

# Our 2020 Stakeholder Report



# WELCOME...

...to our 2020 stakeholder report – a summary of Northern Gas Networks' activity over the past 12 months.

Keeping the North of England cooking on gas is always a complex and varied job – but especially so during the global pandemic that has dominated so much of this year.







In this report, we'll remind you of who we are and what we do, and tell you about recent challenges and achievements.

We'll also set out our performance against regulatory targets – comparing figures to the previous year, to show our progression.

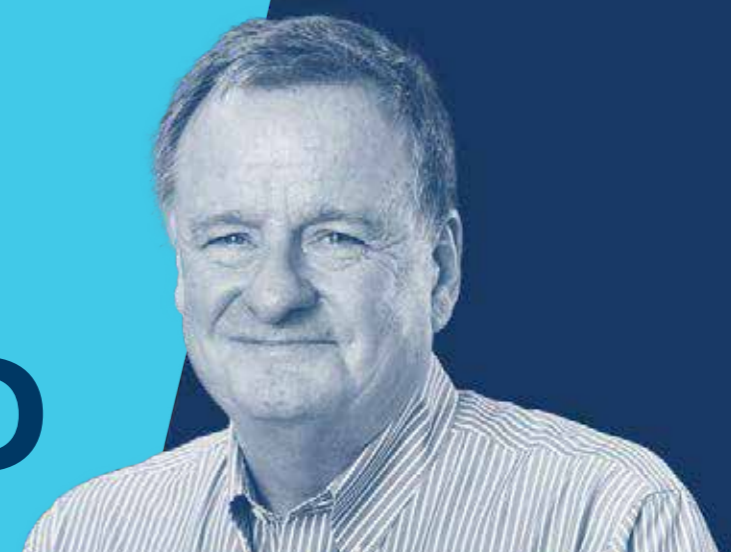
While the coronavirus pandemic, and its impact on the way we work, features heavily in this report, we have also described lots of activities from 2019, which pre-date the pandemic.

We hope you find the report interesting and informative. Please do get in touch if you'd like to find out more about any aspect of our work.

## HOW TO GET IN TOUCH

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-  [@NGNGas](https://twitter.com/NGNGas)
-  [/northern-gas-networks](https://www.linkedin.com/company/northern-gas-networks)

## A WORD



## FROM MARK

With the coronavirus pandemic still dominating UK and global life, looking back at our 2019/20 programme of work feels rather like recalling an entirely different era.

It's clear the current crisis will define our customers' and stakeholders' lives for years to come – and we must play our part in the recovery.

Stakeholders regard Northern Gas Networks as an anchor institution – one that has influence on the economic and social prosperity of the region. In a post-COVID world, this role has never been more important.

I believe our relationship with our stakeholders and customers has grown closer during the pandemic. I am incredibly proud of the way colleagues have responded – through charitable acts, and by continuing to provide front line gas services, even in the face of alarming headlines and statistics.

Many of the initiatives you will read about in this report demonstrate this people first approach. The launch of our new hardship fund, our community grants programme and our work to change the law so that customers are automatically compensated when they don't get the service they deserve, are all great examples.

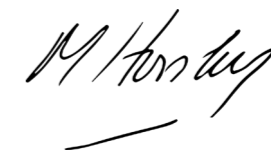
Our business performance remained extremely strong in 2019/20, with the company meeting or exceeding the vast majority of our regulatory targets. As we come to the end of the current regulatory period, and prepare for a new five-year programme from 2021, we are in an excellent position. We have a modern, reliable gas network, and an industry-leading record of efficiency that will allow us to deliver real-term reductions to customers' bills in the next period.

Even before coronavirus, our stakeholders were focused on another crisis – climate change.

By the close of 2019, most councils in the region had announced a climate crisis. This is an area in which I've personally led much of our engagement, working with Government and the wider industry to help inform key policy decisions.

Our work to develop new green forms of energy, such as hydrogen, is essential for the long-term future of the planet, but I believe this work has been given even greater urgency by the events of recent months. Here in the North of England, we have an opportunity to develop a world-leading green economy, creating the thousands of long-term jobs that we will need to emerge from the current situation.

I look forward to Northern Gas Networks continuing to play a major role in the recovery of the region, by working together with stakeholders and communities and using our influence and investment programme to build a better future.



Mark Horsley  
Chief Executive Officer  
Northern Gas Networks

# WHAT WE DO, AND WHERE WE SERVE

We are Northern Gas Networks, the North of England's gas distributor.

It's our job to look after the pipes and associated equipment that keeps 2.7 million homes and businesses warm and cooking on gas.

Our network spans the North East, northern Cumbria and much of Yorkshire.

We also provide the region's gas emergency service. If you smell gas and call the National Gas Emergency Line – 0800 111 999 – our engineers will be dispatched to keep you safe.



## VALUE FOR MONEY

We are committed to investing our customers' money wisely.

NGN remains the most efficient gas distributor in the UK. We use local engineering companies to carry out our pipe replacement work – which saves money and results in better service.

We use innovative processes and techniques – from robots that can fit inside pipes to police-trained sniffer dogs – to get our core work done more quickly and cost-effectively.

We use a value framework as the basis for our investment decisions – which looks at the long-term social, environmental and economic impact of our investments.

And we have modernised our workforce, with new terms and conditions, training programmes and a new IT system, to ensure everyone can work efficiently, every day.

Our new business plan, for 2021-2026, strikes a balance between giving our customers great value for money, and ensuring we invest in the things that matter – a safe, reliable and environmentally friendly gas service, supported by excellent customer service.

Over the next regulatory period we will be delivering an 8.6% real-terms reduction in bills – the equivalent of a £150 million saving over five years – together with an ambitious programme of service improvement.

**IN 2019/20, WE SAVED £39 MILLION AGAINST OUR ALLOWANCES. WE HAVE SAVED £247M SINCE 2013 THROUGH EFFICIENT WAYS OF WORKING. THANKS TO THESE SAVINGS, £89M WILL BE RETURNED TO CUSTOMERS IN THE FORM OF LOWER NETWORK CHARGES.**



## WHAT YOU PAY FOR

Although our name isn't on your bill, during 2019/20 £136 (17%) of the average gas bill goes towards the distribution services we provide.

In 2019/20, we invested this money as follows:

### £98 MILLION ON NEW PIPES

We replaced 560 km of old metal pipes with more reliable plastic versions.

### £10 MILLION TO KEEP CUSTOMERS SAFE

We provide a 24-hour emergency service for customer who smell gas. Over the past year, we attended 74,948 emergency call-outs, getting to more than 99% of them within the regulatory one or two hours.

### £13 MILLION ON BIG ENGINEERING

We have some sizeable equipment on our network, which requires continual maintenance and occasional replacement.

### OVER £2.9 MILLION ON INNOVATION

Innovative processes and techniques can help us deliver our core work more cheaply and effectively. Our investment of £14.5 million in RIIO-1 has already delivered £10.5 million of savings.

### £72 MILLION ON TAXES AND LICENCE FEES

Taxes (£24.6m) and business rates (£45m) paid to central and local government. This also includes the licence fee for industry regulation (£2.1m).

### £46.5 MILLION ON LOANS FOR PREVIOUS INVESTMENT

To give the gas network the investment it needs, we borrow money and repay it like a mortgage.

## FINANCIAL REWARDS

In 2019/20, we earned a total of £9.7 million of financial rewards from Ofgem, for exceeding our RIIO performance targets (see above). The money will be reinvested in our business..

### **£2.2 MILLION**

For delivering great customer service. No penalties were received.

### **£5.3 MILLION**

For exceeding our targets for gas lost through pipe leaks.

### **£1.3 MILLION**

For efforts to involve stakeholders in our activities and decision-making processes.

## HOLDING US TO ACCOUNT

To make sure we deliver a great value service to customers, our regulator, Ofgem, monitors our performance each year against pre-agreed targets.

We get financial rewards for beating targets and penalties for falling short.

The process is known in the industry as RIIO: Revenue = Incentives + Innovation + Outputs.

We've highlighted our performance against key RIIO targets throughout this report.

## ENGAGING WITH OUR CUSTOMERS AND STAKEHOLDERS

To make sure we deliver a service that responds to people's needs, we are constantly engaging with our customers and stakeholders. You can find more information about this engagement throughout this document. Some key highlights are:

**Citizens' Jury:** we've brought 50 customers together in a Citizens' Jury, to help shape and co-create decisions.

**Footpath feedback:** NGN colleagues undertake inspection tours of our worksites, to rate safety, tidiness and staff behaviour.

**Online surveys:** we ran 14 online surveys in 2019/20, gathering feedback from our 22,000 stakeholders.

**Hot topics workshops:** we ran workshops to get deeper insights into the views of decision and policy makers at local, regional and national level.

**Willingness to pay:** we ask customers which elements of our service they value most, to inform our investment priorities.

**On the patch:** stakeholder engagement is now a performance objective for our patch leaders across the region.

**Customer Engagement Group:** an independent board that monitors and challenges our business, to make sure we are meeting customer and stakeholder expectations.

OVER 190,000  
VOICES HEARD IN  
2019/20

OVER 6,000  
VULNERABLE  
CUSTOMERS  
ENGAGED



# A SAFE, RELIABLE SERVICE

Above all else, our customers and stakeholders expect us to provide a safe and reliable gas distribution service. By making sure that the gas is always flowing smoothly, we enable the region's households and businesses to function.

Over the past two years, we have replaced over 1,000 km of old metal pipes with modern plastic equivalents – part of an ongoing programme of work to modernise the network and reduce the likelihood of gas leaks.

Although this planned work was paused during the height of the coronavirus lockdown, it did not impact our 2019/20 performance – given the bulk of restrictions took place from April 2020 onwards.

In 2019/20, we had just over 12,000 unplanned interruptions to the gas supply, compared to just over 18,600 the previous year – evidence that our continued investment in the network is paying dividends.

When the gas did go off, due to planned work or unexpected issues on the network, we got supplies back on quickly, smashing our targets for duration of interruptions.

Between now and the end of RIIO-1 in 2021, we'll be doing even more to reduce the duration of so-called 'open' interruptions – non-emergency gas leaks which don't need immediate repair. Our customers and stakeholders have asked for this, in order to reduce carbon emissions from leaks and reduce disruption.

Our emergency response times were ahead of target in 2019/20 – as they have been consistently throughout the regulatory period. When customers smelled gas and called the National Gas Emergency Line (0800 111 999) our engineers arrived on the scene within the statutory one or two hour windows more than 99% of the time.

Since the coronavirus pandemic, our emergency engineers are required to take a number of additional precautions when attending emergency calls. Where necessary, they wear full PPE when entering homes, as well as following social distancing guidelines. Working in this way has made jobs more complex and time-consuming, but our colleagues have risen to the challenge, to ensure we keep our customers safe.

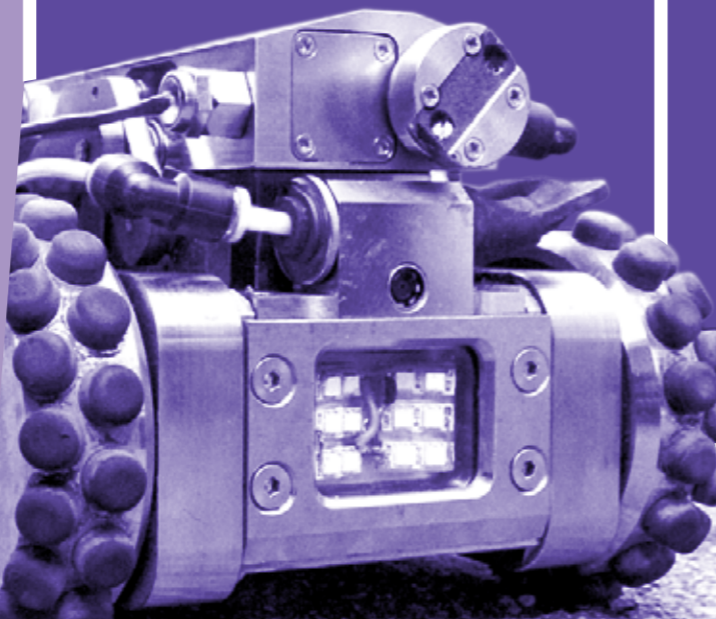
## MEET STAN, OUR ROBO-ENGINEER

We've launched a robot that can travel through underground gas pipes to carry out repairs.

Nicknamed STAN, the robot can travel 250 metres along the length of a pipe. It is equipped with a camera that transmits live footage of a pipe's condition and it can treat imperfections in a pipe by applying a special 'flexspray'.

We began using STAN in January 2019, deploying it on large diameter pipe repairs, which can be especially expensive and disruptive to motorists.

The average duration of jobs has reduced from three weeks to just one week, and cost savings up to £2k per operation.



## PERFORMANCE HIGHLIGHTS

### KEEPING YOU SAFE

In 2019/20, our engineers got out to **99.5%** of urgent gas escapes within the regulatory one hour window, and **99.8%** of less urgent escapes within the required two hour window – both ahead of target. This compares to **99.75%** and **99.4%** in 2018/19.

### UPGRADING THE GAS NETWORK

We replaced 510 km of ageing metal pipes in 2019/20 and 529 km in 2018/19, creating a more reliable network, one pipe at a time.

### TIME WITHOUT GAS

In 2019/20, the region's gas went off for a total of **13.7 million minutes** due to planned work – well ahead of our annual target and an improvement on last year. There were **50,413** planned interruptions in total, smashing our target for the year.

The gas was interrupted for a total of **5.13 million minutes** due to unplanned issues on the network – ahead of target and beating last year's performance. There were **12,110** unplanned interruptions in total – ahead of target.

By way of comparison, in 2018/19, planned work accounted for **17.6 million minutes** of interruption, while unplanned work lead to **6.3 million minutes** interruption.

## WORKING SAFELY DURING THE PANDEMIC

Our emergency engineers are often required to enter customers' homes to check for gas escapes.

Where customers are shielding or exhibiting COVID-19 symptoms, our engineers wear full PPE to ensure everyone's safety. Wherever practical, customers are asked to wait in other room, while the engineer carries out an inspection.

Working in this way is more time-consuming and complex, but it's essential to maintain safety.



## FEWER SUPPLY INTERRUPTIONS ARE IN THE BAG

We carry out lots of daily operations that require us to switch off a customer's gas supply – including replacing old Emergency Control Valves (ECVs) and sending cameras down pipes to conduct surveys.

To keep the gas flowing, even while this work takes place, we have developed an encapsulation bag, which can be fitted over a pipe valve, forming a pressurised seal.

Gas continues to flow within the reinforced plastic, avoiding the need to switch off the gas supply.

A trial project has been successfully completed, and we are now planning to roll-out the technique.

"THE ABILITY TO EXCHANGE, OR INSTALL, COMPONENTS WITHOUT TURNING A CUSTOMER'S GAS SUPPLY OFF IS GAME CHANGING. THE CONCEPT COULD PROVE ESPECIALLY USEFUL DURING THE COVID 19 PANDEMIC – TO HELP REDUCE THE NEED FOR CUSTOMER INTERACTION."

Tom MacPherson Rapid Response Engineer,  
Northern Gas Networks

## CREATING A SHARED MAP OF WHAT LIES BENEATH

Accidental third-party damage to our pipe network costs us many thousands of pounds every year, and can cause the gas to go off – leading to customer frustration.

To reduce the number of these incidents, we have collaborated with Ordnance Survey, Northumbrian Water, Northern Powergrid, BT, Open Reach and Sunderland and Durham City Councils to share data and create a combined underground infrastructure map.

The digital map charts all the underground assets owned by each organisation. It stands to save all partners time and money, every time we need to dig, while improving safety.

To date, partners have created a shared digital map of the Wear area. We are also supporting work to develop a national underground asset register – a project that will be funded by the Geospatial Commission.

## GIVING OUR PIPES INTELLIGENCE

Working with a specialist technology partner, we are developing a low-cost sensor to monitor gas pressure remotely.

The sensor will be integrated into existing pipe components. With a low unit cost of approximately £100 and a long battery life, there is an opportunity for these sensors to be installed throughout the network, transforming our infrastructure into a 21st century smart gas grid.

The sensor will make it quicker, easier and cheaper to identify any problems on the network, such as gas escapes. In time, the data generated can be used to create predictive maintenance programmes – helping us to deliver a more reliable and cost-effective service.

"WE CAN ALREADY MONITOR GAS PRESSURE REMOTELY, USING CURRENT GENERATION DATA LOGGERS, BUT THIS NEW TECHNOLOGY GIVES US THE OPPORTUNITY TO DO SO ON A MUCH WIDER SCALE, AT A FRACTION OF THE COST."

"THE ABILITY TO INTEGRATE THE SENSORS INTO OUR PLASTIC PIPES, SO THAT PIPE COMPONENTS COME OFF THE PRODUCTION LINE WITH A SMART ELEMENT ALREADY BUILT-IN, IS ESPECIALLY EXCITING."

Keith Owen Head of Systems  
Development and Energy Strategy  
Northern Gas Networks

## A SCHEME FOR MORE ACCURATE NETWORK PLANS

Schematics – simplified maps of the gas distribution network – provide an essential guide for gas engineers carrying out work below ground.

Historically, these maps have been created on paper using CAD software and need to be updated every time the network changes. This process is time consuming, expensive and sometimes unreliable – as not all network changes get reported, and the design of schematics can vary across operational areas.

Working with collaborators 1 Spatial, we are creating a software system that will automatically generate schematics, based on latest geographical data. This will ensure they are always reliable and up to date and take the legwork out of making them.

# A GREEN, SUSTAINABLE BUSINESS FOR TOMORROW

Climate change and decarbonisation are key focus areas for stakeholders, with 25 local authorities in our region declaring a climate emergency this year.

Our customers are equally concerned, especially young people.

In a survey of over 130 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.

Our response to this pressing agenda falls into two broad categories: improving our day-to-day business carbon footprint, and developing energy solutions for the future.

To hold ourselves to account, we've committed to a series of new performance targets, linked to UN Sustainable Development Goals.

We've continued to improve our business performance day-to-day, by, for example, reducing gas leakage and energy use in our buildings and reducing the amount of spoil we send to landfill.

Our work to develop sustainable forms of future energy has also advanced at an exciting pace.

Through our H21 programme, we are working on several projects to repurpose gas networks to transport hydrogen, instead of natural gas. When hydrogen is burnt, it produces heat and water – and nothing else – making it a clean, sustainable way of heating homes and businesses.

We have made it easier for biomethane producers to connect to our gas network, so that we can get more of this sustainable gas flowing through our pipes.

And InTEGREL, our dedicated research site near Gateshead devoted to whole systems energy solutions, has played host to a number of new, forward-thinking projects.

Exciting times: and the pace of change continues to accelerate.

## PERFORMANCE HIGHLIGHTS

### LESS GAS ESCAPING

Gas escaping into the atmosphere through pipe leaks contributes to the build-up of harmful greenhouse gases. In 2019/20, we continued to improve our leakage and shrinkage performance, saving a further **12 GwH** compared to 2018/19.

### MORE EFFICIENT BUILDINGS

In 2019/20, we used **4% less electricity** in our buildings and above ground

sites compared to the previous year, resulting in a **16% drop in emissions**.

### LESS WASTEFUL WORK SITES

We sent **less than 0.1% of excavated spoil** to landfill in 2019/20 – comfortably beating our regulatory target for the fourth consecutive year.

We used **13,505 tonnes of virgin aggregate** for our work sites in 2019/20 – which was unfortunately a **40% increase** on the previous year. This was caused by difficulties in obtaining

quality recycled aggregate during the unseasonably wet second half of the regulatory year.

### GETTING BIOMETHANE PRODUCERS CONNECTED

We connected **7 new biomethane sites** to our network in 2019/20, smashing our annual target and bringing the overall total to 17 sites. Biomethane production increased 15% on 2018/19 levels – with production capable of heating approximately 130,000 homes on our network through green gas.

## SETTING OUT OUR ENVIRONMENTAL PROMISES

We have worked with our stakeholders to create a series of environmental targets which are aligned with the UN's Sustainable Development Goals.

The move – a first for our sector - has ensured more transparent reporting, while giving our stakeholders the opportunity to hold us to account.

There are 24 targets in total, ranging from reducing air pollution to increasing free gas connections for fuel poor customers.

By meeting these targets, we estimate that we will unlock more than £50 million of benefits over the next six years.

## A MINI REV-OLUTION FOR OUR VANS

To reduce the noise and air pollution caused by our vans using on-board power, we have introduced i-stop - a technology that drops the engine's revs when there's a reduction in the power required.

Trials showed reduced fuel consumption and air pollution and noise dropped by 12 decibels. We've installed i-stop in 16 new vehicles this year, with an additional 17 vehicles planned as part of our 2020 replacement programme.



## THE ROAD TO GAS POWERED VEHICLES

Our vehicle fleet is one of our biggest sources of carbon emissions, as it is predominantly made up of diesel vehicles.

As part of our efforts to become a net zero carbon business, we are exploring the feasibility of converting our fleet to Compressed Natural Gas (CNG).

We have commissioned a detailed piece of research, which includes a simulation of fleet activity, to see if conversion to CNG would present practical challenges, such as availability of refueling points.

As well as informing our own thinking, the data will be shared with other fleet operators.

## IMPROVING OUR SERVICE FOR BIOMETHANE PRODUCERS

We held a series of customer days with biomethane producers to explore how we could improve our service, and make it easier for them to connect to our network.

We use the feedback to co-design a service commitments charter with producers and implemented changes – resulting in seven new connections in just four months – the first new plants to come online since 2016.

Since the new plants got connected, we've seen a 15% increase in biomethane production, compared to 2018/19.

## DEVELOPING WHOLE ENERGY SOLUTIONS

The future of energy is not a binary choice between gas or electricity. The energy networks of the future will most likely be integrated or 'whole' with different energy sources all playing a part.

This year we've continued to develop the capability of InTEGREL (Integrated Transport Gas Electric Research Laboratory), our 15-acre site dedicated to the development of whole energy systems.

New projects include the installation of a 15m communications tower and lab to develop new Internet of Things (IoT) technologies; battery storage research with Northern Powergrid and design work to create a customer energy village on site, which will explore how to retrofit homes with whole energy solutions.



## SHARING OUR KNOWLEDGE

Our work in hydrogen and other forms of sustainable energy has established us as a leading expert – and we are always keen to share our knowledge.

We are working at a regional and national level to help ensure that green forms of gas, particularly hydrogen, are promoted in a coordinated way, with the industry speaking as one voice.

NGN led the formation of the Hydrogen Programme Development Group, which features all UK gas distributors, Ofgem and BEIS, and aims to provide a cohesive, industry-wide approach to hydrogen research and development.

We are also members of the All Party Parliamentary Group on Hydrogen which aims to build understanding of large scale hydrogen projects in the UK and has support from the Energy and Utilities Alliance, UNISON and the GMB.

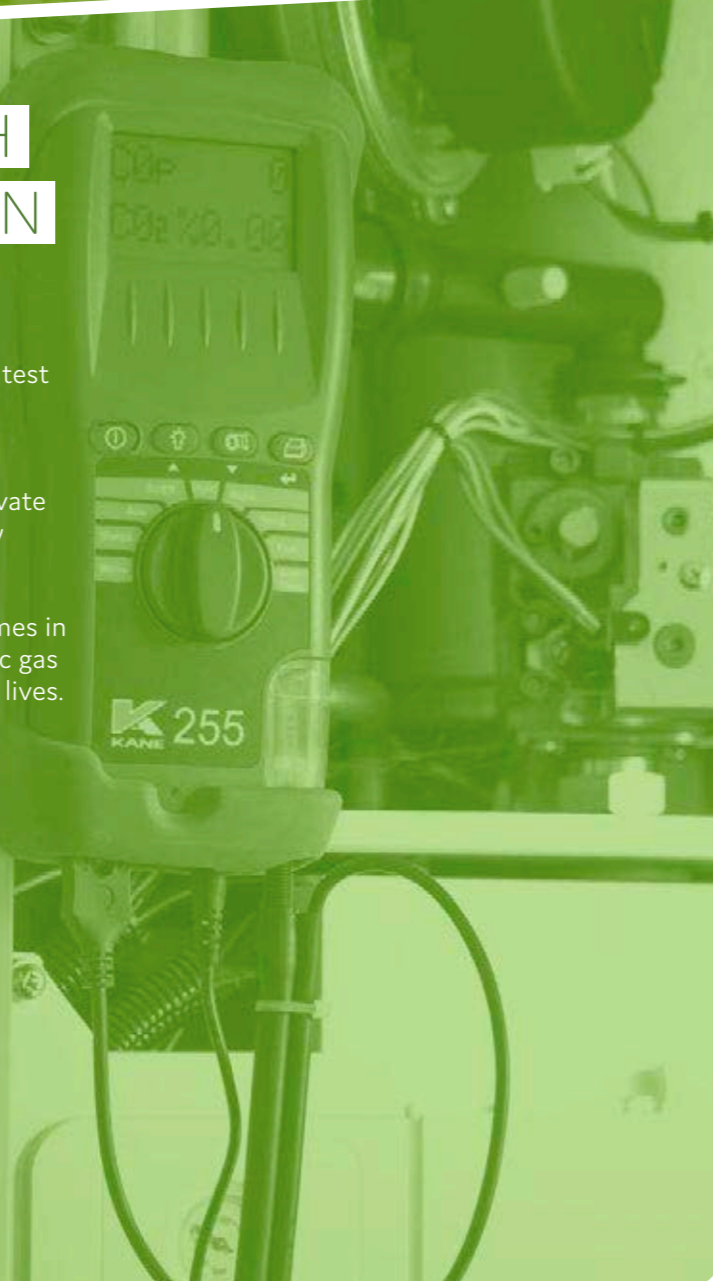
At regional level, many local authorities are developing action plans which focus on carbon budgets and a socially-just transition to greener economies. We are supporting this work by sitting on regional committees, providing data to support modeling and development of local plans.

## HEATING HOMES WITH A BLEND OF HYDROGEN

We are a key partner in HyDeploy – a pilot project to test a blend of natural gas with 20% hydrogen.

The first phase of the project is underway at Keele University in Staffordshire, where customers on a private gas network are using blended hydrogen for everyday heating and cooking.

In a second phase, due to launch in late 2020, 670 homes in Winlaton, Gateshead, will become the first on a public gas network to use blended hydrogen in their day-to-day lives.



## TESTING HYDROGEN IN REAL-WORLD CONDITIONS

To prove that hydrogen can be safely transported to customers' homes through the existing gas network, we are carrying out field trials in real-world conditions.

We have created a bespoke testing facility at RAF Spadeadam in Cumbria. The site is the size of a football field and comprises pipes of various sizes and pressures, plus above ground equipment, so we can simulate the entire network journey.

We have also identified a disused site in Redcar and Cleveland to carry out a series of real-world hydrogen tests. The site was chosen because the gas pipes, while all still intact, are disconnected from the rest of the network.

Both projects are part of our wider H21 programme and will allow us to see how hydrogen performs when it flows through existing pipes beneath the streets.



# MAKING OUR COMMUNITIES STRONGER

Our network area contains some of the poorest neighbourhoods in the UK, with disproportionately high levels of fuel poverty and low household income. More than 560,000 local households are on the Priority Services Register – around one fifth of our total gas customers.

The true impact of the coronavirus pandemic on these communities is only just starting to be understood – but it is likely to be profound and widespread.

Stakeholders regard Northern Gas Networks as an anchor institution – one of a number of large organisations in the region with a unique role in shaping the social and economic landscape.

In our post-COVID world, we take this responsibility especially seriously.

At the height of the pandemic, we took a number of steps to support the most vulnerable – such as introducing unlimited volunteering time for all colleagues; delivering care packages to customers, care homes and charities; bringing

some of our community training resources online and repurposing our community grants fund to support COVID specific charity work.

2019/20 also saw us deliver some significant service improvements, which will be of vital importance to customers in the difficult times to come.

We created a new vulnerability training package for colleagues, to improve staff skills in supporting customers in vulnerable situations.

We committed to a £750,000 hardship fund to support struggling customers in the next regulatory period (2021-2026) with a soft launch in 2020/21.

And we continued to offer support to struggling households through our Green Doctors initiative – which provides advice on energy bills and benefits.

There are undoubtedly difficult times ahead for many of our customers. We will continue to assist the most vulnerable through targeted support and by working closely with our expert partners.

## COVID-19: SUPPORTING THE MOST VULNERABLE CUSTOMERS

When the full implications of the coronavirus pandemic became known in March 2020, we took a number of steps to support to some of our most vulnerable customers.

Our front line teams delivered care packages to customers, care homes and charities – with a total value of £28,000. The packages contained essentials such as food items, hand gel, and in some cases, electronic devices (tablets), so that shielding customers could communicate with loved ones.

Colleagues were encouraged to volunteer in local communities, with an unlimited cap on how many work days they could devote to these acts of kindness.

We reached out to our third sector delivery partners, and through our Community Partnership Fund, provided emergency funding so that they could change their delivery model or buy specialist equipment. This funding included £30,000 to the Leeds and Bradford Resilience Funds and £20,000

to the Tyne, Wear and Northumberland Community Foundation.

We brought some of our key training packages online – such as Carbon Monoxide and energy efficiency – so that community organisations could continue with this important work.

And we supported our supply chain, hit hard by the pandemic, through advice surgeries and fast-tracked payments.

## PERFORMANCE HIGHLIGHTS

### FREE GAS CONNECTIONS

We delivered 1,834 free gas connections for fuel poor customers in 2019/20 and 2,763 the previous year. We have now comfortably exceeded our overall target for the regulatory period of 14,500 free connections.

### REDUCING HOUSEHOLD BILLS

Our Green Doctors Energy advice scheme helped households make £171, 717 of lifetime savings in 2019/20, as well as more than half a million pounds in 2018/19 – keeping more money in the pockets of vulnerable customers.

### SUPPORTING LOCAL COMMUNITY PROJECTS

Our grants programme, the Community Partnership Fund, delivered in partnership with Northern Powergrid, awarded £100,000 to worthy causes in 2018/19, and a further £100,000 in 2019/20. This year, some of these grants were reprioritised to support COVID-19 related charity work.

## CO AWARENESS GOES ONLINE

Families home schooling children during lockdown were able to learn about gas safety with a new activity website.

Featuring Safety Seymour, a superhero bear who has been teaching pupils in classrooms for the last four years, the new website at [safetyseymour.co.uk](http://safetyseymour.co.uk) uses storytelling, cartoons and classroom-style activities to alert families to the danger of Carbon Monoxide (CO) in the home.

The website was launched jointly by NGN and our fellow gas distributors.

**"GAS SAFETY IS SUCH AN IMPORTANT LIFE LESSON WHICH IS WHY WE'VE SUPPORTED CLASSROOM-BASED SESSIONS SINCE 2016. "THE NEW WEBSITE BRINGS THIS TEACHING ONLINE, SO THAT YOUNG CHILDREN AND THEIR PARENTS CAN LEARN ABOUT GAS SAFETY AT HOME IN AN ENGAGING WAY."**

Tom Bell, Head of Social Strategy

## VIRTUAL HUGS DURING LOCKDOWN

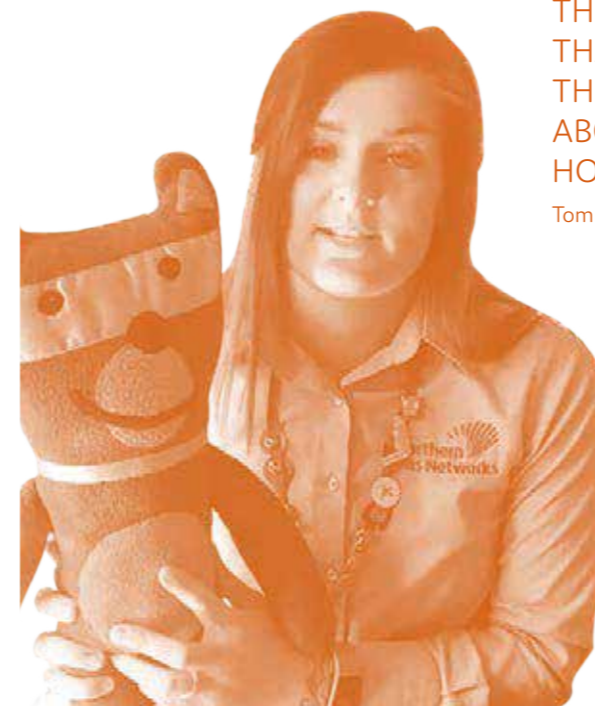
20 Warm Hubs in Northumberland – meeting places in local communities where people can go for warm food and company – had to temporarily close during the Covid 19 pandemic.

As a long-term partner of the Warm Hubs project, NGN was keen to help.

We provided a £2,600 grant so that volunteers from the scheme could provide outreach support for their service users, including food and medical prescription deliveries, and local helplines for residents to get practical support, or to simply chat to a friendly voice and avoid loneliness.

**"OUR VOLUNTEERS CONTINUED TO PROVIDE FOOD, COMPANY AND SUPPORT FOR SERVICE USERS, ALBEIT AT A DISTANCE. THE EXTRA FUNDING FROM NORTHERN GAS NETWORKS ALLOWED VOLUNTEERS ACROSS NORTHUMBERLAND TO SWING INTO ACTION WITH A RANGE OF NEW SERVICES. IT'S BEEN AMAZING TO WITNESS."**

Christine Nicholls  
Community Action Northumberland



## TRAINING OUR COLLEAGUES TO OFFER ENHANCED SUPPORT

Working with our stakeholders, we co-designed a vulnerability training package for colleagues in 2019/20.

The move will improve staff skills when supporting customers in vulnerable situations.

Crucially, the training package, and competency framework which underpins it, will be shared across other utilities – resulting in a unified approach across water, electricity and gas.

## A HARDSHIP FUND FOR STRUGGLING CUSTOMERS

Our new business plan for 2021-2026 includes a £750,000 hardship fund – to help customers in urgent need of support.

We worked closely with our stakeholders and customers to agree the scope of the fund, which will include help for customers in ill-health made worse by cold, damp homes, and customers who can't afford to repair heating appliances.

In 2020/21, we've committed to a £50,000 soft trial of the fund. We've developed new partnerships with the British Lung Foundation and Gas Safe Charity, who will be among the key delivery partners.

## MEASURING THE IMPACT OF HEAT ON HEALTH

Households in fuel poverty are eligible for a free gas connection – but the current criteria does not take account of the health of residents.

We wanted to see if providing free gas connections for customers suffering from poor health could improve their wellbeing and save the NHS money.

In a groundbreaking trial, we provided free gas connections and central heating to 103 homes in Durham and Sunderland, and monitored the impact over 12 months

Before receiving help, more than eight out of 10 participants felt that their health was affected by

being unable to keep warm at home, which reduced to fewer than one out of 10 after intervention.

One participant remarked: "It's been fantastic. It's the best thing I ever got done, because if I hadn't gotten it done, I'd be sitting here freezing now. I'd have no money in the bank and I would probably owe my energy supplier a fortune. It's made my life a whole lot better."

We will be sharing the results widely with our sector, and will work with the Government, Ofgem and the National Energy Action to ensure that the learnings influence future projects around health and warmth.

## THE GREEN DOCTOR WILL SEE YOU NOW

Over the past four years, NGN and Northern Powergrid have partnered with Green Doctors – experts who visit the most vulnerable in our region to provide advice on energy efficiency, bills, benefits and sources of extra support.

The scheme has been very successful in tackling fuel poverty, improving health and wellbeing and reducing the incidence of cold homes.

In 2019/20, the scheme supported 952 vulnerable customers through 539 home visits – unlocking an estimated £171, 717 of lifetime savings in energy bills.

The Green Doctors now also deliver a BPEC-accredited energy efficiency and fuel poverty training course to other community organisations – with 120 advisors in 17 organisations trained to date.

This training was recently extended to Durham County Council, MIND and Tyne and Wear's Fire and Rescue community team – with potential to reach 11,000 homes.

# GREAT CUSTOMER SERVICE

Customers across the UK are, on average, becoming more satisfied with their local gas distributor. Standards have risen across the board during RIIO-1.

We are among a handful of distributors who now consistently score 9 out of 10 in Ofgem's annual customer satisfaction survey. In 2019/20, we continued to occupy a top tier position, beating all our targets for the year.

Delivering a great service relies on speaking to our customers, to find out what's most important to them.

In 2019/20, our Citizens' Panel proved a fantastic sounding board in this regard. Made up of 50 customers broadly representing the socio-economic diversity of our region, the Panel helps to inform key decisions.

Other forms of engagement included footpath feedback – in which we inspect and rate worksites with our customers, and willingness to pay research, which

helps us understand the value that customers place on different elements of our service.

Acting on feedback, we have continued to use imaginative ways to reduce the disruption caused by roadworks – such as sharing work sites with other companies and improving the way we plan schemes.

We've launched new methods of communication to engage hard-to-reach customers, such as non-English speakers.

We were extremely proud to lead an industry-wide movement for quicker and more reliable payment of compensation to customers, when utility companies fail to meet minimum standards.

And we continued to improve our connections service – to deliver a simpler, more convenient service, whenever a customer needs a new gas connection.

## PERFORMANCE HIGHLIGHTS

### CUSTOMER SATISFACTION COMPLAINTS

We smashed our customer satisfaction targets in 2019/20, with the following scores:

- 9.48 out of 10 for unplanned interruptions (emergency work). We scored 9.5 out of 10 in 2018/19.
- 8.92 for planned work. We scored 8.8 out of 10 in 2018/19.
- 9.05 out of 10 for connections. We scored 8.9 out of 10 in 2018/19.

Our complaints metric score improved from 2.8 in 2018/19 to 2.44 in 2019/20, thanks to even speedier resolution of complaints.

### EXTERNAL BENCHMARKING

We have been benchmarked by the Institute of Customer Service for the

last eight years. This year, we scored 88/100, compared to a UKCSI index average of 77.10/100.

We also took part in Business in the Community's nationally recognised Responsible Business Tracker scheme, scoring above average for policy engagement and stakeholder collaboration.

## CHANGING THE LAW TO GIVE CUSTOMERS AUTOMATIC COMPENSATION

Research from Citizens Advice found that at least 30% of customers in the UK were not receiving the compensation they were entitled to, when companies failed to meet minimum service standards.

Acting on these findings, in January 2019, NGN became the first network to proactively pay compensation to customers after key service failures, such as not providing five days' notice of planned work.

However, we were keen to push for industry-wide change, and in June 2019, we raised a formal request to place the obligation onto Shippers to automatically pass on customer payments within 10 days.

This change was unanimously supported by all gas distributors and shippers, and the new rules came into force in April 2020. As a result, customers will now be automatically compensated for service failures, within 10 days. A fantastic result!

## A SMARTER WAY TO PLAN ROADWORKS

Temporary traffic lights and road barriers are never a welcome sight for motorists and local businesses.

That's why we are working on traffic management plans which take more account of local conditions, such as traffic flows, to reduce disruption and delays.

Advanced software, developed in partnership with a local authority highways team, generates the plans automatically, ensuring that key stakeholders, such as councils, have quick and easy access.

"THE ABILITY TO GENERATE TRAFFIC MANAGEMENT PLANS, AT THE CLICK OF A BUTTON, IS A POTENTIAL GAME-CHANGER FOR THE INDUSTRY.

"WHAT IS MOST EXCITING ABOUT THIS INNOVATION IS THE ABILITY TO MAKE OUR SCHEMES MORE CUSTOMER-FOCUSED. BY BUILDING IN KEY INFORMATION SUCH AS TRAFFIC FLOWS, WE CAN DESIGN SCHEMES WHICH ARE LESS DISRUPTIVE AND MORE SENSITIVE TO LOCAL ISSUES."

Richard Hynes-Cooper,  
Northern Gas Networks Head of Innovation



## SHARING BARRIERS, REDUCING DISRUPTION

Customers continually express frustration about a lack of joined-up thinking when it comes to roadworks. The road is dug up by one company, only for another firm to appear two months later and excavate the same stretch.

To avoid this frustration, we've been taking every opportunity to share worksites with other companies.

In 2019/20, we completed 38 collaborative projects with the likes of Yorkshire Water, Northumbrian Water, Northern Powergrid, BT, Virgin Media, Balfour Beatty, Bam Nuttall and Network Rail.

Thanks to this collaborative approach, we've seen a 21% increase in local authority satisfaction with us and we are projecting £4.5 million of cost savings over the next six years.

## AVOIDING DRIVEWAY DISRUPTION

To replace service pipes – the smaller pipes that connect homes to the gas mains in the street – we sometimes need to dig up customers' driveways.

If a customer has recently had their driveway replaced, it can be extremely frustrating to see it dug up again – even if we do put everything back as we find it.

We've been running a campaign to ask customers to tell us when they are having their driveway relaid – just in case we need to get in and replace the service pipe first.

In 2019/20, we completed 14 of these projects, including our first joint driveways project with Yorkshire Water, with another 12 in planning.

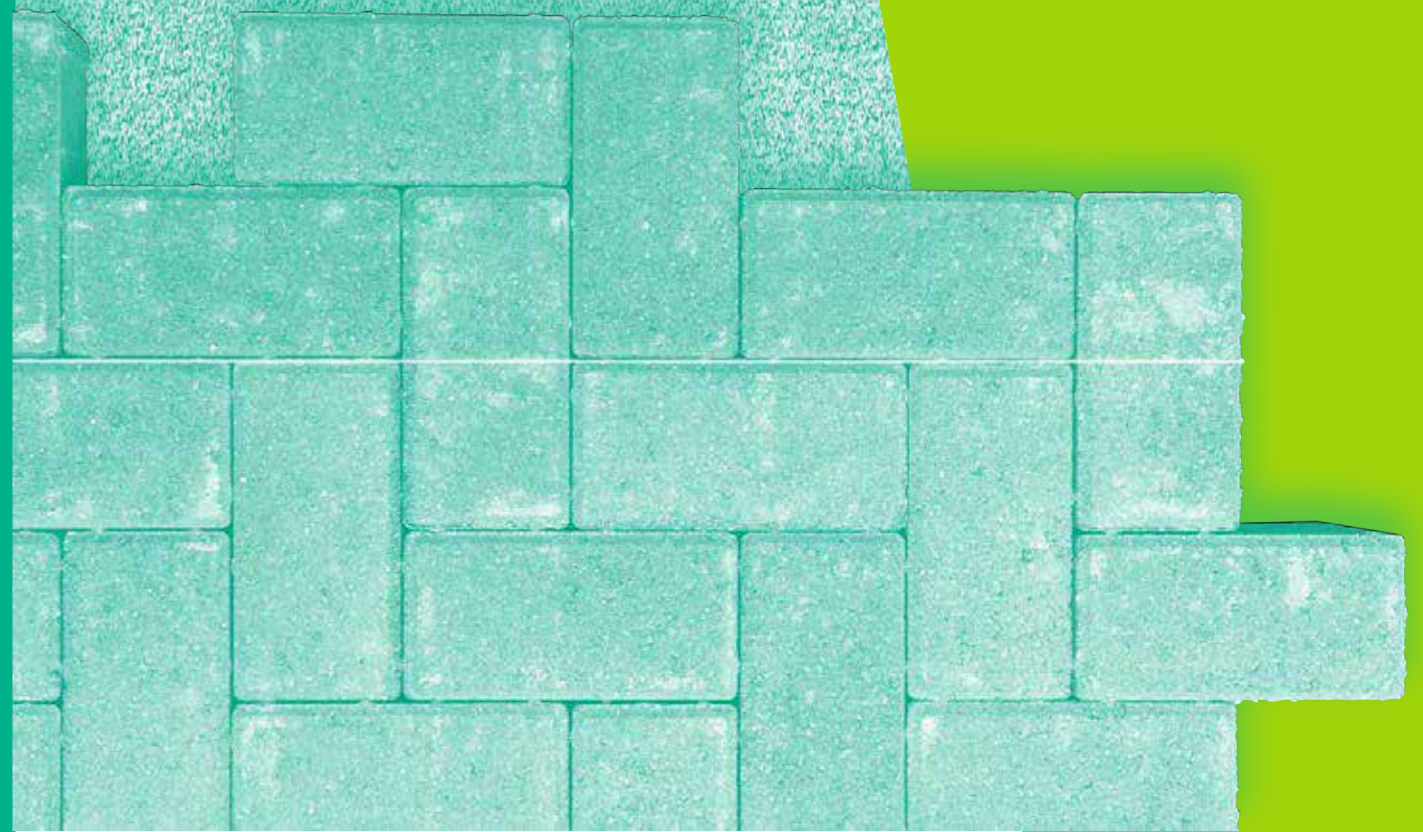
## BREAKING DOWN LANGUAGE BARRIERS

Our customers want clear information about planned service interruptions, but in 2.5% of households (approx. 66,000) in our region, English is not their first language.

Letters are not always the most effective form of communication in these circumstances, so we've been trialling the use of video messages. Our Customer Care Officers have filmed themselves explaining upcoming works.

In Bradford, our Customer Care Officer produced a video in Urdu, to improve communication with the large number of non-English speakers on his patch.

We're committed to rolling this approach out further not only for roadworks, but for other forms of advice, such as Carbon Monoxide awareness and how to sign up to the Priority Services Register.



## SMART TRAFFIC LIGHTS

To reduce frustration among motorists, we trialled 'smart' traffic lights on 56 projects in 2019/20, many of which were in high-traffic urban areas.

The lights automatically detect a heavy concentration of vehicles and alter their pattern to ease congestion and prevent bottlenecks.

The reduction in start-stop traffic also causes less wear in the brakes and reduces emissions from idling traffic.



## ENVIROSPoil BOARDS

Sometimes the simplest ideas are the most effective.

We trialled rubber boards to put spoil on during roadworks, as an alternative to the usual plastic sheeting used throughout the industry.

Unlike the plastic sheets, the rubber boards didn't result in road scarring, damage to grass or blocked drains. They also speeded up job completion times.

We estimate the new boards can save us £5.4 million over the next six years, as well as reducing customer complaints.

## CONNECTING WITH CUSTOMERS

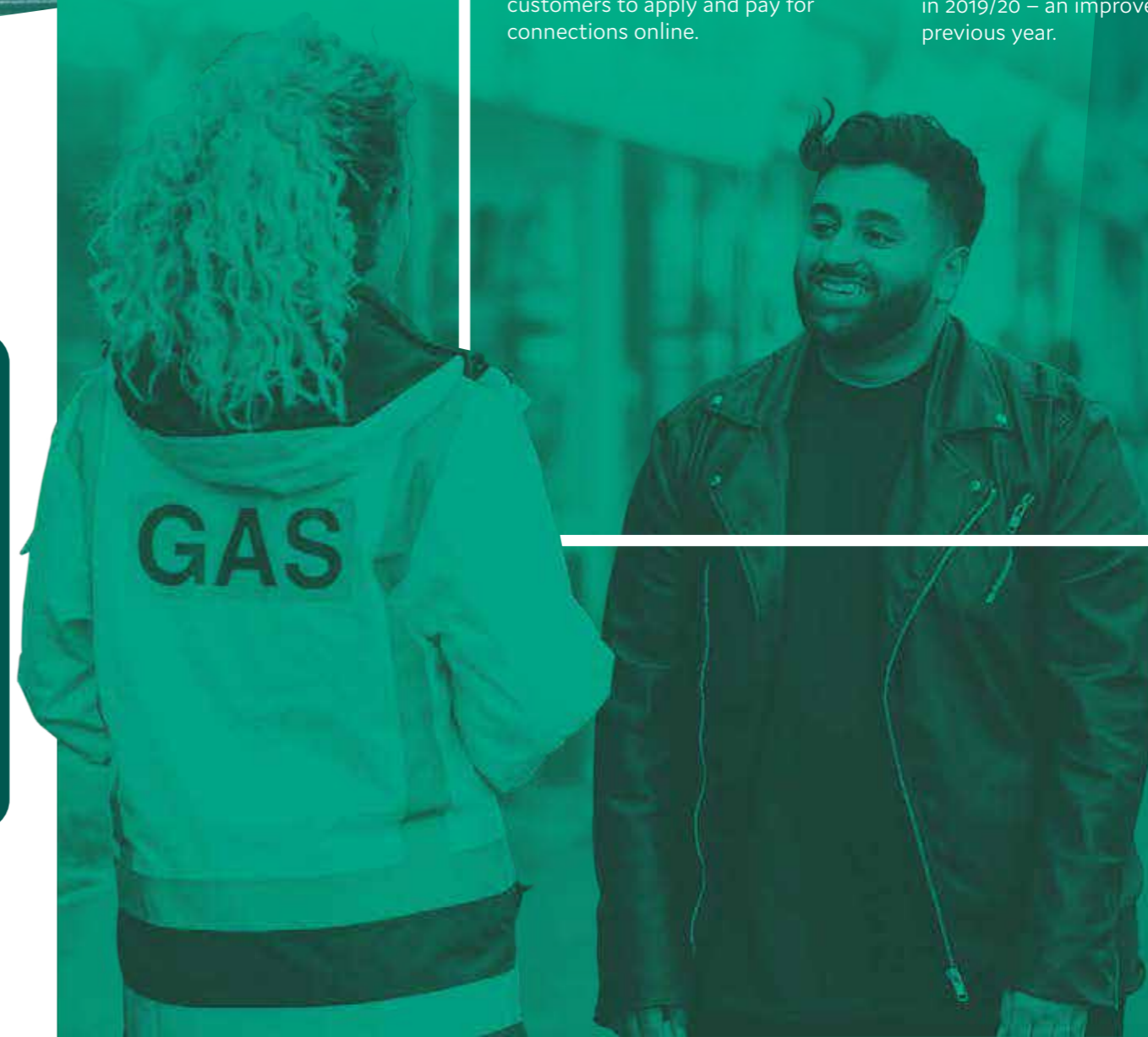
We carry out around 7,500 new gas connections each year.

Over the past two years, we've introduced a number of improvements to make our service more convenient for customers.

We've simplified application forms, removed jargon and began work on a new online portal which will allow customers to apply and pay for connections online.

We've also introduced our own third-party satisfaction survey for key third party stakeholders, such as shippers – as working more closely with these groups improves the end service to customers.

As a result of these ongoing changes, customer satisfaction with their connections service has continued to rise – with a score of 9.05 out of 10 in 2019/20 – an improvement on the previous year.



# MODERNISING OUR BUSINESS AND PLANNING FOR THE FUTURE

The world is going through a period of accelerated change – and the utilities sector must keep adapting.

We need to make sure our people have the right skills, our technology is cutting-edge and adaptable and our approach to service delivery is sustainable and great value for money.

Throughout RIIO-1, we have taken every opportunity to modernise our business.

The average age of our workforce has reduced from 48 to 38, through an over 55s retirement programme which has enabled colleagues to leave the business on favourable terms.

We have rolled out new terms and conditions, including a bonus scheme aligned directly to RIIO-1 commitments.

We have invested £7.7 million to create modern and inspiring workplaces, for both front line and office based colleagues.

In 2019/20, we have introduced a new engagement strategy to enable colleagues to have a true voice within the organisation; introduced a bespoke mental health awareness programme and created a dedicated development centre within our head office.

We have also invested heavily in a cutting-edge IT system, to make many core day-to-day tasks more efficient – from planning a job to running off a report.

Our ambitious new business plan, for 2021-2026, will ensure that we continue to provide a progressive, socially-aware programme of activity. The plan will ensure we deliver great value to our customers, while responding to the things that really matter to people – from green energy to support for the most vulnerable.

## FUTURE WOW: TRANSFORMING OUR DIGITAL WORLD

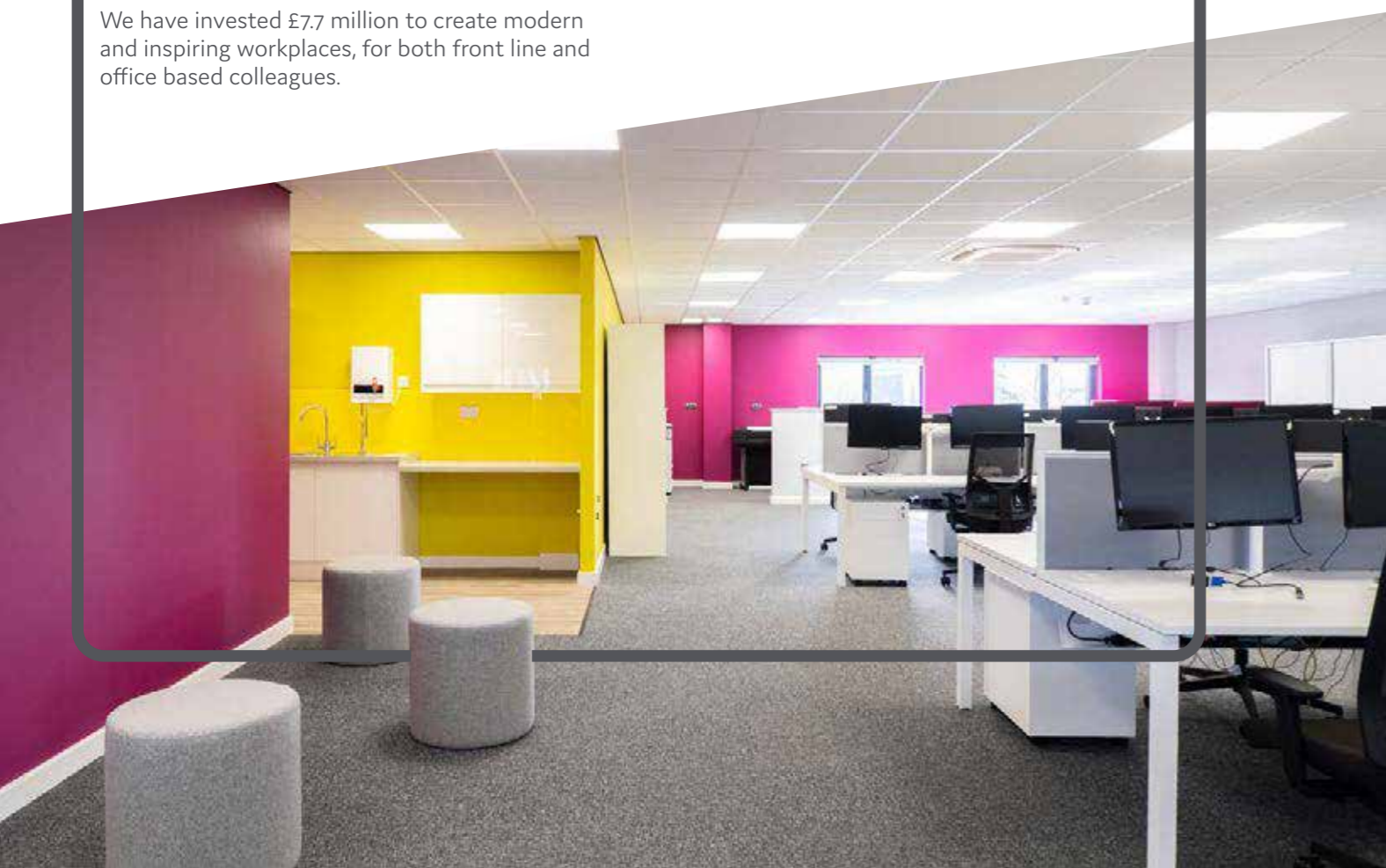
At the start of RIIO-1, we had an old and inefficient IT infrastructure model, with aged systems close to end of support life. Compiling reports was labour intensive and colleague frustration was high.

Our Future Ways of Working Programme, known as Future WOW, has transformed this model. This programme includes a central SAP S4 Hana platform, which has brought our IT infrastructure into the 21st century, as well as a business-wide revolution in the way we perform key tasks, such as data gathering.

Although relatively new, the system is already having a positive impact.

For example, payroll processing has reduced from six hours to five minutes. Outstanding gas escape reports can be accessed in real time, instead of eight hours under the old system. And IT operating costs have reduced from a peak of £12.2 million to £6.6 million.

We have still only just scratched the surface of what we can achieve with this new system, and are set to reap the rewards in the years to come.



## OUR NEW TRAINING CENTRE



## OUR NEW BUSINESS PLAN

In 2019, we opened a new, purpose-built training centre at our head office in Leeds.

Prior to the coronavirus outbreak, this versatile space was used for a wide variety of training and personal development – from technical skills needed on the front-line to mentoring skills.

Its size and versatility also makes the centre a great venue for conferences – and we look forward to welcoming stakeholders and customers when it is safe to do so.

Our business plan for 2021-2026 has been shaped by the most extensive consultation exercise in our company's history – involving more than 189,000 voices across the region.

Customers want us to strike the right balance between a high-quality service and affordable bills, so we will be delivering a 8.6% real terms reduction in average domestic customer bills over the period.

We will invest a further £800 million in our network, to ensure ever greater levels of reliability and safety.

To become a carbon neutral business by 2031, we will be introducing a range of measures, such as creating natural wildlife habitats on our sites, eliminating waste





from excavations and sourcing all our energy from green, renewable sources.

Stakeholders and customers also want us to continue to use our reach and resources to support struggling customers and communities. We will launch a hardship fund for customers in immediate financial need; introduce a dedicated hotline for customers on the Priority Services Register, and continue our Community Partnership Fund, which provides grants for life-changing grass-roots projects.

It's a hugely ambitious plan, and we can't wait to deliver it!



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