



A5 - NGN RII0-2

Stakeholder Engagement Benchmarking

together
we are
the **network**



RIIO-2 Stakeholder Engagement Benchmarking Review

Final Report

November 2019

Prepared Accent, Chiswick Gate, 598-608 Chiswick High Road, London, W4

Contact: Fiona Mitchell

E-mail: Fiona.mitchell@accent-mr.com

Telephone: 020 8742 2211

File name: 3338 Rep01_RIIO-2 Stakeholder Engagement Benchmarking
Review Report FINAL



Company Partner

Registered in London No. 2231083
Accent Marketing & Research Limited
Registered Address: 30 City Road, London,
EC1Y 2AB

Contents

EXECUTIVE SUMMARY	i
1 Background	1
2 Methodology	2
3 Best practice in stakeholder engagement	3
4 Organisation case studies	12
APPENDICES	

Executive Summary

This review considered best practice in the energy sector, the regulated utilities and other sectors, assessing publicly available documents from seven regulated organisations. It also included a review of NGN's draft Business Plan to understand how it measures up in terms of best practice. The organisations reviewed were:

- Two Electricity Distribution Network Operators (DNOs), (Western Power Distribution and UK Power Networks)
- Two water companies (Anglian Water and Northumbrian Water)
- A transport organisation (Highways Agency)
- A media organisation (BBC)
- A postal services organisation (Royal Mail)

Bearing in mind that the two DNOs were selected as they were the top two performing organisations in the 2019 Stakeholder Engagement Incentive Scheme and the water companies were two of the highest scorers in Ofwat's assessment of PR19, levels of stakeholder engagement among these four organisations were high.

A review of the seven organisations' business plans/stakeholder engagement strategies found several common elements which could be deemed best practice:

- A strategy that is embedded within the organisation, with all staff knowing the role they have to play
- A move away from discrete pieces of research to meet regulatory needs to developing channels for engagement and an ongoing dialogue with stakeholders
- A co-creation approach with stakeholders, allowing them to directly input to potential solutions and actions
- Regular refresh of stakeholder mapping to ensure accurate, comprehensive overview of the organisation's stakeholder landscape
- Tailored approaches to engagement to ensure the most appropriate methods are used (incorporating stakeholders' levels of knowledge and interest in the organisation and subject matter)
- Triangulation of adhoc and Business as Usual conversations with existing customers (eg calls to contact centres) and customer data as insight
- Regular independent external scrutiny, while also providing benchmarking against other sectors
- An annual review of the strategy to ensure it is an evolving and ever-improving picture

We found only one example of these organisations benchmarking their engagement performance against others, Western Power Distribution. This same organisation has been awarded certification by external bodies, the CES (Customer Service Excellence) standard and the BSI standard for Inclusive Service Provision (BS18477) that entails review inside and outside of sector. UK Power Networks has external, independent

assessment of its stakeholder engagement, using the AA1000 Standard as the reference standard for these audits. Both organisations that had external certification used feedback from this process to input into future plans.

Other examples of monitoring performance included seeking stakeholder feedback and post-event reports and reviews of external reports and best practice. There was little evidence of other systematic reviews of performance to see what the organisation could learn from elsewhere.

NGN's draft stakeholder engagement strategy within its Business Plan includes many examples of best practice in stakeholder engagement and encompasses most of the common elements of best practice listed above. Elements of NGN's strategy particularly worthy of note include:

- Shifting its approach *"from informative engagement to truly collaborative discussion"*, according to NGN's draft stakeholder engagement strategy
- Targeting hard to reach and seldom-heard groups, employing a Hard to Reach Engagement Framework which sets out the key barriers to engagement for these customers and how NGN will overcome these barriers
- An expanded and updated stakeholder database, incorporating a wide range of stakeholders
- Engaging at several levels with stakeholders, from 'Inform' to 'Collaborate', with examples of engagement at the 'Collaborate' level including Key Account Management and Citizens Juries
- An annually produced engagement plan
- Providing an ongoing channel of feedback via an online engagement hub
- Seeking feedback from stakeholders via its annual Stakeholder Conference and monthly Stakeholder Satisfaction Survey
- Being transparent in reporting its performance by publishing two reports, one detailing its own performance and a separate and external report from its CEG

Some of the other organisations conducting best practice stakeholder engagement triangulate ongoing, day-to-day customer data, (eg monitoring of Twitter and calls to contact centres etc), with their research insight. NGN's draft Business Plan discusses how it currently makes sure *"every contact counts"* by using operational feedback from enquiries, surveys and complaints. In setting out its plans for stakeholder engagement in RII0-2, it would be worth NGN detailing how it plans to incorporate operational data into its insight.

NGN could also review how other stakeholders can engage (or indicate that they would like to) in addition to its planned research programme. For example, Northumbrian Water customers who have participated in research are invited to continue the dialogue by joining NWL's online panel.

One area that NGN may be able to further develop its strategy in this regard is to ensure that future benchmarking includes a more systematic review of engagement activity outside of its sector (among relevant case studies). The ongoing role of its CEG will provide this to a degree but NGN may wish to consider systematic review of practices outside of the energy sector. This will help, in combination with its CEG role, to replace the external scrutiny previously provided by the AA1000 Standard audit.

Two key elements of NGN's strategy – the ongoing role of its CEG and suggestion of an annual CEG Chair's Best Practice Summit – take it beyond what other organisations have proposed regarding benchmarking their stakeholder engagement performance, (based on the evidence from the publicly available documents included in this review). These elements show that NGN is embracing external scrutiny to improve its strategy and approach and is open to learning from others within the sector (and helping them learn from NGN) via benchmarking.

1 Background

Northern Gas Networks (NGN) operates in a regulated environment and is currently 5 years into its existing 8-year business plan cycle. The next price control period (RIIO-GD2) commences in March 2021, before which NGN needs to submit its business plan for the period 2021-2026.

NGN has already submitted a draft business plan to Ofgem on which it has received an initial round of feedback. As part of this feedback, NGN have been asked by Ofgem's Customer Challenge Group whether it has benchmarked its approach to stakeholder engagement and performance in this area.

NGN therefore requires a review of best practice stakeholder engagement approaches against which it can benchmark its own strategy in this area and has commissioned Accent to undertake this review. It has a focus on forward-plans regarding stakeholder engagement, not what stakeholder engagement activity companies have already carried out. The review needs to assess how these strategies/plans propose to monitor stakeholder engagement performance and/or benchmark performance against others.

The review needs to consider best practice from within the energy sector, the regulated utilities and in other sectors, so that NGN can be confident that its approach can be considered best practice.

Specific questions that the review needed to answer include:

- What constitutes best practice in business plan delivery stakeholder engagement?
- What elements does NGN's RIIO2 engagement strategy need to have to be considered best practice?
- What does NGN need to integrate into its ongoing approach to monitor performance in line with best practice?

The findings of this review will inform NGN's future engagement plans and support discussions with its CEG.

2 Methodology

To conduct this review, Accent has assessed publications covering regulatory guidance to stakeholder engagement and ISO/Quality Standards in this field. We have also reviewed the published stakeholder engagement strategies and plans of a range of organisations in sectors operating within a regulatory framework to understand how they plan to engage with their stakeholders. In water and electricity distribution these organisations have been selected because they are the best or high performing within their sector for customer/stakeholder engagement, thereby enabling us to review best practice.

The assessments made within this report about individual organisations' stakeholder engagement plans are based on information that could be found in the public domain. The review contained within this report may therefore reflect a lack of clear public documentation of such plans and strategies, rather than the absence of any existence of more structured and detailed strategies within those organisations.

The review has encompassed an extensive and broad ranging set of organisations:

- Two Electricity Distribution Network Operators (DNOs), (Western Power Distribution and UK Power Networks)
- Two water companies (Anglian Water and Northumbrian Water)
- A transport organisation (Highways Agency)
- A media organisation (BBC)
- A postal services organisation (Royal Mail)

The two Electricity DNOs were selected as they achieved the top two scores in the 2019 Stakeholder Engagement Incentive Scheme. Anglian Water was chosen as it was the only water company awarded an 'A' rating for engaging customers in Ofwat's initial assessment of PR19. Northumbrian Water was awarded a 'B'.

Full details of the documents included in the review are included in the appendices.

3 Best practice in stakeholder engagement

Section 3 reviews best practice in stakeholder engagement, drawing on a recent report for Citizens Advice regarding strengthening consumers' views in the development of energy network companies' business plans. It also examines the AA1000 Stakeholder Engagement Standard (SES) 2015¹ which establishes the benchmark for good quality engagement.

It is important to consider advice from the regulator, so this section includes a review of Ofgem's Business Plan Guidance². Finally, Ofgem's guidance for the Stakeholder Engagement Incentive Scheme is summarised. This scheme rewards network companies for going above and beyond the minimum requirements of Business as Usual to proactively engage with stakeholders to anticipate their needs and deliver a customer-focused service.

Consumers and the development and delivery of business plans

A report prepared for Citizens Advice (*'Strengthening the Consumer Voice in Energy Network Price Controls'*)³ by Involve, a public participation charity, considered how energy network companies can strengthen the voice of the consumer when developing their business plans for RIIO-2. While engagement to develop RIIO-2 business plans is out of scope for this review, nonetheless the Involve report is useful as much of the best practice is equally as relevant to ongoing stakeholder engagement.

¹ AccountAbility, (2015), AA1000 Stakeholder Engagement Standard (SES) 2015, <https://www.accountability.org/standards/>

² Ofgem, (2019), "RIIO-2 Business Plan Guidance": "riio-2_business_plans_guidance_june_2019_-_published.pdf" supplied by NGN

³ Citizens Advice, (2018), *"Strengthening the Consumer Voice in Energy Network Price Controls"*: https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Strengthening%20Consumer%20Voice%20in%20Energy%20Network%20Price%20Control_2018.pdf

The report noted that the basis of effective consumer engagement will typically involve different engagement approaches, depending on the purpose of the engagement. The International Association for Participatory Practice has developed a framework for effective engagement, which sets out the different levels that can be conducted⁴:

- Inform
- Consult
- Involve
- Collaborate
- Empower

These levels of engagement are set out in Figure 1.

⁴ IAP2 Spectrum of Public Participation:
https://cdn.ymaws.com/www.iap2.org/resource/resmgr/pillars/Spectrum_8.5x11_Print.pdf

Figure 1: Levels of Engagement

(Source: 'Strengthening the Consumer Voice in Energy Network Price Controls' for Citizens Advice)⁵

	Purpose	Promise to consumers / wider stakeholders	Examples of methods most likely to be effective
INFORM	To provide consumers with balanced and objective information	<ul style="list-style-type: none"> • We will keep you informed • We will not withhold relevant information 	<ul style="list-style-type: none"> • Company website • Direct mail to consumers • Information distributed as part of the billing process • Media campaigns
CONSULT	To obtain consumer feedback on analysis, alternatives and/or decisions	<ul style="list-style-type: none"> • We will keep you informed • We will listen to and acknowledge your concerns and aspirations • We will be open to your influence • We will provide feedback on how your input has influenced the outcome 	<ul style="list-style-type: none"> • Surveys • Formal consultation papers • Focus groups • Randomised control trials
INVOLVE	To work directly with consumers to address a pre-set question and understand their concerns and aspirations.	<ul style="list-style-type: none"> • We will keep you informed • We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed • We will provide feedback on how your input has influenced the outcome 	<ul style="list-style-type: none"> • Focus groups • Deliberative workshops • Citizens Assemblies • Deliberative polling
COLLABORATE	To partner with the consumers in each aspect of the decision, including defining the issue, developing alternatives and identifying preferred solutions.	<ul style="list-style-type: none"> • We will look to you for advice and innovation in formulating solutions • We will incorporate your advice and recommendations into the decision making process to the maximum extent possible 	<ul style="list-style-type: none"> • Stakeholder Groups • Citizens Juries • Action Research
EMPOWER ⁹⁵	To place final decision-making in the hands of consumers - to delegate	<ul style="list-style-type: none"> • We will implement what you decide. 	<ul style="list-style-type: none"> • Negotiated settlements • Participatory budgeting

⁵ Adapted from International Association for Participatory Practice (IAP2). 2011. "Public Participation Spectrum", IAP2 <https://www.iap2.org/?page=resources>

Involve found that most companies' engagement only falls within the 'inform' and 'consult' levels. It noted that if companies use the same techniques as they and other companies used for RIIO-1 in preparing for RIIO-2, customer engagement will not have been 'enhanced'. Involve suggests that companies should employ engagement approaches that 'involve' or 'collaborate' with end-consumers, thereby engaging consumers in the difficult issues they must deal with in preparing for RIIO-2.

The 'Involve' stage is described as an opportunity to develop two-way relationships between companies and consumers to explore ideas for a solution. It is viewed as a suitable means of engaging consumers when they are required to understand and engage with complex or unfamiliar concepts.

In terms of stakeholders, Involve found that the success of involving consumer representatives in Stakeholder Groups in other sectors was the same in energy networks. Stakeholder Groups were described as groups where individuals bring knowledge regarding the issues facing the sector, and for energy network companies. This might include *"people representing environmental interests, those with a regulatory or government background, unions, business customers, academics, those from the education sector and industry experts"*. The role of Stakeholder Groups was described as acting as a *"critical friend"* to a company.

Involve described how, in RIIO-1, energy network companies included consumer representatives in Stakeholder Groups (eg from Citizens Advice or those representing the interests of a particular sector of society) to allow the interests of consumers to be put forward on an ongoing basis.

Involve noted four success factors for Stakeholder Groups:

- Leadership
- Clarity of role
- Prompt and regular feedback on the impact of decisions taken by the group
- Support to inform the work of the group, independently of the company where necessary

Involve's research found that, to deliver their role effectively, consumer representatives in Stakeholder Groups should have access to outputs from the direct engagement with consumers. The representative should also possibly be given support to identify further research requirements.

Involve suggests that companies could set up a Consumer Advisory Panel to better support the consumer representatives within their Stakeholder Group. The panel would comprise a representative group of consumers who would be consulted regularly as issues arise.

It was felt to be important by Involve that the ‘consumer challenge’ function includes different skills from those in Stakeholder Groups, (eg the ability to evaluate the company’s engagement activities and the extent to which the findings have been successfully incorporated into the business plan). In other sectors a key success factor of ‘consumer challenge’ is independence from the company.

Evaluating Engagement

Involve noted that that an effective engagement strategy needs to be “*embedded in the heart of the company’s business plan*” and cites the Energy Networks Association’s Customer Engagement Handbook:

“An effective customer engagement [strategy should be considered as] a vital component of an energy network business’ relationship with its customers, its reputation, the ease with which it operates in a community and, overall, the confidence the community can have in network decision making processes.”⁶

Involve described eight factors a company should consider in designing an effective engagement strategy, setting out from the start:

- purpose
- intended outcomes (for the company and consumers)
- scope of the engagement
- who needs to be involved
- most suitable method
- the risks of engaging (and not engaging)
- how the outcomes of the engagement will be shared
- mechanisms for evaluating the success of engagement (including KPIs and metrics for measuring impact)

The Involve report included a brief review of consumer engagement by energy network companies, drawing on the “*Consumer Engagement in RII0-1*” report by Maxine Frerk⁷. One area that Frerk identified as a specific area for improvement in RII0-2 was “*the need for companies to gather and use input from consumers earlier in the process to help inform the direction of plans, rather than consulting only to validate existing decisions or on aspects around their delivery.*” It stated that consumer input and the resulting outcomes needed to be demonstrated by clearer ongoing reporting.

⁶ CSIRO and Energy Networks Association. 2016. “*Electricity Network Transformation Roadmap: Customer Engagement Handbook*”, Energy Networks Association:

http://www.energynetworks.com.au/sites/default/files/customer_engagement_handbook_engagement_draft_april_2016.pdf

⁷ Frerk, M., (2016), “*Consumer Engagement in the RII0 Price Control Process*”:

<https://www.ofgem.gov.uk/publications-and-updates/consumer-engagement-riio-price-control-process-paper-maxine-frerk>

The requirements for a best practice engagement strategy were outlined by Involve as:

- having clear links to the company's overall business plan
- having strong senior company buy-in and leadership
- including activities at all levels of the engagement spectrum
- being developed with wider stakeholders
- having an integrated evaluation plan developed at the same time

The report also noted that in 2010 Ofgem set out principles for how its own engagement would be assessed:

- **Inclusiveness:** we will seek to ensure that the views of all interested parties are sought during the process, using a wide range of methods;
- **Transparency:** we will provide transparency on the process we are adopting to raise awareness of the opportunities to engage;
- **Accessibility:** we will make available accessible and targeted information to facilitate discussions at meetings/workshops and during primary research;
- **Control:** stakeholders will be able to indicate to us the specific issues that they are particularly keen to discuss;
- **Responsiveness:** we will seek to adopt a flexible process to our engagement, responding to the information revealed as the review progresses;
- **Accountability:** we will be transparent about the way that we will use the information collated over the course of the price control process to highlight to stakeholders the impact that their engagement could have;
- **Taking views seriously:** we will seek to govern the process effectively to ensure that all the views expressed are appropriately considered;
- **Demonstrating impact:** we will demonstrate the impact of engagement on the outcome of the price control throughout the price control review; and
- **Evaluation:** we will evaluate the success of our approach to engagement to enable us to adapt future approaches.

The report also noted considerations that should be taken into account when developing metrics to assess effectiveness of engagement. It adds that 'triangulation', where multiple metrics are gathered, is usually required to provide a comprehensive measure of engagement. The considerations were:

- *"that there should be a clear, transparent and logical argument linking each metric to a company's KPIs, and their goals for customer engagement"*
- *that they are consistent over time, in order to allow for comparison*
- *that they have a defined scale - The most obvious examples of these types of metrics are numerical methods used to record levels e.g. 'numbers of customers', rates e.g. 'number of complaints per year', proportions e.g. 'percentage of customers who have been engaged' or an evaluative score e.g. 'score out of 5'*
- *that they allow for validation i.e. that there is a process for collecting other evidence to ensure that the metric accurately reflects what it is intended to measure"*

AA1000 Stakeholder Engagement Standard

In considering good practice in stakeholder engagement, it is important to review the standard set for this practice.

The AA1000 Stakeholder Engagement Standard (SES) 2015⁸ is a “*framework for the assessment, design, implementation and communication of quality stakeholder engagement*”. It was created by AccountAbility, a global research, consulting and standards organisation providing innovative solutions to the most critical challenges in corporate responsibility and sustainable development.

The purpose of the AA1000 Stakeholder Engagement Standard (SES) 2015 is to establish the benchmark for good quality engagement.

The SES states that quality stakeholder engagement must:

- *“be based on a commitment to the principles of the AccountAbility Principles Standard (AA1000APS)*
- *clearly define its scope*
- *have an agreed decision-making process*
- *focus on issues material to the organisation and/or its stakeholders*
- *create opportunities for dialogue*
- *be integral to organisational governance*
- *be transparent*
- *have a process appropriate to the stakeholders engaged*
- *be timely*
- *be flexible and responsive; and*
- *add value both for the organisation and its stakeholders”*

The SES describes stakeholder engagement as a “*journey*” which typically evolves in three stages:

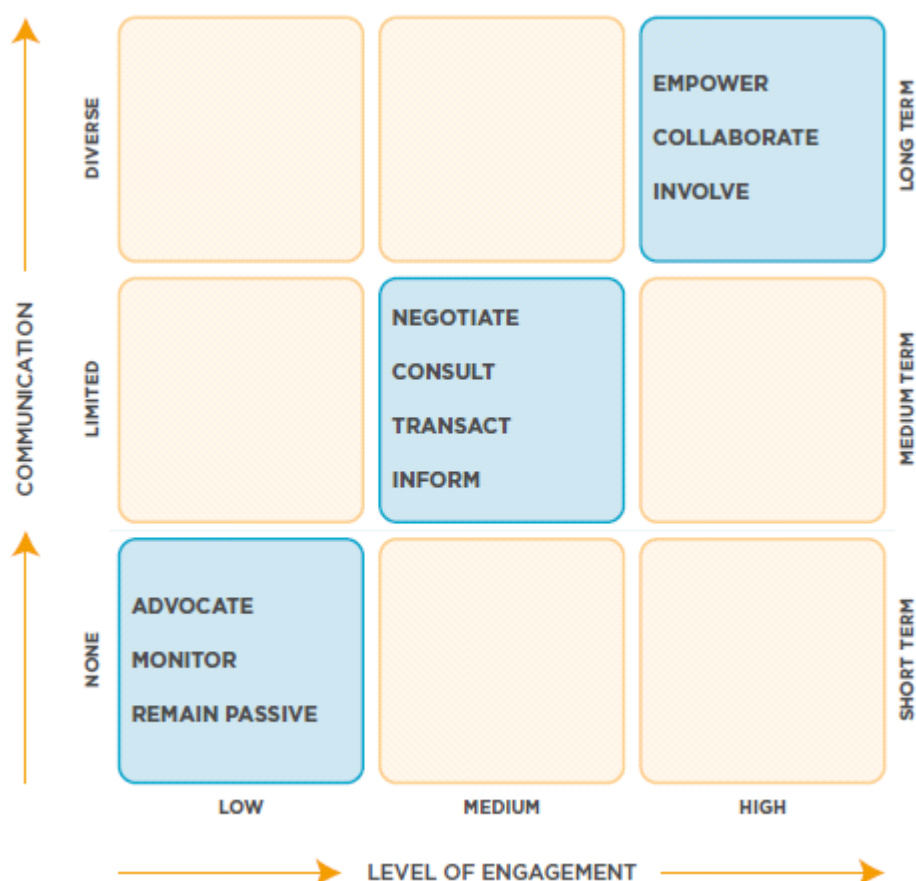
- **First Generation:** Ad-hoc reactive engagement in response to pressure and change
 - Engagement often starts with an issue that needs to be addressed urgently. The organisation realises that it needs to engage, to be more transparent and respond to stakeholder concerns
- **Second Generation:** Planned and systematic engagement to manage risk and returns
 - Where engagement was found to be useful in addressing an urgent issue, an organisation will typically use engagement as preventative rather than a reactionary measure as part of risk identification and management. The organisation finds that stakeholder engagement leads to easier operations

⁸ AccountAbility, (2015), “AA1000 Stakeholder Engagement Standard (SES) 2015”: <https://www.accountability.org/standards/>

- **Third Generation:** Integrated and strategic engagement for transformational and sustainable performance
 - As stakeholder engagement leads to improved performance, organisations realise that engagement can improve strategic as well as operational decisions. External alongside internal input can also drive innovation and be a valuable resource

Like Involve, SES sets out different levels of engagement. These levels employ a range of appropriate methods, depending on the nature and extent of stakeholder involvement.

Figure 2: Different levels and approaches to engagement.
(Source: AccountAbility, AA1000 Stakeholder Engagement Standard (SES) 2015)



The SES also states that indicators should be established to allow for assessment and monitoring of the quality and impact of engagement. Stakeholders should have the opportunity to provide input into the indicators.

“Indicators can be quantitative or qualitative and shall help to demonstrate impacts for the organisation as well as the stakeholders involved in the engagement process. The indicators may be new or existing within the organisation.”

The SES requires that the organisation systematically monitors and evaluates the overall quality of the stakeholder engagement, and the owners of engagement shall evaluate the quality of individual engagements. This should include monitoring and evaluation of:

- “commitment and integration
- purpose, scope and stakeholder participation
- process (planning, preparing, engaging, acting, reviewing and improving)
- outputs and outcomes
- reporting”

Ofgem’s RIIO-2 Business Plan Guidance

In June 2019 Ofgem published its RIIO-2 Business Plan Guidance⁹ which set out what should be included in the Business Plans and how they will be assessed by Ofgem.

The guidance states that the Business Plan must “*set out the company’s approach to ongoing engagement in RIIO-2, including a strategy for engagement as well as a set of commitments to deliver the strategy*”.

The approach to engagement strategies that Ofgem states Business Plans should follow is included in Appendix 2.

Ofgem’s Stakeholder Incentive Scheme

Ofgem introduced a “Stakeholder Engagement Incentive” scheme (SEI) to encourage network companies to proactively engage with stakeholders to anticipate their needs and deliver a service which is customer-centric. Ofgem published its “Stakeholder Engagement Incentive Guidance” in December 2018¹⁰.

The guidance includes a broad definition of stakeholders:

“Stakeholders can include customers, investors, regulatory authorities, local government agencies, non-Governmental Organisations (NGOs) and any other interested organisations. We expect network companies to pay particular attention to stakeholders that represent the interests of vulnerable customers.”

Network companies that go beyond the minimum requirements of Business As Usual can be eligible for a reward. Network companies that meet the minimum criteria set by Ofgem were invited to a panel session during which they were assessed against the Panel Assessment Criteria (see Appendix 3).

⁹ Ofgem, (2019), “RIIO-2 Business Plan Guidance”: “riio-2_business_plans_guidance_june_2019_-_published.pdf” supplied by NGN

¹⁰ Ofgem, (2018), “Stakeholder Engagement Incentive Guidance”, “sei_guidance.pdf” supplied by NGN

4 Organisation case studies

We have reviewed the publicly available documents for seven organisations which operate within a regulatory framework to assess the nature and extent of their stakeholder engagement strategies/plans. NGN's stakeholder engagement strategy has also been assessed to allow some comparison of NGN versus other organisations. The seven organisations reviewed are:

- Two Electricity Distribution Network Operators (DNOs) (Western Power Distribution and UK Power Networks)
- Two water companies (Anglian Water and Northumbrian Water)
- A transport organisation (Highways Agency)
- A media organisation (BBC)
- A postal services organisation (Royal Mail)

It is worth emphasising that our review only includes publicly available documents. It should be borne in mind that organisations may well be conducting more extensive stakeholder engagement which is not in the public domain than we have been able to include. Most of the documents reviewed are 'top level' type publications which do not give significant detail about organisations' plans.

The key documents reviewed for the two DNOs were the Ofgem Stakeholder Engagement and Consumer Vulnerability Incentive submissions for 2018/19 (for WPD and UKPN). The NGN document assessed was its draft stakeholder engagement strategy as part of its RIIO-2 draft business plan¹¹. Therefore, these different types of documents are not directly comparable. This should be taken into account when considering the analysis.

The key documents reviewed for each organisation are listed in Appendix 1.

¹¹ Giving Consumers A Stronger Voice - Design Version 06-09-19. Provided by NGN

The tables on the following pages set out, for each organisation:

- **Approach:** what we have found out about each organisation's approach to stakeholder engagement
- **Monitoring of performance:** what the organisation has set out, if anything, about how they will monitor the effectiveness of their stakeholder engagement going forward
- **Best practice tools/principles:** our view as to the techniques/approaches used that the organisation employs which could be considered best practice, taking into account the guidance and learnings about best practice discussed in Section 3.

Summary of best practice engagement found

There are several common elements to best practice engagement:

- A strategy that is embedded within the organisation, with all staff knowing the role they must play
- A move away from discrete pieces of research to meet regulatory needs to developing channels for engagement and an ongoing dialogue with stakeholders
- A co-creation approach with stakeholders, allowing them to directly input to potential solutions and actions
- Regular refresh of stakeholder mapping to ensure accurate, comprehensive overview of the organisation's stakeholder landscape
- Tailored approaches to engagement to ensure the most appropriate methods (incorporating stakeholders' levels of knowledge and interest in the organisation and subject matter)
- Analysis of adhoc and Business as Usual conversations with existing customers (eg calls to contact centres) and customer data as insight
- Regular independent external scrutiny, while also providing benchmarking against other sectors
- An annual review of the strategy to ensure it is an evolving and ever-improving picture

The following pages review each organisation's stakeholder engagement strategy/business plan:

	Page
■ Western Power Distribution	16
■ UK Power Networks	20
■ Anglian Water	24
■ Northumbrian Water	27
■ BBC	29
■ Highways England	31
■ Royal Mail	32
■ Northern Gas Networks	34

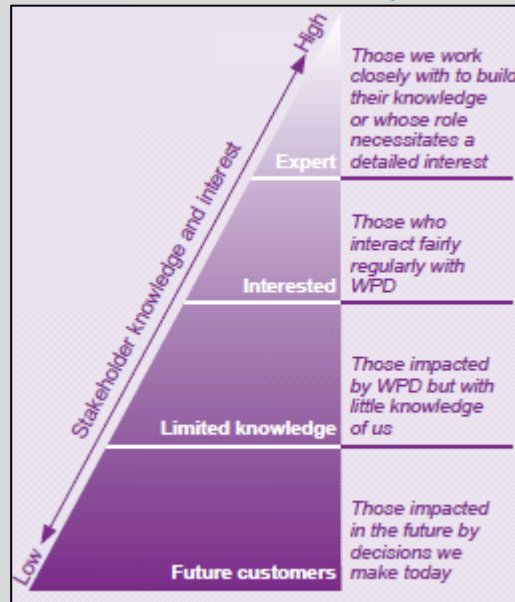
Western Power Distribution (WPD)		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ Stakeholder engagement strategy has been in place since 2007; it has <i>“become truly embedded in our operations such that it is a key component of our decision-making processes”</i> ■ WPD states that its core approach to its stakeholder engagement strategy is three-fold, comprising: <ul style="list-style-type: none"> ○ a consistent, effective approach: WPD’s stakeholder engagement strategy is updated annually and signed off by the CEO. An action plan is produced with owners, costs and intended outcomes. Scrutinised independently as part of WPD’s assessments for the Customer Service Excellence Standard and British Standard for Inclusive Services, benchmarking WPD’s approach across a range of industries. ○ embedded across WPD: WPD perceive that having a stable strategy means that staff are all aware of it and have bought into it and understand their individual role within it. The strategy forms a basis of all decisions, large and small. ○ active, mature engagement: Active relationships with stakeholders are developed by taking action as a result of feedback. Engagement that allows stakeholders to participate in two-way consultation, resulting in more detailed discussions on broader topics and a greater level of scrutiny from stakeholders. Consultation moves from asking stakeholders to identify WPD’s priorities to co-creation of actions to address the priorities ■ WPD’s stakeholder engagement strategy comprises six strategic principles: <ol style="list-style-type: none"> 1. Engagement that leads to action 2. Everyone is responsible for engagement 3. Prioritise face-to-face engagement (supplemented with a range of methods) 4. Transparent on feedback (and accountability for actions) 5. Long-term stakeholder relationships 6. Collaborate with others in industry and take a lead when progress is slow 	<ul style="list-style-type: none"> ■ Benchmarking performance against others in and outside of energy sector through annual Customer Service Excellence (CSE) Standard assessment and the British Standard for Inclusive Services ■ WPD uses this <i>“critical evaluation, scrutiny and frank feedback”</i> to <i>“identify ways to drive continual improvement”</i>. ■ WPD finds that benchmarking itself against other utilities and sectors generates new ideas and leads to improvements being implemented 	<ul style="list-style-type: none"> ■ A strategy that is embedded across the company, with a role for all staff ■ Ensuring that engagement results in action (thereby gaining trust with stakeholders) ■ Co-creation of solutions and/or actions with stakeholders moves WPD towards the ‘Collaborate’ engagement level ■ Tailored approach to engagement (although principles underlying selection of approach are not detailed) ■ Annual update of strategy and regular refresh of stakeholder mapping

Western Power Distribution (WPD)

Approach

- WPD considers its stakeholders as one of four groups on a knowledge and interest pyramid as shown in Figure 3. The most effective methods are then used to engage with each stakeholder group

Figure 3: Stakeholder knowledge/interest pyramid (Source: Western Power Distribution Ofgem Stakeholder Engagement Incentive & Consumer Vulnerability Incentive 2018/19, Part 1, Section 2.2)



- WPD annually refreshes its stakeholder mapping to identify new or changing stakeholder groups
- Stakeholder engagement is a continual cycle, as shown in Figure 4, with the engagement approach selected being tailored to the needs of the audience:

Monitoring of performance

Best practice tools/principles

- The use of the knowledge and interest pyramid ensures that WPD includes a range of stakeholders in its engagement

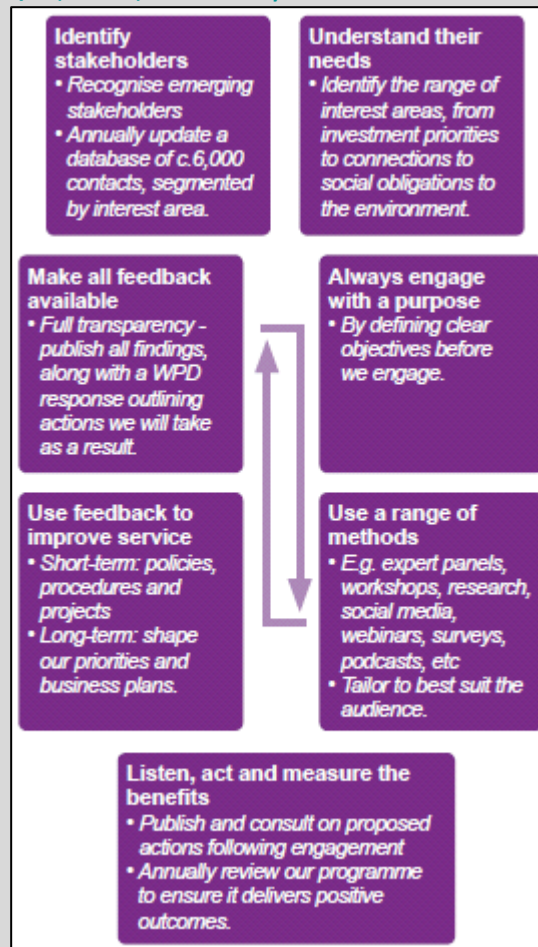
Western Power Distribution (WPD)

Approach

Monitoring of performance

Best practice tools/principles

Figure 4: Stakeholder engagement process (Source: Western Power Distribution Ofgem Stakeholder Engagement Incentive & Consumer Vulnerability Incentive 2018/19, Part 1, Section 2.3)



Western Power Distribution (WPD)		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ To deliver its Vulnerability Strategy, WPD works in partnership with organisations, moving beyond consultation to co-create and co-deliver projects with local experts. Monthly reports to WPD's CEO and Directors monitor performance and set challenging targets ■ Due to a significant change in the way consumers use, generate and manage their energy, their expectations of WPD are changing. WPD has introduced several "tactical" principles to address this. WPD states that it will: <ul style="list-style-type: none"> ○ try new techniques to deliver insight (eg valuation research, digital panels, co-creation topic surgeries) ○ identify different types of stakeholders (eg Electric Vehicle charge point providers, storage providers and aggregators) ○ ask difficult questions (eg technical topics like network charging, social contract and profit levels) ○ follow a continual cycle of engagement (eg annual review of priorities, DSO strategy and action plan built in stages) ○ start by asking what customers want (eg launching new flexibility services) ○ reflect the diversity of our communities (eg local authorities conference, local network investment and community energy events) 		

UK Power Networks (UKPN)		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ <i>“Stakeholder engagement is the critical guide to how we adapt our business and the services we provide to customers, including those for the most vulnerable in our communities.”¹²</i> ■ Stakeholder engagement is a vital part of everyone’s role at UKPN, including the CEO’s. <i>“It is ingrained in our culture to always listen and explore ways to do better for our customers.”</i> ■ Processes and reporting procedures are in place for engagement projects to be updated monthly, with stakeholder engagement being a regular agenda item for the CEO and Executive Management team to ensure they are aware of progress and can feed into the strategy and plans ■ UKPN’s stakeholder engagement strategy is to deliver better outcomes for its stakeholders, specifically to: <ul style="list-style-type: none"> ○ <i>“Create new services or improve existing services for customers</i> ○ <i>Use customer feedback to challenge and shape our projects, strategies and company vision</i> ○ <i>Understand how we can adapt and apply innovative practices from other businesses”</i> ■ UKPN’s strategies have been assessed externally and it has achieved the AccountAbility stakeholder engagement standard and the BSI18477 standard for inclusive provision ■ UKPN’s stakeholder engagement strategy has been aligned with the international AA1000 Stakeholder Engagement Standard for many years. The AA1000 SES guiding principles are reflected in the principles that guide UKPN’s approach to stakeholder engagement: <ul style="list-style-type: none"> – Identify stakeholders who give UKPN a variety of perspectives – Be proactive in seeking feedback, and understanding stakeholders’ perspectives – Take a personal approach and engage in ways that suit the stakeholder – Define the purpose of each engagement and design it to match that purpose – Respond to feedback and act on it 	<ul style="list-style-type: none"> ■ UKPN conducts stakeholder forums/feedback and post-event reports ■ UKPN aims to learn from innovative approaches used elsewhere, but not documented how ■ KPIs to measure performance (exact nature of KPIs is unclear) ■ External, independent assessment of stakeholder engagement (use AA1000 Standard as the reference standard for these audits) 	<ul style="list-style-type: none"> ■ Stakeholder engagement is ingrained in UKPN’s culture ■ UKPN’s annual review of its stakeholder database should ensure that it is accurate, up-to-date and reaching all its stakeholders ■ Stakeholder forums/feedback and post-event reports provide opportunity to assess the effectiveness of the engagement (and use feedback to inform future engagement) ■ Tailored approach to engagement ■ Respond to and act on feedback

¹² UKPN SEIS 18 - 19 - Part 1

UK Power Networks (UKPN)		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ UKPN's stakeholder engagement strategy is signed off each year by its Executive Management Team. The process of developing it comprises five stages: <ul style="list-style-type: none"> ■ Identify and understand stakeholders: <ul style="list-style-type: none"> ○ Annual stakeholder mapping ○ Annual review of stakeholder database ○ Tracking stakeholders UKPN has engaged with ○ Forums for employees to share ideas they have had from engaging with stakeholders ○ Internal quarterly report on market developments ■ Tailored engagement and listening <ul style="list-style-type: none"> ○ 20 engagement mechanisms available to UKPN to engage with stakeholders ○ Mapping of appropriate engagement mechanisms to stakeholders ○ Central log to track stakeholder actions ○ Stakeholder feedback forums/surveys ○ Post-event reports ■ Assess feedback and prioritise <ul style="list-style-type: none"> ○ Qualitative and quantitative feedback from stakeholders to prioritise improvements to be made ○ Assessment of feedback against vision and business priorities ○ Submission process for high level business cases ○ Materiality matrix showing what's important to stakeholders ■ Deliver improvements <ul style="list-style-type: none"> ○ Detailed project planning to deliver improvements including milestones and KPIs ○ Monthly strategic stakeholder engagement meetings to discuss progress ○ Engagement with a small group of stakeholders to co-create and ask for feedback during project delivery; (20 engagement mechanisms are available) ○ Project plans ■ Measurement and reporting <ul style="list-style-type: none"> ○ Set KPIs to measure performance ○ Management dashboard reports 		<ul style="list-style-type: none"> ■ Materiality index to map and document what is important to stakeholders (although detailed approach is unclear) ■ Independently chaired critical friends panel – provides external scrutiny and challenge

UK Power Networks (UKPN)		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ○ Stakeholder newsletters ○ Stakeholder communication channels <p>■ UKPN tailors its approach according to the stakeholder; its engagement mechanisms include focus groups, large events, local surgeries, one-to-one meetings, local outreach session, online surveys and market research studies</p> <p>■ UKPN always follows its engagement circle to ensure that all its principles are met ('Understand' – 'Engage and Listen' – Record Outcomes' – 'Assess' – 'Deliver outcomes and feedback to stakeholders'.</p> <p>■ UKPN's strategy aims to ensure that:</p> <ul style="list-style-type: none"> ○ <i>"We understand the individual needs of stakeholders and what they think about our performance and that we use this knowledge to help us improve our strategies, operations and services"</i> ○ <i>We design and implement business changes taking into account and, where appropriate, directly addressing the interests and preferences of stakeholders</i> ○ <i>Stakeholder engagement activity is aligned with UK Power Networks' strategic objectives and priorities</i> ○ <i>We clearly demonstrate our responsiveness to stakeholders and the benefits resulting from our engagement with them</i> ○ <i>There is a clear focus on the costs and benefits of engagement activities in planning, decision making, monitoring and evaluation</i> ○ <i>Stakeholder engagement is progressively embedded within the business</i> ○ <i>There is appropriate long-term planning and continuity of effort to deliver maximum benefits over time; and</i> ○ <i>Best practice is disseminated, and expertise leveraged effectively across the company"</i> 		

UK Power Networks (UKPN)		
Approach	Monitoring of performance	Best practice tools/principles
<p>■ Through extensive consultation with stakeholders around all aspects of its 2015 – 2023 business plan, UKPN has committed to the following activities to form a key part of its stakeholder engagement strategy leading up until 2023¹³:</p> <ul style="list-style-type: none"> ○ <i>“Continue with our three critical friends panels</i> ○ <i>Appoint an independent chairperson to our critical friends panels</i> ○ <i>Continue to use our stakeholder feedback to improve our customer-facing business processes</i> ○ <i>Host two subject-specific priority issue focus groups on vulnerable customers and fuel poverty every year</i> ○ <i>Work with National Energy Action (NEA) to map and profile fuel poor customers within our footprint”</i> 		

¹³ UK Power Networks Stakeholder Engagement Strategy

Anglian Water		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ Anglian Water published its Plan for Price Review 2019 (PR19) which covers the period 2020 – 2025¹⁴. ■ Anglian Water realised it had to go further than the engagement it carried out for PR14 and would need to deliver a “step change in engagement” ■ AW changed its approach to strategic customer engagement, moving away from bespoke surveys to meet the needs of a Price Review or a regulatory requirement, to create diverse channels to enable AW to understand customers’ priorities and views and incorporate these views in business decisions. Similarly, daily contact between AW and customers is used as a source of strategic insight as well as informing the resolution of tactical issues ■ AW used a co-creation approach in delivering its strategy. AW’s Customer Research and Engagement Synthesis, published in August 2018¹⁵, notes that AW, in refreshing its customer and stakeholder engagement strategy and plans, placed greater emphasis on: <ul style="list-style-type: none"> ○ “Co-creating the new engagement strategy and plans with customers, partners and staff. This has involved exploring the language, concepts and activities that will resonate with different audiences and help to ensure their participation is maximised ○ Understanding the world from the customers’ point of view. Before honing in on what matters most to the company, there has been a focus on understanding customers’ lives and what matters to them, in order to contextualise and make sense of their responses ○ Understanding differences of opinion, experience and behaviours across the customer base. Investment in segmentation research has helped to illuminate important differences between customer groups and inform tailored approaches to on-going communication and engagement ○ Understanding the specific circumstances and support needs of customers in vulnerable situations, in line with Ofwat’s PR19 guidance. This has involved investigation of the definitions and dimensions of vulnerability 	<ul style="list-style-type: none"> ■ As we did not find much detail about AW’s engagement strategy, we did not come across mentions as to how it will monitor its current engagement 	<ul style="list-style-type: none"> ■ AW’s Business Plan provides detail about the research and engagement feeding into its PR19 Business Plan, but does not set out in detail its engagement strategy ■ AW has shifted from conducting discrete pieces of research to inform a Price Review to the development and use of channels to gain ongoing feedback from customers ■ Use of a co-creation approach to deliver its strategy ■ NB Engagement focuses on customers rather than stakeholders more

¹⁴ <https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/2020-2025/>

¹⁵ <https://www.anglianwater.co.uk/siteassets/household/about-us/pr19-12c-anglian-water-customer-engagement-report-14-Aug-2018.pdf>

Anglian Water		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ○ <i>Creating a two-way dialogue with customers. Investment in social media activity has enabled customers to participate in a more open conversation with the company.</i> <p>■ In developing its strategy, AW set out four rules of engagement and characterised its activities into three work streams:</p> <p>■ Rules of engagement:</p> <ul style="list-style-type: none"> ○ Start with the customer and what matters to them and their world ○ Deliver PR19 but build the business and brand ○ Innovate to make small changes that deliver lasting difference ○ Tailor to customers and acknowledge different levels of ability and interest <p>■ Work streams:</p> <ul style="list-style-type: none"> ○ Attention grabbing: show up in our customers' lives in an interesting and engaging way ○ Value exchange: offer something of value in exchange for customer information ○ Natural connections: make the most of the moments when we are already engaged with customers 		<p>widely; AW created a "<u>customer</u> engagement strategy"</p> <p>■ Greater emphasis of understanding the needs of vulnerable customers</p> <p>■ Segmentation of customers to inform tailored engagement</p> <p>■ Use of existing conversations with customers as insight</p>

Northumbrian Water		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ Northumbrian Water Limited (NWL)'s Business Plan for 2020 – 2025¹⁶ was shaped by interactions with customers, employees, partners and other stakeholders ■ In its long-term strategy document, "Shaping our Future 2018 – 2040"¹⁷, the company described how it has been <i>"moving from consulting and listening, to something deeper and more meaningful"</i> ■ NWL carried out an extensive review of its approach to engagement in 2015. This included: <ul style="list-style-type: none"> ○ <i>"A full audit to identify all of the opportunities we have for engaging with customers;</i> ○ <i>A review of the latest industry guidance from Ofwat, the Consumer Council for Water (CCWater) and others;</i> ○ <i>A peer review exercise to identify best practice among other water and wastewater companies;</i> ○ <i>Discussions with experts who have a deep understanding of customer engagement and, in particular, of behavioural economics;</i> ○ <i>An exercise to explore how we could best use customer segmentation, again drawing on external expertise in the field;</i> ○ <i>Best practice discussions and desk research into how leading organisations engage their customers</i> ○ <i>This included companies from a diverse range of telecommunications, retail and technological industries such as Sky, Lego, Dell, Amazon, First Direct and John Lewis; and</i> ○ <i>Reviewing our proposed approach with members of the expert Water Forums who represent a broad range of people, organisations and sectors across all areas of our business plan"</i> ■ The findings from NWL's review were used to form a new approach to engagement and inform a set of seven principles which were then applied to NWL's research and engagement: <ul style="list-style-type: none"> ○ <i>Empower customers</i> 	<ul style="list-style-type: none"> ■ Review of best practice in water but also outside of sector ■ Review of external reports across sector ■ Social media tracking across sector 	<ul style="list-style-type: none"> ■ NWL reviewed its approach to engagement in 2015. Part of NWL's review incorporated some of the elements which NGN has asked Accent to assess (eg a review of industry guidance and an exercise to identify best practice) ■ NWL has moved from customer consultation to customer participation ■ Multi-channel engagement (eg social media, via contact centres, online forums, co-creation events etc) and triangulation of daily interactions and data as well as survey and tracking data

¹⁶ <https://www.nwl.co.uk/your-home/our-plan-2020-25.aspx>

¹⁷ https://www.nwl.co.uk/_assets/documents/LONG_TERM_STRATEGY_DOCUMENT_FINAL.pdf

Northumbrian Water		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> NWL published its report “From customer consultation to a culture of customer participation”¹⁸ in October 2017 which set out NWL’s journey to embed participation in all it does <i>Be led by our people</i> <ul style="list-style-type: none"> Engagement is led by NWL staff, not by research agencies Engagement takes many forms (eg social media, via contact centres, online forums, co-creation events etc) NWL creates opportunities for staff to engage with customers in their own communities, including through its mobile engagement vehicle ‘Flo’ which travels through regions in rural areas and events Board Members attend stakeholder workshops and customer events and NWL’s Innovation Festival (an annual festival engaging over 2,500 people and 500 businesses to push through innovative ideas at scale and speed and promote innovation), and NWL’s Executive Leadership Team regularly meet customers face-to-face <i>Continuous and ongoing</i> <ul style="list-style-type: none"> “Customer engagement is part of what we do every day, not something we focus on at price reviews alone.” NWL’s customer insights team analyses daily interactions and operational data along with tracking surveys and other research <i>Have a deep understanding of customers</i> <ul style="list-style-type: none"> NWL understands that most of its customers do not have a high interest in water. It creates opportunities to “motivate the unengaged majority to participate” It uses multiple methods of engagement and use pen portraits to gain a deep understanding of customers’ attitudes and behaviour Vulnerable customers and Future Customers are included in NWL’s engagement. NWL’s Inclusivity Strategy¹⁹ sets out plans to make its services inclusive for all its customers <i>Be creative and innovative</i> 		<ul style="list-style-type: none"> Engagement opportunities are created for staff to have dialogue with customers (NWL’s engagement vehicle ‘Flo’ travels through the region) Measuring uninformed and informed views

¹⁸ https://www.nwl.co.uk/_assets/documents/Customer_participation_report_A4_landscape.pdf

¹⁹ https://www.nwl.co.uk/_assets/documents/INCLUSIVITY_REPORT_FINAL.pdf

Northumbrian Water		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ○ Using multiple methods (eg an online survey, face-to-face interviews and NWL's 'Flo' bus) gives access to a range of customers ○ <i>Use multiple sources</i> <ul style="list-style-type: none"> ○ Triangulating qualitative and quantitative research has enabled a broad and deep understanding of customers ○ <i>Provide regular feedback to customers</i> <ul style="list-style-type: none"> ○ Summaries are provided to customers who would like them after engagement projects ○ Customers who have participated are invited to continue the dialogue by joining NWL's online panel or being invited to take part in future research <p>■ While some engagement activities took place because of the PR19 planning process, much of NWL's insight is ongoing, from a range of sources, including:</p> <ul style="list-style-type: none"> ○ Tracking research and campaign evaluation (including the quarterly domestic tracking survey, an annual SME tracking survey – over 6,000 household and non-household customers per year - and campaign evaluation research) ○ Policy and strategy development (a programme is developed at the beginning of each price review cycle, then reviewed annually). Each project is designed to fit in with NWL's seven principles of engagement. As good practice, NWL seeks customers uninformed views before providing information about the topic, then asking for their informed views ○ Other insights: NWL actively looks beyond its own body of research to research reports published by other companies and organisations, in particular the Consumer Council for Water (CC Water), Ofwat and the water sector. NWL also considers wider publications, including those of government departments, the Office for National Statistics, the Institute for Customer Services, universities, charities and market research agencies. Social media is tracked for links to NWL, other water companies and the water sector more widely 		

BBC		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ The BBC's Annual Plan 2019 – 2020²⁰ updates the organisation's three-year strategy and sets out a workplan for the year ■ Audience research is mentioned a few times within the plan (eg an on-going programme of audience research and engagement in BBC Northern Ireland) ■ While the Plan states that <i>"Our fundamental mission – to inform, educate and entertain – is almost 100 years old. Today, our audience research shows that it continues to be highly important and relevant to the British public"</i>, the Plan does not refer to any stakeholder or audience engagement having been taken into account in deciding on its new priorities ■ The Annual Plan sets out areas where the BBC is considering making changes to its UK Public Services and states that <i>"we will engage with stakeholders – both from industry and audiences – to ensure that the BBC takes these views into account in developing and assessing our proposals"</i> ■ One of the General Duties that fall under the BBC's Charter is Engagement with the Public; <i>"The BBC must assess the views and interests of the public and audiences, including licence fee payers, across the whole of the United Kingdom."</i> The Plan states that the BBC will fulfil this duty through: <ul style="list-style-type: none"> ○ <i>"We will continue to use extensive audience data from both our existing and new industry measurement systems and tracking surveys to analyse and assess the views and interests of UK audiences"</i> ○ <i>We will continue to organise regular qualitative and quantitative research projects and also 'Meet the Audience' sessions, where content creators and commissioners can meet face to face with audiences"</i> ○ <i>We will monitor social media on an on-going basis as another tool for understanding audience views and we will continue to invest in our Audience Services function, enabling the public to correspond with us on any issue"</i> ○ <i>The Board and Executive Committee will also engage face to face with panels of audience member across the country on specific topics"</i> 	<ul style="list-style-type: none"> ■ The Annual Plan states that the BBC will measure its activity of fulfilling its General Duty of Engagement with the Public: <ul style="list-style-type: none"> ○ <i>"We will publish annually data on audiences' views about the BBC as part of the Annual Report."</i> ○ <i>We will hold at least six face-to-face events with audiences and report on the findings in the BBC's Annual Report, four of which will be delivered by the Board's Nations Committees"</i> 	<ul style="list-style-type: none"> ■ There is little mention of audience/stakeholder engagement in the BBC's Annual Plan ■ 'Meet the Audience' sessions where creators and commissioners meet face-to-face with audiences ■ Face-to-face engagement between the Board and Executive Committee and audiences ■ Use of audience data, tracking surveys and social media monitoring to gain insight

²⁰ http://downloads.bbc.co.uk/aboutthebbc/reports/annualplan/annualplan_2019-20.pdf

BBC		
Approach	Monitoring of performance	Best practice tools/principles
<p>■ In its “Policy on material changes to the BBC’s public service activities and commercial activities”²¹ published in 2017, the BBC stated that when it undertakes a consultation it seeks to follow the following principles:</p> <ul style="list-style-type: none"> ○ <i>“We will be clear about who we are consulting with and why</i> ○ <i>We will give a clear indication of how long the consultation will last for, taking into account the nature and the impact of the proposal</i> ○ <i>We will seek input when our plans are in development to avoid asking questions about issues on which we already have a final view</i> ○ <i>We will ensure that our consultations are targeted – in that they should consider the full range of parties that may have an interest in the proposal</i> ○ <i>We will publish all consultation responses (except where respondents request we don’t due to concerns, e.g. commercial confidentiality). We will also state how many consultation responses we have received</i> ○ <i>We will explain how the responses have influenced what the BBC has done”</i> 		

²¹ BBC, (2017) “Policy on material changes to the BBC’s public service activities and commercial activities”: http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/policiesandguidelines/pdf/policy_material_changes.pdf

Highways England		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> Highways England's Strategic Business Plan 2015-2020²² states it will <i>"actively listen to all our customers. We will actively seek their feedback, respond positively to comments received and take action where appropriate."</i> The only details provided are that it will: <ul style="list-style-type: none"> Use a single KPI to measure and monitor performance on customer satisfaction (The percentage of National Road Users' Satisfaction Survey respondents who are Very or Fairly Satisfied.) Undertake and regularly update our research programme to improve our understanding of our customers' needs, their priorities, and perceptions about the service we provide. This information will enable us to work with Transport Focus to develop a new and improved customer service measure by 2017. We will create a customer panel through which we will secure direct and timely feedback from our customers. We will use this approach to test products and services with a diverse range of our customers to better align what we do with their needs and to help shape and determine our future investment priorities Delivery Plan 2015-20²³: Utilise a Customer Panel to understand customer needs: a group of more than 1,000 customers who are available to clarify customer needs quickly through a variety of research methods, including focus groups and online surveys. The panel is made up of people representing a range of customers and stakeholders who are directly affected by HE's network. The annual delivery plan documents do not provide additional detail on engagement approaches beyond aiming to <i>"develop effective communications with hard to reach or vulnerable groups"</i> and <i>"improve EDI (Equality, Diversity and Inclusion) engagement and interventions"</i>. 	<ul style="list-style-type: none"> Metrics set out in the annual delivery plan are limited to operational delivery and do not cover stakeholder engagement. <ul style="list-style-type: none"> A single KPI is included on customer satisfaction 	<ul style="list-style-type: none"> Use of a representative customer panel to clarify customer needs, via a range of research methods Limited documentation of how stakeholders will be engaged

²² Highways England, (2014), *"Highways England Strategic Business Plan 2015-2020"*:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/396487/141209_Strategic_Business_Plan_Final.pdf

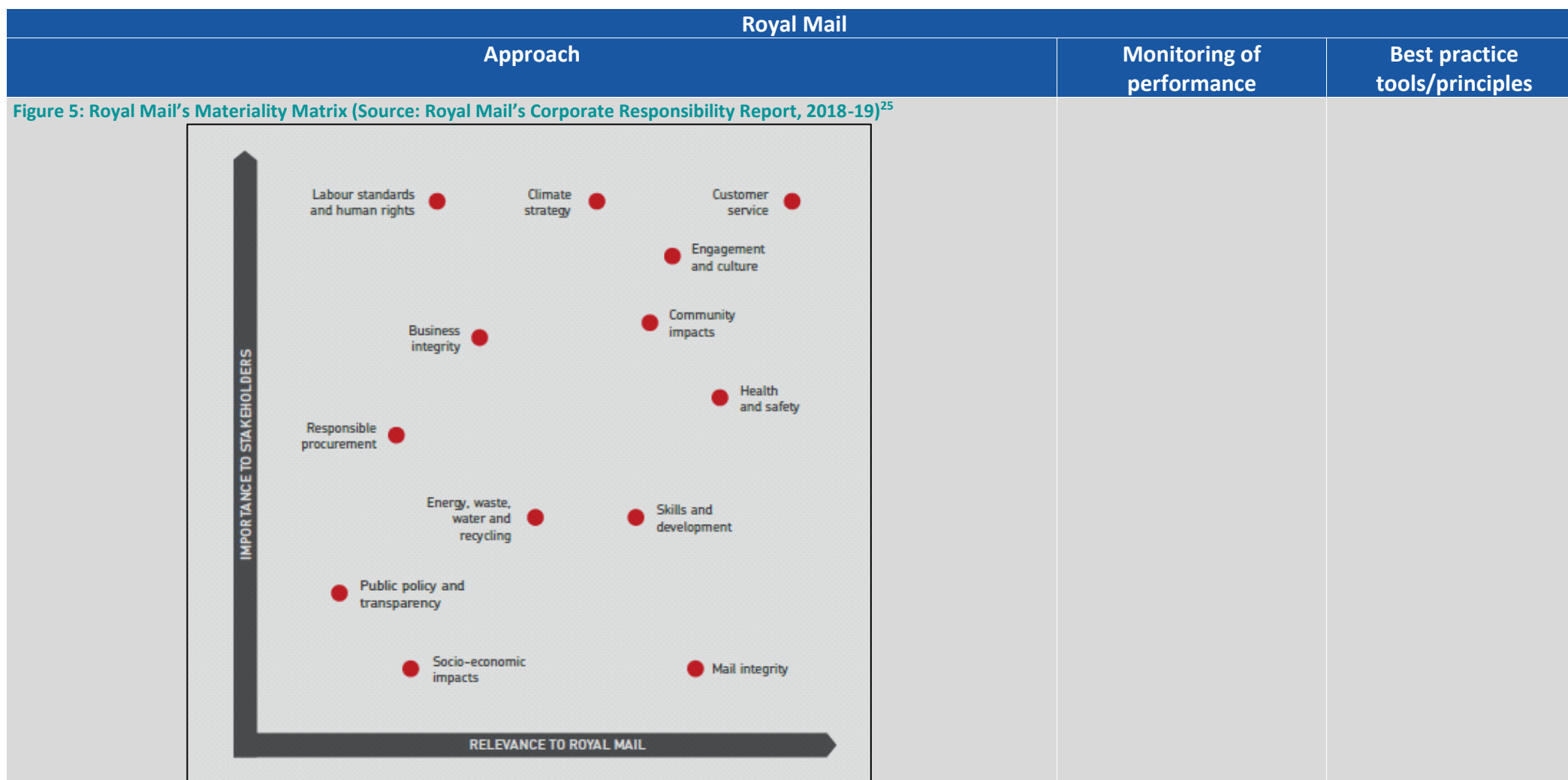
²³ Highways England, (2015), *"Highways England Delivery Plan 2015-2020"*:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/424467/DSP2036-](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/424467/DSP2036-184_Highways_England_Delivery_Plan_FINAL_low_res_280415.pdf)

[184_Highways_England_Delivery_Plan_FINAL_low_res_280415.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/424467/DSP2036-184_Highways_England_Delivery_Plan_FINAL_low_res_280415.pdf)

Royal Mail		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ Royal Mail sets out its strategy in its 2018 Stakeholder Engagement Approach.²⁴ ■ Stakeholders include customers, local communities, businesses, suppliers, government, charities, the media, associations and NGOs. ■ Royal Mail aims for open, transparent and proactive communication. ■ Methods of engagement include: <ul style="list-style-type: none"> ○ Face-to-face meetings ○ Targeted, in-depth research ○ Independent opinion surveys ○ Stakeholder panels and focus groups ○ Conversations by phone, email and letter ○ Interactions via social media sites such as Twitter ○ Memberships of consumer and industry groups and other external fora representing stakeholders' interests ■ Royal Mail also states in its corporate responsibility strategy that it undertakes a materiality assessment to understand the issues that are most important to its stakeholders. ■ Determining materiality: <ul style="list-style-type: none"> ○ Royal Mail undertakes materiality assessments to help refresh its CR strategy. Every two years, it engages with a representative group of stakeholders to gain insight into the areas they deem most relevant ○ Through surveys, interviews and a stakeholder panel, participants rank a range of social, financial and environmental issues in terms of their importance for Royal Mail ○ These issues are then prioritised within Royal Mail's CR programme and activities 	<ul style="list-style-type: none"> ■ No mention of how stakeholder engagement will be monitored or assessed, outside of the materiality index 	<ul style="list-style-type: none"> ■ Limited information about Royal Mail's approach, so it is difficult to gauge whether any best practice tools/principles are employed

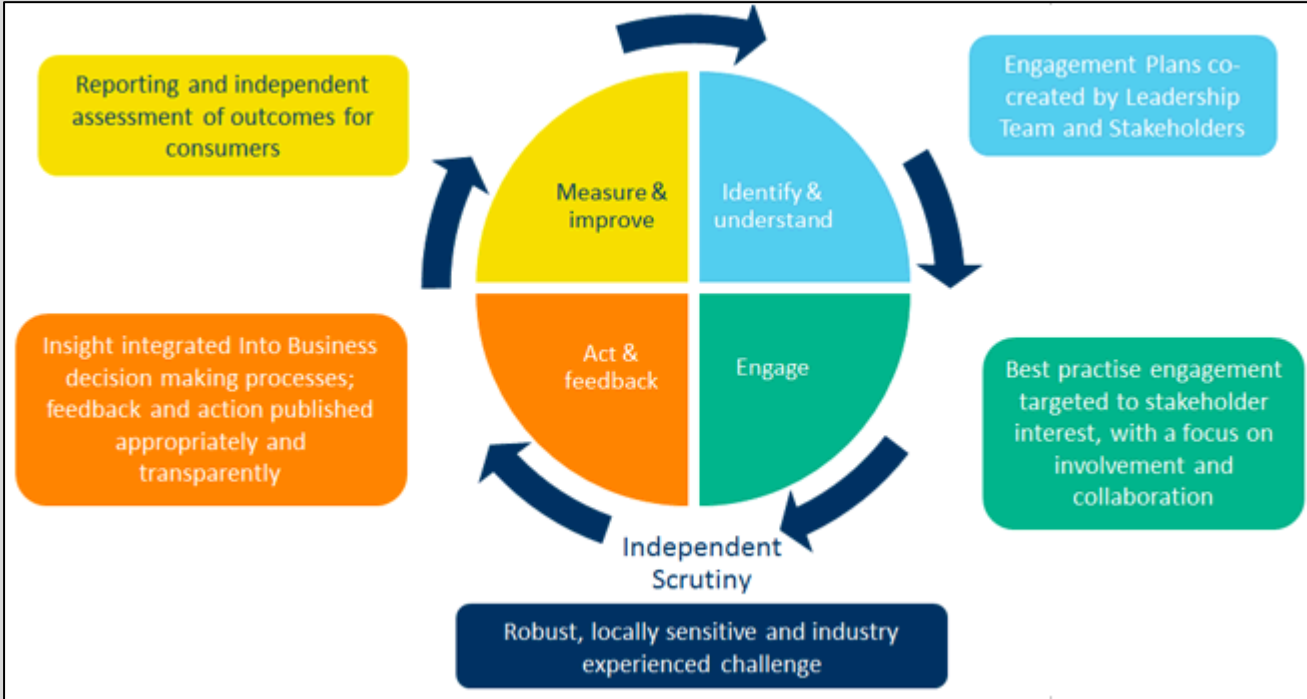
²⁴ <https://www.royalmailgroup.com/media/10219/royal-mail-stakeholder-engagement-approach.pdf>



²⁵ Royal Mail, (2019), "Delivering a First Class Future: Corporate Responsibility Report 2018/19", <https://www.royalmailgroup.com/media/10805/royal-mail-cr-report-2018-19.pdf>

Northern Gas Networks (NGN)		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ In carrying out the business planning for RIIO-2, NGN has built on messages that were part of RIIO-1 and expanded the reach and depth of its customer engagement to gain insights from a wide range of customers and stakeholders ■ Its approach has been guided by three key principles: <ul style="list-style-type: none"> ○ Meaningful: asking customers and stakeholders to say what they wanted to talk about and how they would like to engage, allowing NGN to focus on the issues most important to stakeholders ○ Inclusive: engagement has included hard to reach and seldom heard voices. The stakeholder database has been expanded and updated. NGN has used 11 bespoke engagement mechanisms tailored to different customer and stakeholder preferences to reach a wide range of stakeholders ○ Iterative: the engagement process is flexible and is developed in response to insight. Customer and stakeholder input go beyond price reviews and are central to how NGN operates. Contacts with stakeholders are used as insight ■ NGN states that <i>“Successful engagement requires a dynamic, multifaceted approach, which seeks continual feedback across different pathways and levels which we can assimilate and act upon quickly.”</i> ■ Recognising this, NGN has applied four different levels of engagement: <ul style="list-style-type: none"> ○ Inform: Informing stakeholders of our intentions and updating them along the journey ○ Consult: Providing an understanding of stakeholders’ high-level priorities ○ Involve: Linked to priorities, clarifying preferences relating to our output ○ Collaborate: Co-creating and refining the most material options in our plan” ■ In RIIO-2, NGN will <i>“give consumers a stronger voice by educating and engaging them on how they can shape the delivery of our services in a way that meets their preferences and creates value for them by focussing our activity on engagement that promotes longstanding, trusted relationships as opposed to extensive marketing”</i>. ■ NGN’s approach to engagement has matured during RIIO-1 and beyond, moving <i>“from informative engagement to truly collaborative discussion”</i> 	<ul style="list-style-type: none"> ■ Independent external review from the CEG’s annual report ■ In RIIO-2 NGN has committed to dual reporting, whereby NGN will publish its own performance report and that of its CEG ■ The CEG will report on: <ul style="list-style-type: none"> ○ <i>“Performance against key commitments in the plan</i> ○ <i>The quality and inclusiveness of our engagement</i> ○ <i>How effectively we embedded engagement into our business decisions and culture; and</i> ○ <i>Our performance in delivering strategic and operational changes in response</i> 	<ul style="list-style-type: none"> ■ Enduring role of CEG to provide external scrutiny ■ External CEG website provides feedback channel of activity ■ Proposed CEG Best Practice Summit to share learning and learn from best practice ■ Specific hard to reach engagement strategy

Northern Gas Networks (NGN)		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ■ Examples of engagement that falls under the 'Collaborate' level mentioned above include Roadshows, Key Account Management and Citizens' Juries ■ For RIIO-2, NGN's overarching objective for its stakeholder engagement <i>"will continue to be that insight into our stakeholders' values, preferences and ideas drive business planning and change"</i>. ■ To this end, NGN will use its stakeholder engagement framework (Figure 6) 	<p><i>to, and in partnership with, our stakeholders.</i></p> <ul style="list-style-type: none"> ■ The CEG's assessment will require some performance feedback from the other energy networks, so NGN proposes setting up an annual CEG Chair's Best Practice Summit ■ Annual Stakeholder Conference and a monthly Stakeholder Satisfaction Survey will gain feedback from stakeholders 	

Northern Gas Networks (NGN)		
Approach	Monitoring of performance	Best practice tools/principles
<p>Figure 6: NGN Engagement Framework (Source: NGN Draft Business Plan, dated 6th September 2019)</p>  <p>■ NGN’s Customer Engagement Group (CEG) has played an important role in the development of NGN’s Business Plan and will continue to do so throughout RIIO-2, providing fresh perspectives and challenging decisions. NGN plans to give its CEG an enduring role throughout RIIO-2, providing an additional layer of governance and independent scrutiny to its decision-making.</p> <p>■ NGN is putting in place several measures to build trust between the CEG and the business and the CEG and the community</p>		

Northern Gas Networks (NGN)		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> Each year the Senior Management Team will create an <i>Engagement Plan</i>. Based on insight from the previous year and considering the forthcoming business challenges, it will set out the topics to be engaged on, and with whom and how this will be done An <i>annual Stakeholder Conference</i> and a monthly Stakeholder Satisfaction Survey will gain feedback from stakeholders Publishing the <i>CEG's annual Independent Review</i> of its engagement activity. <p>■ During RIIO-2, NGN will engage with all levels of stakeholders:</p> <ul style="list-style-type: none"> <i>“National Policy Place Shapers; Stakeholders who have a broader geographical reach than our operations and who wish to influence the industry as a whole</i> <i>Local Place Makers: Stakeholders who develop the local place and communities, either by providing services or through policy and strategy activities</i> <i>Customers: Including domestic, commercial, vulnerable and future customers as well as our shippers and suppliers</i> <i>Workforce and Wider Supply Chain: Our colleagues, our direct service providers and the range of businesses that make up our supply chain”</i> <p>■ NGN has developed a “Hard to Reach Engagement Framework” which addresses the key drivers of engagement isolation and sets out NGN’s commitments for each one (eg to overcome lack of technology as a barrier to engagement, NGN will always offer interviews by telephone or face-to-face)</p> <p>■ NGN has committed to several enduring engagement mechanisms which will ensure the continuity of its approach from year to year:</p> <ul style="list-style-type: none"> <i>Citizens Jury: A 50-strong demographically representative group of customers who will deliberate on key decisions on the Business Plan. During RIIO-2, the Citizens Jury will meet three times a year</i> <i>Key Account Management: Local stakeholders will be offered face-to-face contact with an Account Manager at a frequency that suits them</i> 		

Northern Gas Networks (NGN)		
Approach	Monitoring of performance	Best practice tools/principles
<ul style="list-style-type: none"> ○ Hot Topic Workshops: Themed workshops to allow stakeholders to give their expertise on specific topics ■ During RIIO-2, feedback will be obtained from stakeholders and incorporated in an annual review of the Business Plan, and NGN Leadership Team meetings will be open to the CEG at certain points over the year 		

Appendices



Appendix 1: List of key documents reviewed

Listed below are the key documents reviewed for this report. This list is not exhaustive as some documents were reviewed in part, or web pages were visited which are not included here.

Section 3: Best practice in stakeholder engagement

- Citizens Advice, (2018), *"Strengthening the Consumer Voice in Energy Network Price Controls"*:
https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Strengthening%20Consumer%20Voice%20in%20Energy%20Network%20Price%20Control_2018.pdf
- Ofgem, (2019), *"RIIO-2 Business Plan Guidance"*:
"riio-2_business_plans_guidance_june_2019_-_published.pdf" supplied by NGN
- Ofgem, (2018), *"Stakeholder Engagement Incentive Guidance"*:
"sei_guidance.pdf" supplied by NGN

Section 4: Organisation case studies

Western Power Distribution

- Western Power Distribution, (2019), *"Ofgem Stakeholder Engagement and Consumer Vulnerability Incentive 2018/19: Part One Submission: Stakeholder and Consumer Vulnerability Strategies"*, supplied by NGN
- Western Power Distribution, (2019), *"Ofgem Stakeholder Engagement and Consumer Vulnerability Incentive 2018/19: Part Two Submission: Stakeholder engagement outcomes"*, supplied by NGN
- Western Power Distribution, (2019), *"Ofgem Stakeholder Engagement and Consumer Vulnerability Incentive 2018/19: Part Three Submission: Consumer vulnerability outcomes"*, supplied by NGN

UK Power Networks

- UK Power Networks, (2019), *"Our strategies for stakeholder engagement and consumer vulnerability: 2018/19 Stakeholder Engagement and Consumer Vulnerability Incentive Part One"*, supplied by NGN
- UK Power Networks, (2019), *"Our stakeholder engagement activities and outcomes: 2018/19 Stakeholder Engagement and Consumer Vulnerability Incentive Part Two"* supplied by NGN
- UK Power Networks, (2019), *"Supporting our customers in vulnerable circumstances: 2018/19 Stakeholder Engagement and Consumer Vulnerability Incentive Part Three"*, supplied by NGN

Anglian Water

- Anglian Water, (2018), *"Our Plan 2020-2025"*:
<https://www.anglianwater.co.uk/about-us/our-strategies-and-plans/2020-2025/>

- Anglian Water, (2018), “12c. Anglian Water Research and Engagement Synthesis”: <https://www.anglianwater.co.uk/siteassets/household/about-us/pr19-12c-anglian-water-customer-engagement-report-14-Aug-2018.pdf>

Northumbrian Water

- Northumbrian Water Ltd, “Living Water: Our plan 2020-2025 and beyond”: <https://www.nwl.co.uk/your-home/our-plan-2020-25.aspx>
- Northumbrian Water Ltd, “Shaping our future 2018-40: Delivering our customers’ priorities today and tomorrow”: https://www.nwl.co.uk/assets/documents/LONG_TERM_STRATEGY_DOCUMENT_FINAL.pdf
- Northumbrian Water Ltd, “From customer consultation to a culture of customer participation”: [https://www.nwl.co.uk/assets/documents/Customer participation report A4 landscape.pdf](https://www.nwl.co.uk/assets/documents/Customer_participation_report_A4_landscape.pdf)
- Northumbrian Water Ltd, “Our customer inclusivity strategy 2018-2030: For Everyone”: [https://www.nwl.co.uk/assets/documents/INCLUSIVITY REPORT FINAL.pdf](https://www.nwl.co.uk/assets/documents/INCLUSIVITY_REPORT_FINAL.pdf)

BBC

- BBC, (2019) “BBC Annual Plan 2019/20”: http://downloads.bbc.co.uk/aboutthebbc/reports/annualplan/annualplan_2019-20.pdf
- BBC, (2017) “Policy on material changes to the BBC’s public service activities and commercial activities”: http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/policiesandguidelines/pdf/policy_material_changes.pdf

Highways England

- Highways England, (2014), “Highways England Strategic Business Plan 2015-2020”: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/396487/141209 Strategic Business Plan Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/396487/141209_Strategic_Business_Plan_Final.pdf)
- Highways England, (2015), “Highways England Delivery Plan 2015-2020”: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/424467/DSP2036-184 Highways England Delivery Plan FINAL low res 280415.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/424467/DSP2036-184_Highways_England_Delivery_Plan_FINAL_low_res_280415.pdf)

Royal Mail

- Royal Mail, (2018), “Royal Mail Group: Our approach to stakeholder engagement”: <https://www.royalmailgroup.com/media/10219/royal-mail-stakeholder-engagement-approach.pdf>
- Royal Mail, (2019), “Delivering a First Class Future: Corporate Responsibility Report 2018/19”: <https://www.royalmailgroup.com/media/10805/royal-mail-cr-report-2018-19.pdf>

Northern Gas Networks

- Northern Gas Networks, (2019), *"Giving consumers a stronger voice"* (Draft Business Plan dated 06.09.19), supplied by NGN:
Giving Consumers A Stronger Voice - Design Version 06-09-19.docx

Appendix 2: Ofgem's Business Plan Guidance regarding companies' engagement strategies

Ofgem set out that the approach to engagement strategies²⁶ should:

- *"be strategic and proportionate, including how the company's approach reflects the particular circumstances of the company's geographic regions and its various network users, both domestic and industrial*
- *be inclusive of all stakeholders, including consideration of hard-to-reach groups as well as the needs of both existing and future consumers*
- *be responsive to stakeholder needs, including how the company will maintain an up-to-date understanding of stakeholders' needs as well as how it will ensure views are captured and incorporated into the day-to-day operation of the business*
- *be ambitious, including how the company has established performance commitments which are appropriate, well-evidenced and stretching*
- *be transparent, including how the company will measure progress against its commitments as well as any consequences for non-delivery of commitments*
- *deliver outcomes that network users and society value at a price they are willing to pay. The plan should provide evidence that costs associated with the delivery of commitments are efficient and provide value for money. This should include consideration of resource commitments to support engagement*
- *demonstrate senior-level buy-in and that engagement runs through all levels of the organisation*
- *incorporate and builds on the best practice methods learned in RIIO-1 and considers best practice methods employed in other industries"*

²⁶ Source: "riio-2_business_plans_guidance_june_2019_-_published.pdf" supplied by NGN.
<https://www.ofgem.gov.uk/publications-and-updates/riio-2-business-plans-draft-guidance-document> (Section 2.8)

Appendix 3: Ofgem Stakeholder Engagement Incentive Guidance²⁷

Minimum requirements:

Ofgem set out the following minimum requirements that network companies had to meet to be eligible for a Stakeholder Engagement Incentive reward:

- *“The network company has a comprehensive and up to date stakeholder engagement strategy, which sets out*
 - *how the network company keeps stakeholders informed about relevant issues, business activities, decision-making and other developments, and*
 - *how the network company enables timely input and feedback from stakeholders via appropriate mechanisms to inform decision-making*
- *A broad and inclusive range of stakeholders have been engaged*
- *The network company has used a variety of appropriate mechanisms to inform and engage their stakeholders, which:*
 - *have been tailored to meet the needs of various stakeholder groups, and*
 - *are fit-for-purpose in allowing a detailed analysis of a breadth of stakeholder perspectives*
- *The network company can demonstrate it is acting on input/feedback from stakeholders”*

Panel assessment criteria:

Network companies that met the minimum criteria were subsequently assessed by a panel using the following panel assessment criteria (weighting in brackets):

- *Initiatives which are part of an holistic approach embedded in their business (15%)*
- *Initiatives which reflect innovative thinking in responding to needs of stakeholders (25%)*
- *Initiatives which best serve specific interests of challenging groups of customers/communities/future stakeholders and result in measurable benefits (25%)*
- *Initiatives which are supported by robust project management processes and appropriate resources (10%)*
- *Initiatives resulting from stakeholder engagement activities which may be recognised as smart practice and could be replicated across the industry (25%)*

²⁷ Source: “Ofgem sei_guidance.pdf” supplied by NGN.