organisations and specific charities based upon subject	DeafPlus, Deaf Blind UK, St John's Hospice, Hospice UK, Scope 45

92 engagements on consumer vulnerability, reaching more than 13,000 stakeholders, conducted by UK Power Networks. An additional 29,200 stakeholders reached by partners at community events.

Our Principles for Tackling Fuel Poverty




Acting on stakeholders' feedback that we need to do more to help those facing fuel poverty (see Part 3, pg 7), we have developed a set of guiding principles that govern our enhanced fuel poverty programme:



Key outcomes delivered

This year our stakeholder engagement has resulted in 352 outcomes, providing tangible benefits for stakeholders.

The table below provides examples of some of the outcomes we have delivered this year, with more detail provided in Parts 2 and 3.

Category	Examples of what we have delivered this year:		
	Stakeholders said	What we did	Outcomes
 Helping customers in vulnerable circumstances Total Number of Outcomes 135	Our Critical Friends Panel advised us to focus on the variation of needs across our communities, utilising a community based model to help tackle fuel poverty	Used advanced data analytics to mine our data and needs codes to identify fuel poor customers, then formed partnerships with community based groups to identify, refer and support fuel poor customers (see Part 3)	<ul style="list-style-type: none"> 845,638 customers supported who are, or face the risk of being, in fuel poverty (more customers supported than any other year) 761,965 eligible customers signposted to their water company PSR and social tariff scheme
	During the Covid-19 pandemic, our partners and wider regional charity organisations advised speed of providing support was paramount for vulnerable customers	Reached out to our regional partner network across gas and water, developing a Covid-19 fast fund initiative of £500k, to streamline front-line support within 48 hours. This is facilitated through our Community Foundation UK regional partnerships	<ul style="list-style-type: none"> Funds delivered support within 48 hours, with no long-winded DNO application process £500k raised within 5 working days, through our regional utility partners initiative demonstrating agility and collaboration
	Our CEO Panel and Partners Forum suggested we continue our efforts to support customers living with, or at the brink of facing challenges associated with financial vulnerability	Our £300k Power Partners community fund has developed practical initiatives to assist our vulnerable customers by helping to reduce their energy bills, boost their energy efficiency and get them engaged in the energy market (see Part 3)	<ul style="list-style-type: none"> 194,593 young people and families engaged and supported – from community investments to energy bill advice to avoid fuel poverty
 Meeting our customers' evolving needs Total Number of Outcomes 83	From our willingness to pay research we understand that digital communication channels is an area that customers across all DNOs specifically placed strong emphasis upon	Learning from the transport sectors we introduced What 3 Words, WhatsApp and two-way text messaging to enable customers to contact us in more ways that suit their needs (see Part 2)	<ul style="list-style-type: none"> 90.5% customer satisfaction – best ever customer satisfaction score reflective of the success of our embedded and new service offerings
	Stakeholders provided feedback that given the public discourse on trust in the sector, we should consider making trust more explicit	Amended one of our vision pillars to: A respected and trusted corporate citizen, and backed our words with actions by adopting Trustpilot as an additional feedback loop on our services	<ul style="list-style-type: none"> Five Star Trustpilot rating – First DNO to be rated five-star with over 20x the review volume of any UK network company
	Through engagement with our rural communities, we understand their priorities of safe and reliable supply of electricity	We implemented Primary Outage Restoration Tool (PORT Lite) across 548 grid and primary substations covering rural networks. This tool enhances digital reliability checks, enabling faster supply restoration using adjacent networks, delivering a more reliable service for these rural customers	<ul style="list-style-type: none"> Over 315,000 customer interruptions prevented in the last year – aided by our advanced network monitoring tools including ALVIN Reclosers and PORT Lite
 Tackling the net zero challenge Total Number of Outcomes 60	At CEO Panels and net zero forum, stakeholders agreed that having a net zero target must come with measurable milestones and a roadmap to achieve it	Engaged with other organisations like Tesco to understand best practice. First DNO and one of 838 companies across the world, to set science based targets to reduce operational emissions (see Part 2)	<ul style="list-style-type: none"> Applying worldwide best practice to our carbon targets will provide a planning road map for other DNOs and industries to follow
	Since publishing our flexibility roadmap in 2018, we have co-designed our flexibility services. This year, across more than 40 separate engagement events, the three prevailing asks from our customers have been: market accessibility, transparency and certainty on its long-term prospects	We are the first and only DNO to provide flexibility services at the low voltage (LV) level, creating the opportunity for everyone, including domestic customers, to get involved in flexibility	<ul style="list-style-type: none"> Supercharging a market – we are supercharging a market that has gone from nothing to 300MW of flexibility at a total value of more than half a million pounds in just two years, and grown 200% in 2019 alone More than 2m customers across 766,744 homes and businesses have lower bills as a result of our 300MW of flexibility products
	Our willingness to pay survey highlights that our customers want UK Power Networks to reduce our environmental impact at a balanced cost. They would like us to lead by example and reduce our supply chain's carbon footprint	Reduced the use of all single-use plastics from our business (a saving of 600,000 single use plastic bottles), and identified ways of reducing the transportation of products in our supply chain (see Part 2)	<ul style="list-style-type: none"> Reduced 15,887 tonnes of CO2 since 2014/15 – equivalent to more than 7,000 London to New York flights
 Ensuring No One Is Left Behind Total Number of Outcomes 74	Our Critical Friends Panels and Partner Forums challenged us to focus on those most impacted during a power cut. Those who are responsible for the care of vulnerable customers often have no experience of a power cut, causing distress	Collaborated with South East Water, SGN and National Grid to share best practice to equip those working in care organisations to manage and support their patients during a power cut	<ul style="list-style-type: none"> Over 8,514 care organisations equipped – with practical knowledge to support their patients during a power cut
	Stakeholders, including our peers from the Energy and Utilities Skills network, have continued to challenge us and share insights on how to become more effectively diverse and representative of the communities we serve	Collaborated with SCOPE to enhance the way we recruit staff and serve our customers who have a disability and continue to be open and transparent on our Black, Asian and Minority Ethnic and Gender Pay Gap reporting	<ul style="list-style-type: none"> Winners of Diversity Award 19 and The Inclusive Top 50 UK Employers 2019/20 – reflecting our long-standing vision to be an Employer of Choice
	Stakeholders, including our CEO Panel, asked us to go further to build trust with our customers, demonstrate our legitimacy to our wider stakeholders, and to think about ways in which we can develop our social contract	Completed the Business in the Community's new 'tracker' and were assessed for our corporate social responsibility as part of our commitment to be a respected and trusted corporate citizen	<ul style="list-style-type: none"> Only DNO to be highlighted in the best practice BITC 'Insights Report' – specifically highlighted for excellent stakeholder engagement, so that other companies can learn more about how to become a responsible business in this area

Collaboration, sharing and best practice

To ensure we provide best-in-class service to all of our customers, including the most vulnerable, and tackle the climate emergency, we must collaborate within and across industries. The table below provides great examples of new partnerships where we are already delivering outcomes.

Enhancing our existing partnerships and forming new ones



Our strategies are externally assessed



Jessica Harmer,
Managing
Associate,
AccountAbility

"This year UK Power Networks has challenged itself to go further in ensuring its engagement work delivers tangible value for customers, especially the most vulnerable. They continue to enhance their partnerships with other utilities and beyond, helping them shape and evolve initiatives to serve their customers.

They are providing a range of new services to support customers in vulnerable circumstances, including an app for field staff to refer customers that they identify as requiring extra support.

It is clear that UKPN has acted on the feedback that we provided following a review of their stakeholder engagement practices in 2018/2019, and their approach is embedded across large areas of the business. Stakeholder engagement plays a central role in informing UKPN's business planning; they constantly review feedback they receive from their different engagement mechanisms to identify stakeholders' key concerns and priorities."

Wider achievements and endorsements

"...We performed a critical review to challenge UK Power Networks' overall vulnerable customer strategy. Through all levels of staff, UK Power Networks demonstrated genuine passion for their customers and their business and were highly receptive to the findings our review put forward to enhance their approach. It is our view they are leaders in this sector."



Richard Brown,
Principal Consultant, Huntswood

"UKPN has demonstrated that the customer is at the heart of their organisation. At a time of even greater uncertainty, a sustained approach to delivering an exceptional customer experience has never been more important."



Jo Causon,
CEO, Institute of Customer Service

"UK Power Networks is integrating technology and industry innovation to transform the energy grid to meet the needs of current and future customers and stakeholders... Energy grids are transforming around the globe at an unprecedented pace in response to climate change and evolving customer preferences. As UK Power Networks has demonstrated, actively listening to, and engaging with, customers is vital to realise the benefits of transformative energy solutions."



Tom Kuhn,
President, Edison Electric Institute

Awards achieved:



6th year maintaining our BSI Inclusive Service Provision verification, gold standard assurance guarantees excellence becomes a habit by focusing on continual improvement, best practice and delivering value to customers.

We are the only DNO to appear in the Institute of Customer Service's UK Customer Satisfaction Index.

Diversity Award (Utility Week 2019)

Encouraging a diverse workforce

Campaign of the Year (Health & Safety Excellence Awards 2019)

Be Bright Stay Safe (BBSS)

Inclusive Top 50 UK Employers 2019/20

5th Most Inclusive (Only DNO to feature)

2019 EEI Edison Awards – International Award

Innovation and Smart Grid

Digital Transformation Award (Utility Week 2019)

Next generation workforce planning solution

Institute of Engineering Innovation Awards 2019 – Power & Energy

Loadshare – creating more renewable generation capacity

Staff Development Award (Utility Week 2019)

Staff development and mental health skills

Energy Institute Awards 2019 Community Initiative Award

energywise – Energy Efficiency for the hard to reach

Innovation Project of the Year – Electricity (Network Awards, 2019)

Kent Active System Management

Business Green Technology Awards 2019 – Transport Technology Award

Shift – Electric vehicle smart charging trial



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