

Stakeholder Engagement Incentive Scheme Submission 2019/20 Part 2

Part 2 – Our Stakeholder Engagement Outcomes

This document sets out the changes we've made in our strategy and operations in response to stakeholder feedback, and the outcomes of these changes for our business and our communities.

It is intended to be read in conjunction with 'Part 1' which outlines in further detail our engagement strategy and initiatives that have been paused/closed in response to stakeholder feedback.





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Key and definitions

Where we simply use the word 'stakeholders' in this document, we refer to our entire stakeholder community, split into four broad categories – National Policy Shapers, Local Place Makers, Customers and Wider Workforce and Supply Chain (see Part 1 for our full stakeholder map).

We make decisions on whether to progress initiatives based on a clear understanding of who will benefit and how. We've used the following symbols throughout this document to indicate which of our four stakeholder groups have benefited from our initiatives:

-  National Policy Shapers
-  Local Place Makers
-  Customers and Future Customers
-  Wider Workforce and Supply Chain

We've also used the following symbols to indicate how initiatives relate to ongoing work programmes:

 = An initiative that has worked well and has been further developed in collaboration with stakeholders

 = A new initiative for 2019/20



Wherever you see this icon throughout the document this indicates where we have used the Value Framework to project the benefits of an initiative.

1. Introduction

1.1. A message from Mark Horsley, CEO



As the year comes to a close it's impossible not to reflect on the systemic changes that are happening at such great pace in response to the threat of coronavirus. Since March, we have been working side by side with our stakeholders to keep our colleagues and customers safe. I have been overwhelmed by the resilience of our local partners and the action from colleagues to engage at all levels and provide responsive, flexible support. It's clear the current crisis will define our stakeholders' priorities for years to come, and our future engagement is already being shaped with this firmly in mind.

Our relationships with our community have grown ever closer through our response to both this shared challenge and changing trends in the way our stakeholders see themselves and, increasingly, us. In my regular meetings with council leaders I heard the call for us to act as an anchor institution - large organisations that have a unique role in shaping the social and economic landscape of the areas they serve - particularly when we work collectively.

I took this feedback to heart and, throughout section four you'll see the ways that we've worked collaboratively with local partners on initiatives that serve our own strategic objectives whilst delivering resilient, fairer places – from sustainable procurement through to innovation that reduces third-party strikes.

Even before the challenges of coronavirus, our stakeholders were focused on another crisis – climate. By the close of 2019, most councils within our network had announced a climate

crisis, alongside the Government's own legislation to achieve net zero. This is an area in which I've personally led much of our engagement, working closely with Government and the wider industry to help make key policy decisions on the future of the energy system. In section six, you'll see we've worked collectively with stakeholders on this critical agenda, leading to an ambitious contract with our stakeholders linked to the UN Sustainable Development Goals and step-changes to performance in areas like biomethane connection.

It can be tempting to focus solely on those issues that feel most urgent, but these deserve our focus only when we're getting the day-to-day right for our customers. My management team go beyond our regulated surveys to get a holistic and deep understanding of how we must alter to meet changing needs; triangulating everything we're hearing from operational data through to deliberative, detailed discussion with our sector-leading Citizens' Jury. From our new Hardship Fund to leading systemic industry-wide change in automatic compensation, section five sets out the benefits our customers are experiencing as a direct result of their feedback.

I would like to thank our stakeholder community for their support, guidance and partnership over the last year and reaffirm my personal commitment, once again, to build on these relationships as we rebuild our communities in the coming months and years.

Kind regards

1.2 Highlights of our year

Over **190,000** voices heard



Over **24,000** stakeholders engaged through strategic engagement mechanisms



Over **6,000** vulnerable customers engaged



First to establish an enduring **Citizens' Jury**

Delivered **£28.5m** social benefits through our initiatives



First GDN to publish commitments against the UN's Sustainable Development Goals, **ranking in top 12% of global businesses reporting against the goals** (6.1 pg. 11)



Led legislative change ensuring **customers automatically receive compensation** (5.6 pg. 10)

Created **cross-utility training framework** to support vulnerable customers (5.1 pg.8)



62% increase in our biomethane capacity (6.3 pg.12)

2. Our engagement strategy

2.1. Our strategic approach

Our longstanding engagement strategy, owned by our leadership team and delivered by each of our colleagues, sets the framework for engagement with our stakeholders. The objective at the heart of our engagement strategy is that **“insight into our customers' and stakeholders' values, preferences and ideas drives business planning and change.”** Our strategic approach is guided by three core principles:

1. **Meaningful:** our stakeholders tell us what they want to talk about and how they would like to engage with us, allowing us to focus on the material issues.
2. **Inclusive:** we reach across our stakeholder community, including hard-to-reach groups, through 12 core mechanisms and a range of bespoke and ongoing channels.
3. **Iterative:** our integrated approach ensures that every contact counts, triangulating day-to-day feedback, third-party insight and specialist engagement.

2.3. Inclusive: how we've engaged

Our engagement programme spans four levels of engagement – from informative to collaboration - reflecting Citizens Advice best practice guidance. Over the past year this has allowed us to engage with over 190,000 stakeholders in a way that suits them. Our hard-to-reach framework (covered in Part 1), ensures that barriers to engagement are removed – allowing us to get a truly representative view of stakeholder needs.



Figure 1: Strategic engagement mechanisms

2.4. Iterative: every contact counts

Figure 2 outlines our overarching engagement framework – a continuous loop that allows us to consider all sources of feedback, testing and retesting proposals at each stage of the change process.

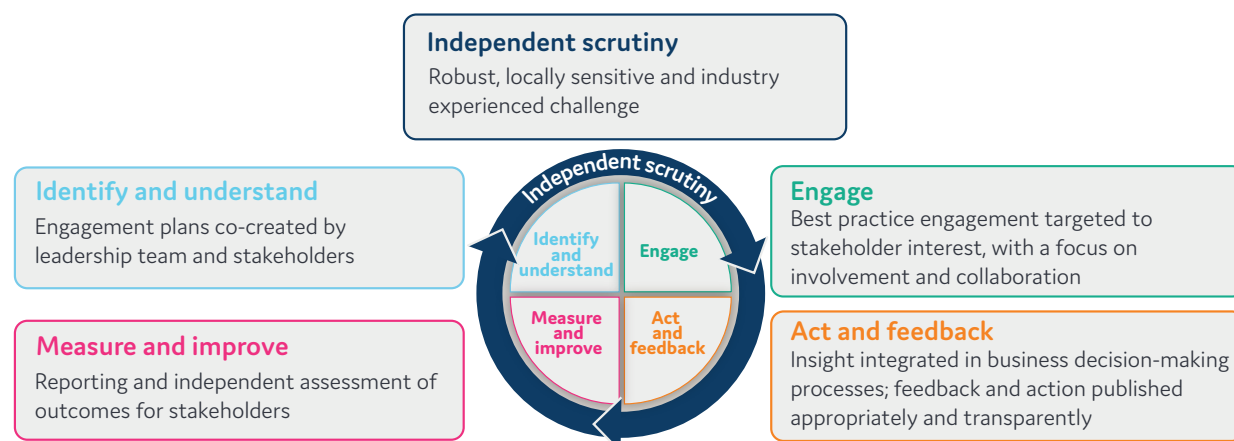


Figure 2: Engagement framework

We triangulate all sources of feedback available to us, making sure that every contact we have with our stakeholders counts.

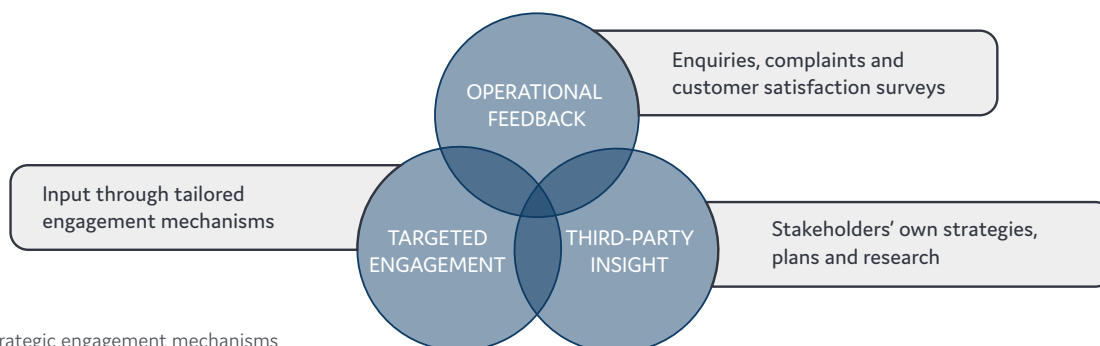


Figure 3: Strategic engagement mechanisms

3. Ensuring we deliver social value

Last year, we introduced our Value Framework; the library of social, economic and environmental benefits we use to gain a broader view of the potential impact of our decisions.

This section explains:

- how our Value Framework is being used to inform decision making
- how stakeholders' own views are driving its development
- the social return on investment (SROI) ¹ of the initiatives we've highlighted in this document

3.1. Value-focused decision making

Our Value Framework helps us understand the benefit impact pathways from our activities to the outcomes experienced by a range of different stakeholders. By analysing proposals through the framework, we are able to understand the holistic cost/benefit of different approaches and identify benefits that may be, at the current time, difficult to quantify. This data is used by the relevant teams or internal boards to inform our investment decisions.

Figure 4, below, shows how we mapped the benefits, and their recipients, for investment in i-stop; a technology that reduces power usage in our vehicles (see section 5.5).

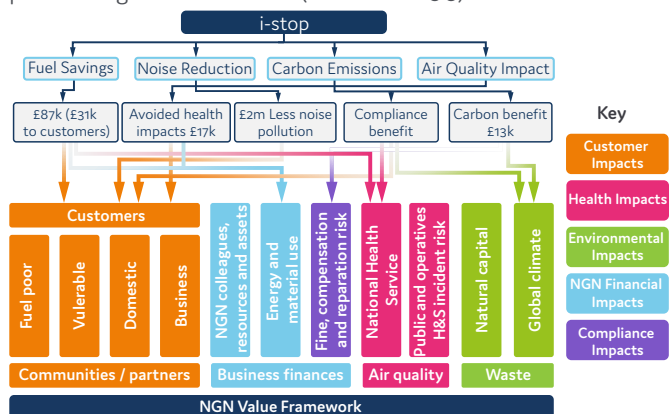


Figure 4: six-year discounted benefits of i-stop from 2020/21

3.2. Using stakeholder insight to enrich the Value Framework

Underpinning the Value Framework is a comprehensive library of benefits based on nationally recognised values such as those from the Government Green Book. Over 2019/20 we have engaged with our stakeholders to add an additional 20 values bespoke to our community and services.

To do this, we've gone beyond the Green Book, triangulating the research of our local and national stakeholders to add a range of peer-reviewed benefits that are relevant to our services – particularly in environmental improvements.

But, it's our own primary research with our customers that has

yielded the most important insight. Through research with over 2,200 domestic and small business customers, we're now able to understand the values that our customers are willing to pay for different levels of service. Many of those new values – such as CO alarms, reduction in roadworks, interruptions, fuel-poor connections, enquiry resolution and improvements in fleet – have been used to help inform decisions about the initiatives in this submission.

3.3. The benefits of our initiatives in 2019/20

We've used our Value Framework to inform the decisions we've made on the majority of the initiatives in this submission; quantifying benefit wherever possible.

The values we have identified are based on complex analysis using a variety of calculated assumptions and supporting data. This has allowed us to calculate a projected value that could be delivered over the next six years, subject to changes in base line figures, providing us with a good guide to understand the value initiatives can deliver.

In total, we project circa £28.5m in net social return on investment to a broad range of stakeholders over the next six years, based on stakeholder-led decisions we have made this year. This includes £1.6m in financial savings (the element of outperformance we get to keep), plus £0.5m in efficiencies (that allow us to do more with our resources) from these schemes that contribute to keeping customer bills down. Additionally, we anticipate a further £53.3m in total benefits delivered by our SDGs (story 6.1) over the next six years, with net benefit to be determined as individual solutions are developed.

Wherever you see this icon throughout the document this indicates where we have used the Value Framework to project the benefits of an initiative.

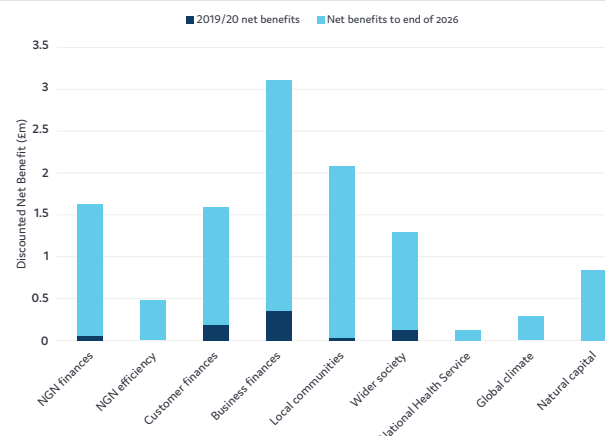


Figure 5: Cumulative total net benefits of initiatives analysed in this document (N.B this excludes our Hardship Fund and the UN Sustainable Development Goals which are considered separately)

¹ By SROI we are referring to whole Social Return on Investment including benefits and value returned back to customers, NGN and society net of costs and discounted in line with CBA best practice.

4. Acting as an anchor institution

Overview

The emergence of 'anchor institutions' and their role in delivering inclusive growth has been one of the strongest trends we've seen this year. Our local partners see anchor institutions as large, locally rooted organisations whose decisions can have a significant impact on local communities and economies.

Starting out as a public sector concept, this year we heard a clear expectation that we consider our own decisions in this way. Specifically, how we can maximise our impact in our roles as employer, procurer, asset holder and provider of services.

Through one-to-one meetings and roadshows - led by our senior management team - with over 90 MPs and senior officials with

Local Authorities and LEPs, we've been discussing regional challenges and priorities and how we can support local place making efforts. These meetings, as well as initiative-based engagement, have helped us embrace our own role as an anchor in the North. That in turn has helped us to:

- support local economic growth by improving SME access to our supply chain, reducing the impacts of our work on small businesses and reducing street closures through greater collaborative working
- improve the safety of our network through innovative data sharing
- support our communities in the wake of Covid-19

4.1. Responsible procurement New

We've established an SME-friendly procurement strategy, in response to calls to use our spending power to support local growth.

Stakeholders said

Over 99% of businesses in the North are SMEs, making them a significant contributor to our local economy; but productivity lags behind that of southern small businesses. In response, our councils, LEPs and small business intermediaries have called on us to maximise access to supply chain opportunities for local companies wherever we can.

We did

In recent years we've introduced industry-leading initiatives to localise our supply chains, including only using local engineering firms to deliver mains replacement. As a result, 44% of our expenditure was invested in local businesses and supply chain in 2019, driving efficiencies that have had a direct impact on our customers' bills. Learning from past successes and listening to our stakeholders, we reviewed our strategic approach to create even more opportunities for small local businesses.

To create our refreshed strategy, we engaged with colleagues, suppliers and business intermediaries (including the Federation of Small Businesses (FSB) and Chambers of Commerce). Through a series of bilateral meetings and workshops we identified 19 improvements to our strategic approach. In particular we have now:

- introduced a new target to annually increase spend with local suppliers
- committed to introduce a new internal requirement that at least one quote for below EU threshold procurement must be from a local business.
- committed to developing SME-friendly guidance on tendering and using our e-procurement portals.
- committed to hosting 'Meet the Buyer' events in partnership with business intermediaries.

We also appointed a sustainable procurement champion to oversee the improved processes.



Responsible procurement workshop with business intermediaries

25 stakeholders
37 hours engaging
19 improvements identified

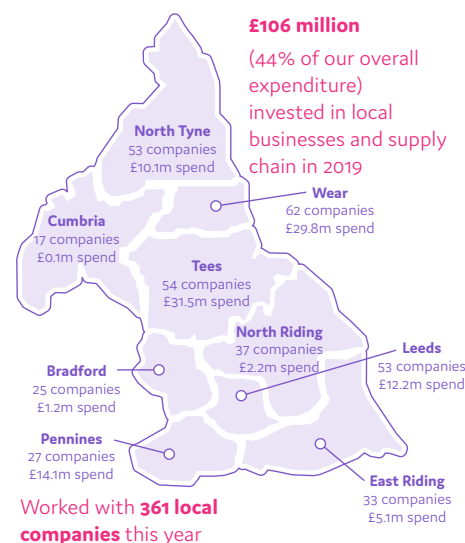


Figure 6: Map of our regional investment

Outcomes L W C

- 3% increase in proportion of spend with local businesses
- £7.1m increased investment into the local economy in 2019/20
- Subsequently, safeguarding and creation of local jobs and an increase in local GVA

4.2. Working collaboratively on sites Enhanced

We've shared road closures and worked collaboratively under barriers with Local Authorities and other utilities partners to minimise disruption in communities.

Stakeholders said

During our roadshows with Local Authorities we continued to see a strong interest in closer, coordinated working on highways maintenance activities with our pipe replacement programme, to minimise the impact of both. This feedback was echoed by our small business customers, who were particularly affected by the impact of multiple disruptions.

We did

Last year we completed a trial partnership with South Tyneside Council to complete works under the same barriers - reducing the length of disruption for the local community. This year, the leaders of our nine operational patches have placed a concerted focus on rolling this practice out as our business as usual approach. To do this, we established new tracking mechanisms for collaborative works

across our operational teams, linking these to new performance metrics for collaborative engagement.

As a result of this focus, 38 collaborative projects have been completed this year, across eight of our nine patches, in most cases removing the need for additional road or lane closures altogether.

Part of this increase has been driven by broadening our partnerships beyond Local Authorities. We've actively shared barrier space with Yorkshire Water, Northumbrian Water, Northern Powergrid, BT, Virgin Media, Balfour Beatty, Bam Nuttall and

Network Rail enabling them to upgrade infrastructure, repair equipment and install new connections under our barriers. However, we've also taken a targeted approach to ensure that our efforts have the greatest impact on local priorities. In response to feedback from councils, we've focused particularly on key urban areas of our network in West Yorkshire and the North East, where air quality is a growing concern.

Outcomes L C

- 21% increase in Local Authority satisfaction with their relationship with us
- £0.06m net SROI this year and £4.5m projected over the next 6 years, including:
 - Savings returned to customers - **£0.3m**
 - Savings for other organisations - **£2.8m**
 - Savings to NGN - **£0.5m**
 - Avoided traffic disruption - **£0.9m**
 - Savings for councils from road repairs **£0.04m**
 - Reduced accidents and car damage - **£8k**
 - Reduced carbon & air quality impacts (not quantified)



4.3. Collaborating to improve safety and reliability Enhanced

We've developed a joint utilities underground asset map in Wear that will help avoid unnecessary third-party damage.

Stakeholders said

In a survey with stakeholders who access our network map, we heard they'd appreciate a map system which shows all utilities, to avoid them having to log into different systems to access the data they need to avoid striking assets.

We did

Last year we worked with our water, electricity and telecom utilities partners, Sunderland and Durham Councils and Ordnance Survey to develop a prototype combined underground infrastructure map.

Having proved the concept, this year we've scaled up the project. Through a pilot programme led by the Geospatial Commission, we've created a map registering all the underground assets across the Wear area and tested usability and reliability of the map in live projects. Following the trials, we're now supporting the Geospatial Commission on proposals for a national map. As well as improving safety and efficiency of local projects, it's anticipated the national map will support UK-wide infrastructure initiatives.

Outcomes L W N

We anticipate the single, digital map will enable:

- Efficient sharing of data and information
- Quicker planning and completion of jobs
- Reduced time spent researching and accessing numerous plans
- A safer service and reduction in unplanned interruptions by reducing damage to assets
- A reduction in environmental impacts by making it easier to trace gas escape routes through underground assets



4.4. Supporting communities through Covid-19

We've worked alongside our partners to keep our communities safe and secure during the Covid-19 pandemic.

Stakeholders said

In the last few weeks of the regulatory year, the Covid-19 pandemic changed the landscape for all our stakeholders. We immediately aligned our senior leadership team to Local Resilience Forums (LRFs), working with them to meet unprecedented needs. Through those forums three key priorities emerged; ensuring the continued safe operation of our network, supporting the delivery of local shielding strategies and protecting businesses and Voluntary Community Sector (VCS) partners in our supply chain from commercial shock.

We did

Taking an early decision to limit our operational workforce only to emergencies, we led engagement with local category 1 responders through the LRFs to help identify new ways to protect customers in the event of a gas emergency. Our regional role allowed us to take best practice on customer evacuation developed by the Humber LRF and roll this out to the other localities across our network – guidance we've since shared nationally and with other GDNs to support emergency response areas across the UK.

To support local shielding efforts, as well as the resilience of our third sector delivery partners, we reached out to our VCS network to understand how we could support them. In response to their feedback we:

- provided emergency funding for community partners to change their delivery model or buy specialist equipment needed to support vulnerable customers.
- adapted our carbon monoxide and energy efficiency training and awareness programmes into online courses for local charities and teachers.
- removed the cap on colleague volunteering – supporting NHS, VCS or local shielding hub efforts to deliver essential supplies, support front line works and help isolated individuals.

Case Study

We provided our long-term partner Community Action Northumberland (CAN) with £2,600 emergency funding to change their Warm Hubs model and continue to provide meals, company and advice to people in rural communities. They have now set up helplines, and are delivering over 35 meals a day, as well as shopping for over 67 vulnerable people every week

We proactively contacted 90 of our critical suppliers and supported our supply chain with one-to-one surgeries and a tailored advice pack outlining local and national business support available. As well as fast-tracking payment to SMEs, we've identified 71 skilled contractors we can re-deploy into critical roles in our business.

Outcomes W C

We anticipate these actions will deliver:

- Reduced risk of infection spread following emergency works
- Increased commercial resilience within supply chain and VCS partners
- Safeguarding the most vulnerable within our communities
- Ensured continuity or enhanced service from VCS partners providing a range of services for vulnerable customers



Colleagues delivering food, cooking meals to raise money and manufacturing supplies for the NHS

5. Changing with our customers

If we are to continue to meet the differing needs of our customers, we must continue to evolve our approach and change with them. We have enhanced our engagement approach this year to develop a more detailed understanding of the granular needs of our customers and help us understand how to best support the full range of customer groups we serve.

Initially convened to inform our Business Plan, this year we've established our Citizens' Jury as an enduring engagement mechanism. Bringing together 50 domestic customers broadly representative of the population within our network, the Jury provides us with an opportunity for deep, deliberative discussion that's allowing us to co-design, rather than consult, with our customers.

We've built on the strong relationships we have with expert stakeholders; going beyond project-based, tactical relationships and moving towards strategic partnerships that correspond to local needs. This evolution has been enabled by our new social indicator research, which has identified a number of different grass-roots issues facing customers. That insight has allowed us to develop a keener understanding of the challenges in each of our nine patches (e.g literacy, rurality, unemployment, mental health, cultural differences) and identify the locally-tailored support needed.

5.1. Establishing a cross-utility framework to support vulnerable customers New

We've created a comprehensive training programme and competency framework for staff, so they can better support the needs of our vulnerable customers.

Stakeholders said

We brought together stakeholders from the voluntary, community and social enterprise sectors (VCS) to understand how we can improve the customer journey, particularly for vulnerable individuals. Adequate training was a key priority for them; they felt customer service skills were as important as technical competencies and that we should establish a formal framework for supporting vulnerable customers.

We did

We engaged closely with 53 stakeholders to co-design a formal Customer Vulnerability Competency Framework (CVCF) and training package for colleagues, repositioning these skills as an essential capability. Key to our approach was collaboration with other utilities operating within our network. The result is a unified approach across water, electricity and gas to create a blueprint that we can share across the UK as best practice.

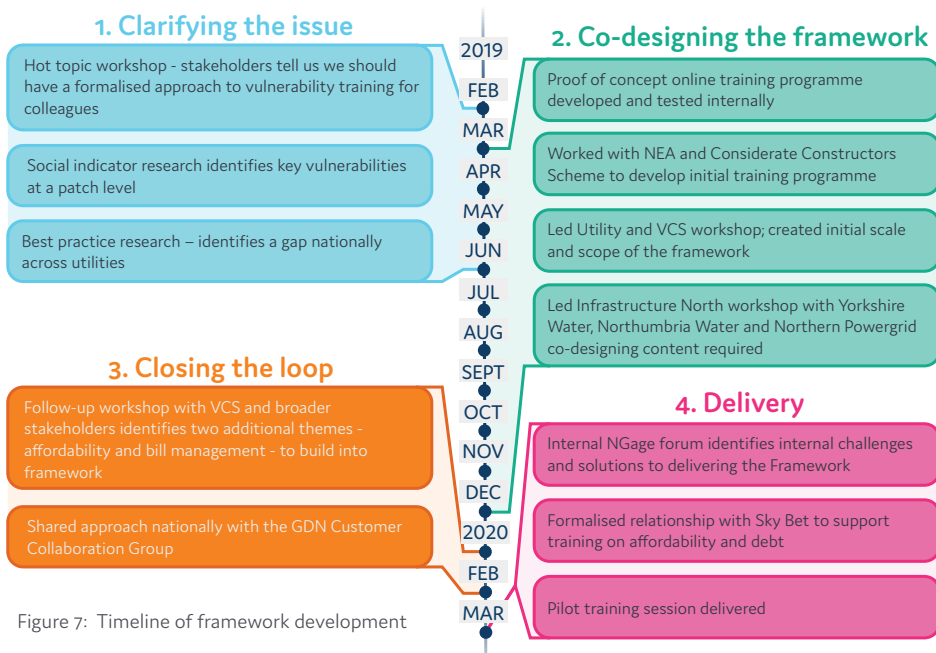


Figure 7: Timeline of framework development

Outcomes L W C N

We anticipate the new framework will deliver:

- Improved staff skills and competencies in supporting customers in vulnerable situations
- Consistent customer experience across utilities within our network and potential for national rollout
- An increase in vulnerable customers accessing support, leading to the following:
 - Increase in signups to the Priority Service Register
 - Higher levels of CO safety awareness
 - Increase in customer satisfaction
 - Additional provision of support during service interruptions
 - Increase in customer safety through installation of locking cooker valves



Customers in vulnerable situations workshop

5.2. Introducing a Hardship Fund New

We've co-designed and committed to early delivery of a fund for customers experiencing significant hardship.

Stakeholders said

Following feedback from customers and broader stakeholders, we made a commitment in our Business Plan to invest in a £750k Hardship Fund during RIIO-2. This will provide additional support for those customers who fall through the net of existing support or require extra help. Responding directly to stakeholder feedback, we promised to ensure outputs derive maximum social

benefit and to not duplicate the work of other service providers.

We did

With the commitment in place for RIIO-2, this year we've since worked closely with our stakeholders to co-design the scope and operations of the fund. As a result, we have committed to deliver a trial fund in RIIO-1.

Initially, we undertook a desk top review of the outcomes of previous NIA projects on vulnerability, historic feedback from our partners supporting vulnerable communities and also national research. We presented the outcomes of this work to a workshop of local stakeholders operating in social policy, who helped us identify four areas for intervention:

- customers at the point of disconnection who can't afford maintenance, repairs or a replacement
- helping customers who fall short of the current fuel-poor criteria and considering those that would still qualify under the low-income high-cost model, and are still in need of significant support
- helping customers impacted by health conditions specific to our region, worsened by living in cold, damp homes
- helping those at risk of fuel poverty to identify benefits they're entitled to but don't claim and help with applications for Warm Homes Discount

Following the workshop, we discussed the proposals in detail with our Citizens' Jury. They told us that, whilst supportive of all four areas, supporting ill-health and repairs to appliances should receive a higher proportion of funding; a view echoed by colleagues in our NGage forum.

This feedback has formed our initial allocations for the Hardship Fund, which will be reviewed on an ongoing basis with stakeholders.

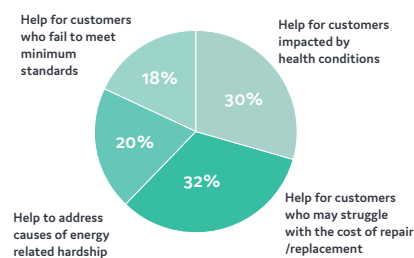


Figure 8: Citizens' Jury allocation of Hardship Fund

Finally, we reconvened our panel of social policy experts, closing the loop and seeking their views on how we should prioritise further development of the fund ahead of RIIO-2. They considered the fund in the context of other potential initiatives and, in response to their feedback, we've

committed to prioritising delivery of the fund intending to deliver a £50,000 soft trail during 2020/21.

To support early delivery, we've also developed new partnerships with British Lung Foundation and Gas Safe Charity to work alongside our long-term strategic partners Communitas Energy to be the key delivery bodies for the fund.

Outcomes L W C N VF

£16.4m net SROI over the next six years, including:

- Improved financial circumstances for customers - £15.8m
- Savings on customers' energy bills - £364k
- Reduced carbon emissions by 3,528t - £0.2m
- Creation of two jobs - £0.3m
- Reduced pressure on health services (unquantified)

5.3. Helping customers manage energy better Enhanced

We've used our network of partnerships to help more customers benefit from energy efficiency advice.

Stakeholders said

Customers tell us they want more help managing their energy. However, we hear differing views on what our role should be in supporting them. In our social policy workshop, 92% said they thought we should be providing energy efficiency advice and training others to do so too. But in a survey of over 1,000 stakeholders, predominantly customers, only 1/3 felt we were best placed to provide energy efficiency advice.

We did

We've taken an approach to delivering energy efficiency advice this year that aims to respond to the differing views of our stakeholders.

As an accredited BPEC training body, we've provided training, or related support, to our partner community champions,

empowering them to disseminate this information on our behalf. For example, we've:

- continued our successful partnership with Green Doctors, funding a dedicated team of frontline workers who provide CO and energy efficiency advice on our behalf. This year we've supporting 952 vulnerable customers through 539 home visits and delivered 104 presentations and workshops to community organisations. We're now trialing the same approach with Durham County Council, through a 12-month community energy advisor pilot.
- delivered the BPEC-accredited fuel poverty and energy efficiency course we developed with Green Doctors and Northern Powergrid last year. Green Doctors have delivered 11 pilot sessions to 120 advisors and front-line workers in 17 organisations, including neighborhood

networks, ESOL classes and frontline workers in health, housing, debt and benefits advice and foodbanks across our network. We estimate that the wider reach of this training will be to be around 15,000 people per month.

- trained front-line staff at Durham County Council, Mind and Tyne and Wear's Fire and Rescue's community team to provide energy efficiency and CO awareness advice during home visits and conversations with customers, which will reach circa 11,000 homes.

Outcomes L C VF

£0.08m net SROI this year and £0.3m lasting savings projected over the next six years through:

- Savings on household energy bills - £0.2m
- Reduced carbon emissions - £0.1m (1.6kt CO2e)

5.4. Enhanced engagement with hard-to-reach customers New

We've introduced video as a way to communicate important information about our works to customers.

Stakeholders said

Our customers tell us it's really important to tell them about planned service interruptions clearly. Our social indicator research highlighted that language and literacy were key factors of vulnerability in our network, with 2.5% of households (approx. 66,000) with no one who spoke English as their main language. This rises to 6% in Newcastle and 7% in Bradford. 5.6% of customers in our network also have literacy skills at Entry Level 1 or below – nearly double the national average and particularly prevalent in East Riding and North Tyne.

We did

With a high proportion of customers with literacy and language barriers, we recognise letters are not necessarily the

most effective form of communication. Moreover, consumer research shows 72% of customers would rather learn about a product or service by way of video and viewers retain 95% of a message when they watch video, compared to 10% when reading text.

This year we've trailed the use of video messages from our Customer Care Officers (CCOs) to explain upcoming works to customers in East Riding and Bradford, areas where we know literacy and language are particular barriers. We've included a link in our notification letters for customers to access a video, either through a QR code or via our Vimeo site, with nearly a fifth of customers who received the trial letters watching the video.

With a focus on language barriers, our Bradford CCO produced a video in Urdu to

improve communication with non-English speaking households in his patch. We've also worked with the Keighley Association for Women and Children's Centre (KAWCC) to create videos with female Urdu and Punjabi speakers.

We've now committed to rolling this approach out further, using our social indicator research to target our actions, as well as expanding it to other forms of advice, such as carbon monoxide awareness in partnership with KAWCC.

Outcomes C

- Higher levels of awareness and understanding of works – particularly amongst hard-to-reach customers
- Greater levels of trust between NGN and our customers

5.5. Using innovation to create clean and healthy communities New

We've invested in a number of innovative products and techniques to reduce the impact of our works on customers and their communities.

Stakeholders said

We surveyed over 2,700 stakeholders, predominantly customers, to understand which elements of our environmental impact mattered most to them. Making a positive impact on air quality, working considerately and leaving the local environment clean and tidy were key priorities.

We did

We've used this feedback, alongside cost benefit analysis, to help guide our innovation investment. In particular, we've prioritised projects that are scalable or high-volume repeatable activities, following feedback from stakeholders at our specialist innovation workshops.

Highlights this year include: i-stop

To reduce the noise and air pollution caused by our vans using on-board power during emergency works we trialled i-stop; a technology that drops the engine's revs when there's a reduction in the power required. Trials showed reduced fuel consumption along with reduced air pollution and noise dropped by 12 decibels. We've now included i-stop into our vehicle conversion specification, installing it in 16 new vehicles this year, saving 1,461 litres of fuel, with an additional 17 vehicles planned as part of our 2020 replacement programme.



NGN's new vehicles fitted with i-stop technology

Smart traffic lights

We trialled smart (instead of manual) traffic lights on 56 projects, many of which are in high-traffic urban areas. The lights automatically detect a heavy concentration of vehicles and alter their pattern to ease congestion and prevent bottlenecks. Not only is the reduction in start-stop traffic beneficial for drivers by causing less wear in the brakes, it's reducing emissions from idling traffic, delivering an estimated £32k of benefits by reducing traffic disruption.

Envirospoil boards

Muck, mess and damage by tools and feet to gardens – particularly in wet conditions – is a leading cause of customer complaints. We trialled new rubber ground boards, rather than plastic sheeting, to put spoil on, during work in customers' gardens and found a variety of benefits to both the business and customers. Because it was easier to remove spoil from the boards, jobs were finished quicker and because boards can be laid over drains, we didn't cause blockages. Importantly grass wasn't

damaged, saving additional time and cost laying new turf. Where we'd typically receive multiple complaints related to site tidiness, mess and damage, we've received none wherever the boards have been used.



Envirospoil boards

Outcomes L C VF
£0.2m net SROI this year and £5.4m projected over the next six years, through:

- Reduced noise pollution - £2.0m
- Improved air quality - £0.02m
- Reduced traffic disruption - £0.2m
- Reduced carbon emissions- £0.2m (over 2,498t CO₂e)
- Damage avoided to marine natural capital - £0.8m
- Savings to NGN – £2.1m with £0.6m passed onto customers

5.6. Making compensation automatic Enhanced

We've led changes to the law that ensure customers automatically receive compensation when any gas distributor fails against two of the main Guaranteed Standards of Service.

Stakeholders said

In October 2017, Citizens Advice undertook research that showed at least 30% of energy customers were not receiving the compensation they were entitled to when Guaranteed Standards were missed. They called for automatic compensation for all Guaranteed Standards, removing any requirement for energy customers to submit a claim.

We did

We acted on part of the recommendation last year, becoming the first network to proactively pay compensation to customers where we failed against GSOP 3 (not providing PSR customers with alternative heating and cooking following gas supply interruptions of more than four hours) and GSOP 13 (not providing five days' notice of planned works).

We've continued to do this through 2019/20, proactively paying circa £55k to 1,308 customers (approximately 186 customers received GSOP 3 payments and 1,122 customers received GSOP 13 payments).

However, in order to deliver this more efficiently, and also make sure customers weren't missed through a heavily manual process, we were keen to deliver fully against the report's recommendation and push for a change in the industry process. In June we raised a formal request to place the obligation onto Shippers to automatically pass on statutory and non-statutory consumer payments within 10 days. We discussed this with industry at three separate workgroups and engaged with Citizens Advice, who said they "really welcome NGN's behavior around these changes".

Following full support from all GDNs to the formal industry consultation, the change was unanimously supported by transporters (including IGT and Transmission), Shippers and Citizens Advice.

To make it simple to implement, we worked with Xoserve to modify the current GSOP 2 measure (failure to reinstate) enabling gas transporters to offset the compensation against

consumers bills, reducing additional administration processes. It was confirmed in January that the codes would come into use from 1 April 2020. As a result of these changes, customers will now be automatically compensated for failure to: offer alternative heating and cooking provision to priority (vulnerable) customers, provide notice of a planned interruption, and Gas Transporter Voluntary Consumer Payments by all GDNs. Compensation payments are automatically offset against customer bills within a 10-day timeframe.

Outcomes C N VF
£0.04 net SROI this year and £0.4m projected over the next six years through:

- Compensation to customers - £0.2m
- Time saved not applying for payments - £0.06m
- Customers having more money to heat their homes - £0.1m

6. Delivering a net zero future

Over the last year we've heard repeatedly that climate change and decarbonisation are key focus areas for stakeholders across our network, with 25 Local Authorities in our network declaring a climate emergency this year and putting carbon reduction strategies in place.

We have seen the trends our partners are responding to closely mirrored in the views of our own stakeholders – in particular young people. In a survey of over 133 future customers between the age of 18 – 25, they said improvement in our environmental performance was their chief concern – rated higher than safety, reliability and

value for money. 20% also told us they have concerns about whether we will deliver on the promises that we make. In this section you'll see the various steps we have taken to address these concerns and work collaboratively with our stakeholders to address what is a shared challenge.

6.1. A sustainable contract with our stakeholders New

We've made stretching commitments in line with the UN Sustainable Development Goals and become one of only 60 businesses worldwide to have a 4* rating.

Stakeholders said

Our stakeholders consistently ask us how our commitments compare outside of our sector. Our Environmental Strategy was already aligned with the UN Sustainable Development Goals (SDGs), but our local stakeholders and our investor community asked us to go a step further; using the SDGs as our framework for creating a new contract with our stakeholders and ongoing, transparent reporting.

We did

Having already worked with over 500 internal staff and stakeholders to develop our business strategy, we established a working group of experts from across our business to prioritise which of the SDGs were relevant to our own strategic objectives; leading to a focus on six goals that embrace not only environmental, but wider social and economic issues.

Next, we engaged extensively with our stakeholder community to understand what targets we should set and measure ourselves against – wherever appropriate aligning our commitments in the goals with the promises we were making as

part of our business planning process. Through a combination of workshops and online surveys, we heard from thousands of our stakeholders – triangulating the feedback to create a set of targets that reflected their views. Wherever possible, we retested proposals with customers, through our Citizens' Jury, and with our Customer Engagement Group members.



Figure 9: Our six priority goals

Our resulting SDG compact outlines 24 targets that align with, or go beyond, the commitments in our Business Plan. We became the first GDN to publish our commitments against the goals and, following an independent assessment, **we've been placed in the top 12% of businesses reporting against the goals worldwide.**

We're now supporting the rollout of this approach across the sector, working with the ENA to create a cross-GDN action plan that networks will be held accountable to.

Outcomes L W C N VF

- More transparent reporting and increased capability for our stakeholders to hold us to account
- The 14 targets we can quantify will deliver an estimated **£53.5m total benefits over the next six years**, through:
 - Air quality - £3.3m
 - Reduced carbon - **£24.0m** (366kt CO₂e saved)
 - Increased recreation value - £0.8m
 - NHS & bill savings - **£24.5m**
 - Injuries avoided - £0.9m

6.2. Supporting policy makers to develop local energy action plans Enhanced

We're collaborating with partners to develop locally sensitive plans that support their net zero ambitions.

Stakeholders said

Many of our local councils announced a climate crisis and local net zero targets that go significantly beyond the ambitions set by Government. Now, they seek to develop local action plans with a focus not just on carbon budgets – but on a 'socially just' transition and local economic growth.

We did

Through our proactive key account management approach, we were able to identify stakeholders emerging as a result of the move to 'climate crisis' – including newly created cabinet member roles and shared resources operating across boundaries.

Through a combination of bilaterals, workshops and representation on partner committees, we are providing data and support to stakeholders as part of a

collaborative approach to developing local plans.

In particular, we're responding to calls to help partners navigate the uncertainty around the future of gas, by supporting modelling of different scenarios as part of a whole systems approach. And, working with the Energy Systems Catapult, we're feeding back what we're hearing locally, to help create an industry-wide approach to supporting these local plans.

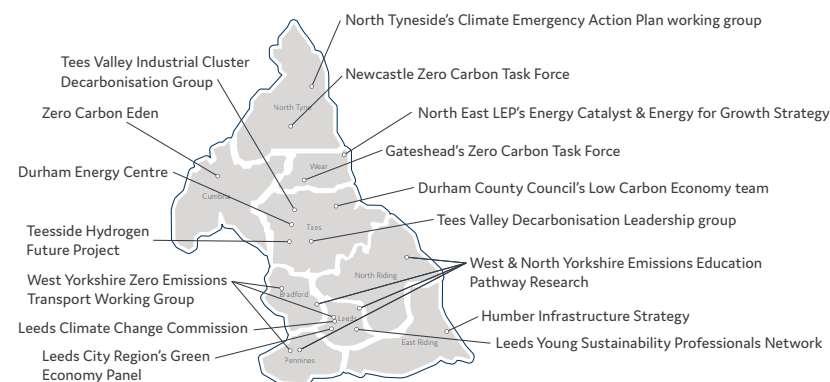


Figure 10: Programmes and partnership groups we are contributing to

Outcomes L

- Increased awareness and understanding amongst local partners of the challenges and potential solutions to the decarbonisation of the energy system
- Increased capacity and capability amongst local partners to engage communities on complex issues
- Locally sensitive, evidence-based local action plans that, in turn, will allow local partners to develop investment plans and leverage external funding

6.3. Establishing smoother biomethane connections Enhanced

We've made improvements to the customer journey for our biomethane producers, resulting in stronger working relationships and seven connections this year.

Stakeholders said

Having listened to anecdotal feedback from biomethane producers that our connection processes weren't user friendly, our head of asset integrity led a programme of engagement - a combination of bilateral meetings and an online survey - to better understand which elements of the customer journey were acting as barriers.

We did

The rich feedback from our engagement identified some clear areas for improvement, which we've addressed over the course of the year, as outlined in Table 1.

Feedback from biomethane producers has been extremely positive and we've seen a significant change in our performance on biomethane, establishing seven new connections in four months- the first new plants since 2016. Our focus is now on maximising the potential of our 17 plants and prioritising further improvements for these stakeholders.

Feedback	Response
Connections	
We want shorter connection times	Shortened lead times for capacity studies for new connections by ten days – from 15 to five days (initial study) and 30 to 20 days (detailed study).
We want a simplified connections process	In partnership with the other GDNs, we've developed an action plan of consistent process improvements. These include establishing a common connection methodology and focusing on driving down costs.
Day-to-day operations	
We want clear routes for engagement with the industry and have a better understanding of all the moving parts within the end-to-end customer journey	Recognising that these connections can become time critical, we've held five open days for new suppliers this year, establishing a positive understanding of each other's processes and identifying ways to work together. We've undertaken a programme of site visits and had one-to-one conversations with every site this year.
We want you to improve operational efficiency and maximise injection potential to the grid	We've updated and improved the way we make technical changes to alleviate capacity restrictions on our existing system. We now actively manage and change our network pressures, so we can maximise the capacity for green gas in the network, resulting in higher levels of biomethane being injected throughout the year.
	Developed plans to start field trials of new technology that will, if successful, make more capacity available for biomethane producers to inject into the network.
You need to be more responsive to our needs	We've established key account management and escalation procedures to improve our responsiveness.
	We're co-designing a formal charter with biomethane producers - outlining commitments for standards of service, against which we can clearly be held to account.

Table 1: Response to feedback from our biomethane stakeholders

Outcomes L W C

- 15% increase in biomethane, as a percentage of total throughput from 2018/19 to 2019/20
- 62% increase in biomethane capacity which in total is **capable of heating approx 130,000 homes on our network through green gas**
- Greater understanding of the connections process within the biomethane producer community
- Quicker, smoother, biomethane connections

6.4. Advancing our dedicated research site Enhanced

We've upscaled our specialist research centre, launching several new collaborative research projects that will support the transition to a whole energy system.

Stakeholders said

Developing whole energy solutions is a priority for our stakeholders, who tell us they want us to facilitate strong collaboration and integration with the rest of the energy sector and other utilities for the benefit of the customer.

We did

This year we've continued to develop the capability of InTEGREL (Integrated Transport Gas Electric Research Laboratory), a 15-acre site owned and operated by us, in partnership with Newcastle University, North East LEP, Northern Powergrid, Northumbrian Water, Siemens and Durham Wildlife. By demonstrating and proving whole energy systems thinking, the site aims to accelerate routes to decarbonisation, maximising the synergies between the various energy routes and in doing so, minimise the impact and cost to consumers.

In 2019/20 we've brought two new partners on board (Three Mobile and Active Building Centre) and developed a critical relationship with NE Digital Catapult, creating the infrastructure

to deliver projects dedicated to whole system research and develop efficient energy solutions for customers. These projects include:

- **Industrial Internet of Things (IoT) Lab** – partners 3 Mobile have installed a 15m communications tower and lab to develop new IoT based technologies for utilities to drive down costs for customers
- **Battery storage research** – Northern Powergrid's installation will explore the interoperability of energy systems as we drive further decarbonisation and integration.
- **Customer Energy Village** - secured funding from NE LEP to undertake detailed design work to build a Customer Energy Village on site to research how to retrofit homes to support new multi-vector energy solutions.
- **Control Rooms of the Future** – we've undertaken a research project with Newcastle and Durham Universities and Northern Powergrid, looking at how to enable better utilisation of gas and electricity systems to minimise network operating costs.

Outcomes L W C N

- Knowledge transfer across industry partners and academia
- Development of new insight and technologies to support delivery of net zero
- Creation of assets that enable engagement with the wider community on complex issues
- Over £0.4m leveraged in match funding for innovation - delivering greater value for every pound of customer money spent



Testing taking place at NGN's dedicated research site



Community Partnering Fund Workshop



Citizen's Jury



NGN volunteer at Solutions for the Planet schools programme



Warm Hubs event October 2019



Willingness to Pay roadshow



Warm Hub slow cooker event in collaboration with Northumberland CAN



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