Stakeholder Engagement Incentive Scheme

Submission 2020/21

Part 1

Northern Gas Networks

together **we are the network**

What you can find in this document

This document sets out how we engage with our stakeholders to ensure that our business continues to deliver outcomes that they value.

1.   Introduction

1.1.   Purpose of this document

This document forms the first part of our submission to Ofgem's Stakeholder Engagement Incentive Scheme. It sets out our approach to engagement with our stakeholders during 2020/21. In particular it covers:

- our strategic approach to engagement and how we use stakeholder insight to drive improvements in our business
- how we have engaged with stakeholders this year
- how we embed an engagement-led approach into the culture of our business
- how we monitor the effectiveness of our engagement

The proof of our strategy is in the outcomes we have delivered to our stakeholders as a result of our engagement. Part 2 of our submission covers this in full and should be read alongside this document.

1.2.   An ever-evolving approach

In our last regulatory year of RIIO-1, we've worked harder than ever to further embed our proven engagement strategy. Driven by external factors such as Covid-19 and the transition to RIIO-2, we've evolved our approach by building on areas of strength and adapted in areas where we identified gaps and opportunities for improvement.

Our highlights for this year include:

Creating a framework fit for the future
Establishing a transition year work programme for our Customer Engagement Group, focused on readiness for RIIO-2 underpinned by engagement plans for each area of the business led by our senior leadership team.

Creating space for young people's voices
Addressing a gap in engagement with the younger demographic of our future customers. By sharing best practice across the utilities sector with SGN & Northumbrian Water, we launched our own Young Innovators Council earlier this year.

Improving colleague capability
Launching our refreshed Stakeholder Toolkit; an online suite of best-practice resources including 'how to guides' and templates available to all colleagues, that are more accessible and relevant.

Developing our online engagement mechanisms
Significantly improving our capability to deliver high quality online engagement with investment in new systems, software and training courses for our colleagues.

Bringing stakeholders into our strategic decision making
Developing a Social Strategic Partners Board and recruited an external stakeholder to sit in our internal innovation working group, to challenge and approve innovation project proposals.

Enhanced our hard-to-reach framework
Refining our framework to fully support customers who are hard-to-reach because they are digitally excluded.

1.3.   Highlights of our year

Over **252,000** voices heard

Over 14,900 stakeholders engaged through strategic engagement mechanisms

22% of voices heard through strategic engagement were vulnerable customers

8,402 interactions with online engagement hub, Togethernow

51 strategic engagement events held

Launched our **Young Innovators Council**

9/10 overall stakeholder satisfaction with NGN from our Communities of Interest

8.7/10 average rating for our stakeholder workshops

9.17 average customer satisfaction score

2.   Our engagement strategy

This section sets out our strategy to deliver meaningful, inclusive and iterative engagement, designed to give stakeholders a stronger voice and put them at the heart of the decision-making process. Specifically:

• our strategy for engagement and the guiding principles of our approach
• our approach to detailed engagement planning
• our approach to programme and risk management

2.1.   Strategic framework

Our enduring engagement strategy has evolved and matured throughout RIIO-1. We've fully embedded a strategic approach to stakeholder engagement across the business, which in turn has helped us achieve our business objectives and driven high performance. Owned by our leadership team, we're confident our tried and tested framework is agile, adaptable and RIIO-2 ready.

Whilst we adapt our approach year on year to reflect new mechanisms and priorities, the objective at the heart of our engagement strategy remains the same, that: "insight into our stakeholders values, preferences and ideas drives business planning and change."

Our strategic approach is underpinned by three core principles:

1.   Meaningful: rather than us defining the agenda, we ask stakeholders to tell us what they want to talk about and how they would like to engage with us. This allows us to focus on the material issues most important to them, where there is real opportunity to influence our priorities and how we deliver them.

2.   Inclusive: our engagement is designed to reach all groups of stakeholders, through 16 core mechanisms and a range of bespoke and ongoing channels. Through a targeted and sensitive approach, we have reached traditionally hard-to-reach and seldom-heard voices – ensuring our findings are representative of our whole community.

3.   Iterative: our integrated approach ensures that every contact counts, triangulating day-to-day feedback, third-party insight and specialist engagement. We deliver a flexible engagement programme that continually evolves in response to insights gained, allowing us to iteratively test our proposals and calibrate across different groups.

2.1.1.   Our cycle of engagement: ensuring every contact counts

Our overall approach is outlined in Figure 1 below. Whilst this is visualised as a sequential process, in practice this framework is used iteratively, testing and retesting proposals at each stage of the design.
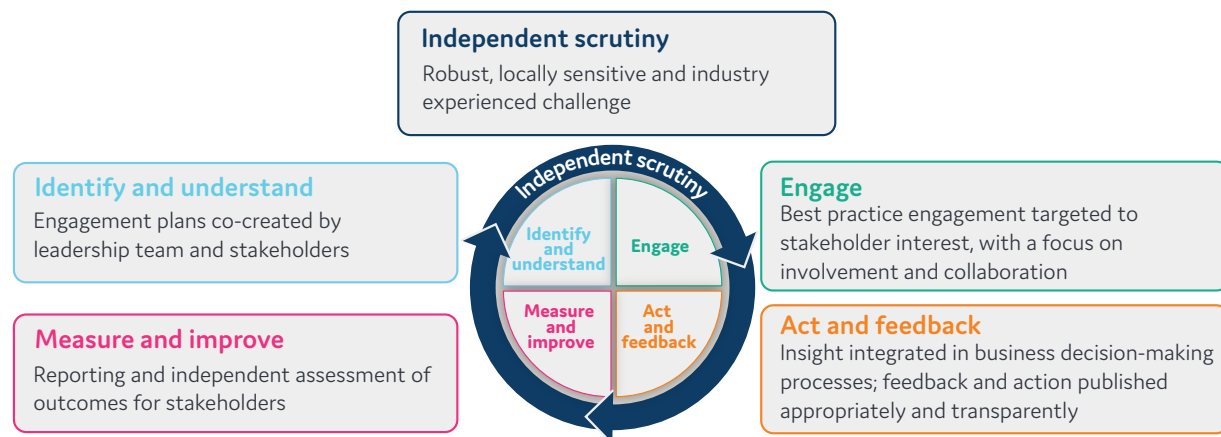
Independent scrutiny
Robust, locally sensitive and industry experienced challenge

Identify and understand
Engagement plans co-created by leadership team and stakeholders

Engage
Best practice engagement targeted to stakeholder interest, with a focus on involvement and collaboration

Measure and improve
Reporting and independent assessment of outcomes for stakeholders

Act and feedback
Insight integrated in business decision-making processes; feedback and action published appropriately and transparently

Figure 1: *NGN's strategic framework for engagement*

This document is structured around these four phases of engagement and in Part 2 we have showcased the outcomes achieved during 'Act and feedback'.

Underpinning our strategic framework is a dedicated commitment to the principle that every contact with our stakeholders counts. To ensure this, we triangulate insights from a variety of sources:
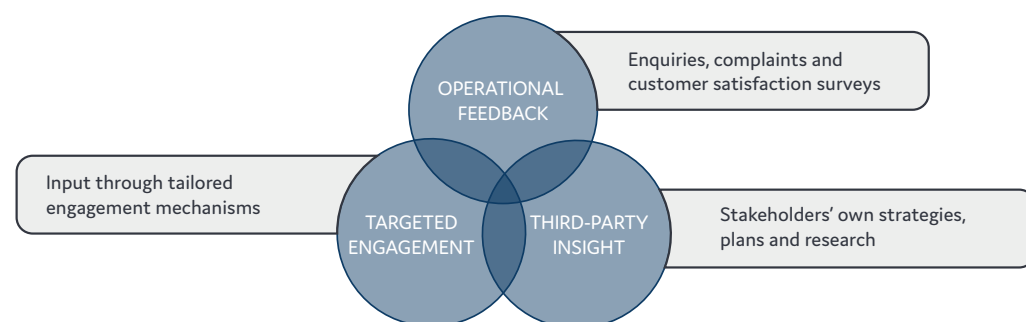
OPERATIONAL FEEDBACK — Enquiries, complaints and customer satisfaction surveys

Input through tailored engagement mechanisms — **TARGETED ENGAGEMENT**

THIRD-PARTY INSIGHT — Stakeholders' own strategies, plans and research

Figure 2: *Triangulation of stakeholder feedback*

• **Operational feedback:** utilising the wealth of information from our business as usual operations – over 9,471 enquiries, 3,646 customer satisfaction surveys and 1,388 complaints this year. Analysis of trends allows us to identify hotspots or key points of interest for our customers – and effectively target our engagement.
• **Third-party insight:** reviewing and considering the strategies, plans and priorities of stakeholders right across NGN's geography, together with best practice guidance from national stakeholders. This year we refreshed our analysis of place-based economic and energy priorities by reviewing the plans and strategies of local and sub-regional bodies such as local authorities, local enterprise partnerships and combined authorities.
• **Targeted engagement:** building on what we already know through our gap analysis and triangulation of other sources, our targeted engagement through strategic engagement mechanisms uses a tailored mix of qualitative and quantitative channels designed to ensure that everyone can have a voice through the mechanisms that work for them.

2.2.   Identify and understand

We serve a large population of customers and wider stakeholders, each with varying interests and power to influence our services. This section sets out how we identify, map and plan engagement to ensure it responds to stakeholder needs and reaches the right people, on the right issues.

2.2.1.   Stakeholder mapping

What do we mean by 'stakeholders'?
Wherever we reference 'stakeholders', we allude to our entire stakeholder community, split into four broad categories – National Policy Shapers, Local Place Makers, Customers and Wider Workforce and Supply Chain.

To ensure that a comprehensive range of voices are heard, we need a solid understand of who our stakeholders are. We map existing and emerging stakeholders using four categories: National Policy Shapers, Local Place Makers, Customers, Wider Workforce and Supply Chain – divided into 46 customer and stakeholder segments.
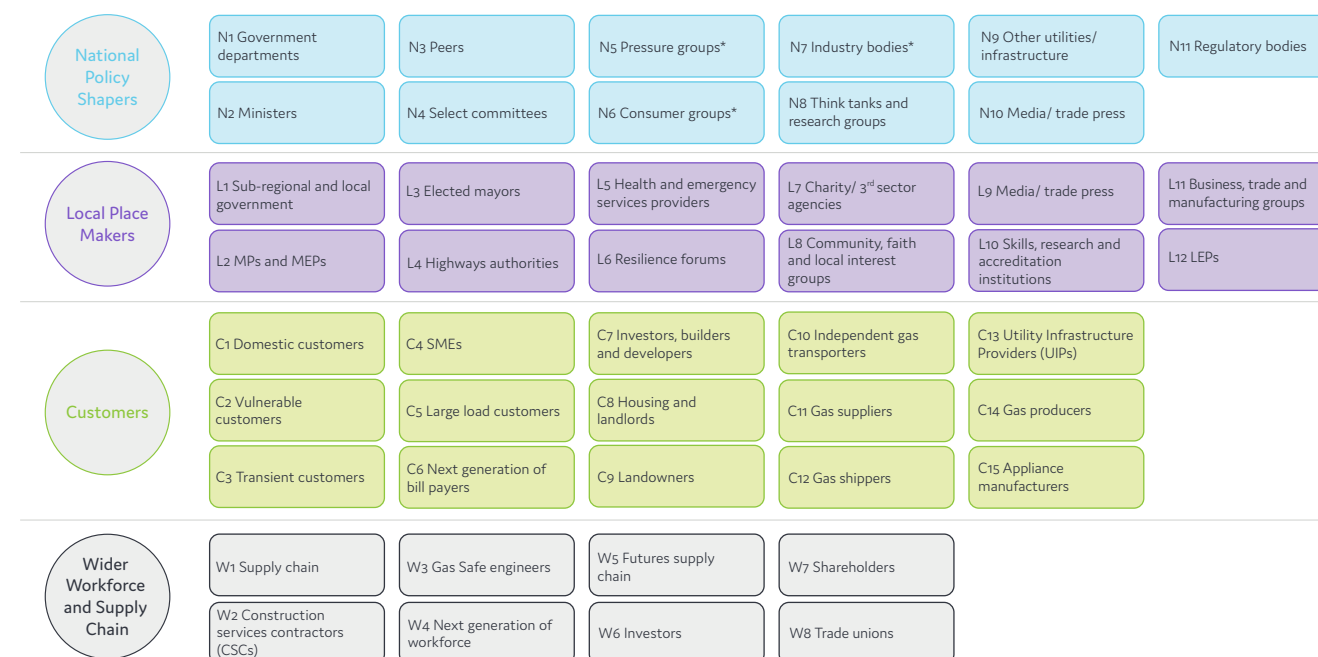
National Policy Shapers
- N1 Government departments
- N2 Ministers
- N3 Peers
- N4 Select committees
- N5 Pressure groups*
- N6 Consumer groups*
- N7 Industry bodies*
- N8 Think tanks and research groups
- N9 Other utilities/ infrastructure
- N10 Media/ trade press
- N11 Regulatory bodies

Local Place Makers
- L1 Sub-regional and local government
- L2 MPs and MEPs
- L3 Elected mayors
- L4 Highways authorities
- L5 Health and emergency services providers
- L6 Resilience forums
- L7 Charity/ 3rd sector agencies
- L8 Community, faith and local interest groups
- L9 Media/ trade press
- L10 Skills, research and accreditation institutions
- L11 Business, trade and manufacturing groups
- L12 LEPs

Customers
- C1 Domestic customers
- C2 Vulnerable customers
- C3 Transient customers
- C4 SMEs
- C5 Large load customers
- C6 Next generation of bill payers
- C7 Investors, builders and developers
- C8 Housing and landlords
- C9 Landowners
- C10 Independent gas transporters
- C11 Gas suppliers
- C12 Gas shippers
- C13 Utility Infrastructure Providers (UIPs)
- C14 Gas producers
- C15 Appliance manufacturers

Wider Workforce and Supply Chain
- W1 Supply chain
- W2 Construction services contractors (CSCs)
- W3 Gas Safe engineers
- W4 Next generation of workforce
- W5 Futures supply chain
- W6 Investors
- W7 Shareholders
- W8 Trade unions

Figure 3: *Customer and stakeholder segmentation*

 Understanding that not all stakeholder needs are equal sits at the heart of our engagement strategy. We recognise that there are variances in interests, knowledge, engagement preferences, relative importance and legitimacy. To fully understand the implications of this, we map our stakeholders to help us better identify the relative power and interest of different groups.

Ultimately the impact of this work is an ability to prioritise and rank stakeholder engagement, to link this to a prioritised set of engagement themes and to design tailored communications to ensure an appropriate approach to each group, to thereby obtain outputs that would have the greatest benefit to customers and wider society.
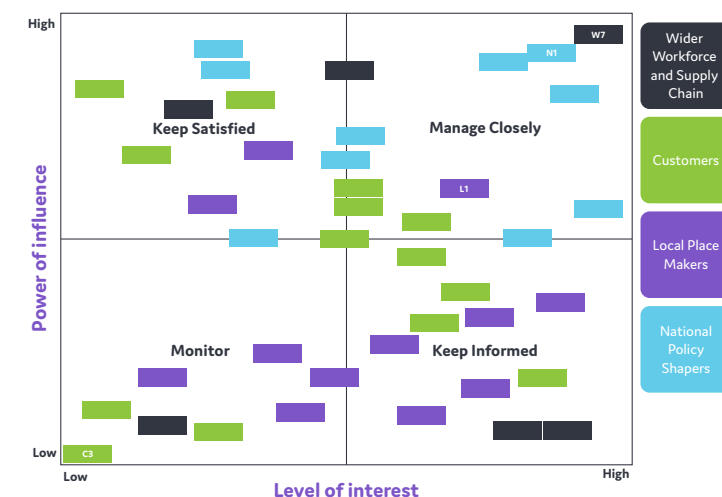
Power/interest mapping (axes: Power of influence vs Level of interest)
- Keep Satisfied
- Manage Closely
- Monitor
- Keep Informed

Legend: Wider Workforce and Supply Chain; Customers; Local Place Makers; National Policy Shapers

Illustrative examples: N1 Government departments, **L1** Sub-regional and local government, **C3** Transient customers, **W7** Shareholders

Figure 4: *Customer and stakeholder power/interest mapping*

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> "NGN has created a clear method and typology for identifying stakeholders, set out in the Engagement Strategy. This has informed stakeholder mapping within engagement plans and is clearly referred to in these plans. Particularly notable is the identification of key external stakeholders for traditionally internally-focused teams such as HR and finance. Within individual programmes, stakeholders are identified at an early stage in creating and categorising mitigation plans, developing projects, and establishing engagement around tactical and strategic issues."
> SGS, Internal Management Report for Northern Gas Networks 2021

2.2.2. Prioritising effort – establishing key account management

Last year, we invested in new systems to enable us to better manage and target stakeholders effectively. This year, we've utilised our improved data and evolved our approach by establishing a key account management framework that helps us focus on stakeholders operating in the 'manage closely' quadrant of our stakeholder map.

We undertook an enhanced mapping exercise to identify key individuals across each area of strategic business risk, through workshops and 1-1 meetings with our senior leadership team. This has resulted in a clearly prioritised list of key individuals, relationship managers and reporting structures, in order to improve engagement and influence at decision making levels, both locally and nationally.

Where appropriate, we have established new engagement mechanisms to help us engage with key accounts more effectively. In the areas of social / vulnerability and environment we've formed Communities of Interest that help us collaboratively tackle cross-industry issues (see section 3.3.7).

2.2.4. Planning and risk assessment

The final stage of our 'identify and understand' process is the development of our annual engagement plans. Individual department plans are developed and owned by each member of our senior team, supported by our central engagement function. This year, we've further embedded a holistic approach in engagement planning by rolling out our approach to all areas of the business. We've worked with traditionally internally focused teams such as HR, finance and IT to identify key external stakeholders to encourage co-creation and sharing best practice.

We continue to be consistent each year by bringing the executive team together to present, challenge and support each other on their draft plans, as shown in Figure 5.
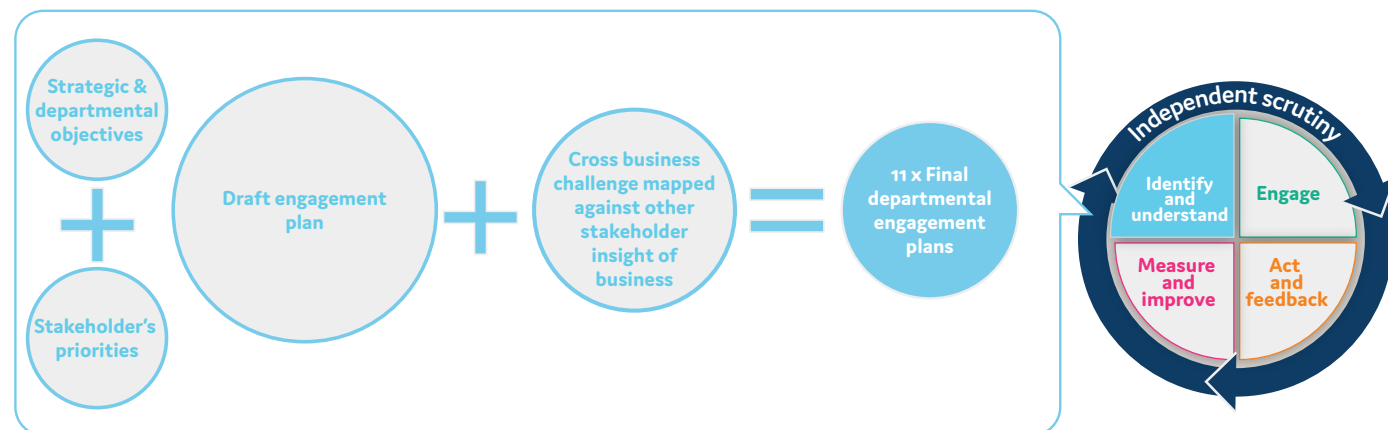
2.2.3. Key issues mapping

Each year, we undertake analysis of all the insight we've heard in the previous year to prioritise those issues our stakeholders most want to engage on. This analysis supports our leadership team in developing their engagement plans for the year, with the assurance that they are focused on stakeholders' burning issues.

This year, we've done this in three ways:

1. **Asking our stakeholders what's important –** using our wide range of engagement mechanisms from strategic workshops to customer perceptions, we asked stakeholders to prioritise what is most important to them

2. **Undertaking a desktop review –** breaking insights down to key business areas to inform the basis of directorate engagement plans

3. **Checking we've got it right –** using a range of engagement mechanisms such as our Customer Engagement Group (CEG), NGage and Communities of Interest to assess and challenge our response to stakeholder feedback, ensuring we are responding in the right way

Within each engagement plan, directors identify:

- their strategic objectives and challenges
- the key issues raised by stakeholders
- engagement objectives and approach
- risks, both to effective engagement and delivery of changes in response to stakeholder feedback
- cross-directorate links and areas for joint working

This is followed by finalisation and delivery of the plans and a review of progress against departmental objectives.

Figure 5: *Process of developing directorate level engagement plans*

2.3. Acting

We have embedded stakeholder engagement into our core decision-making processes. We regularly take temperature checks to ensure our overarching strategic priorities continue to be relevant to our stakeholders (see customer perceptions, section 3.3.2). And in delivery of those objectives, we work directly with impacted groups to co-design changes to our services and approach. Critically, we ensure that each of our decisions has clear 'golden thread' to our business' strategic priorities.
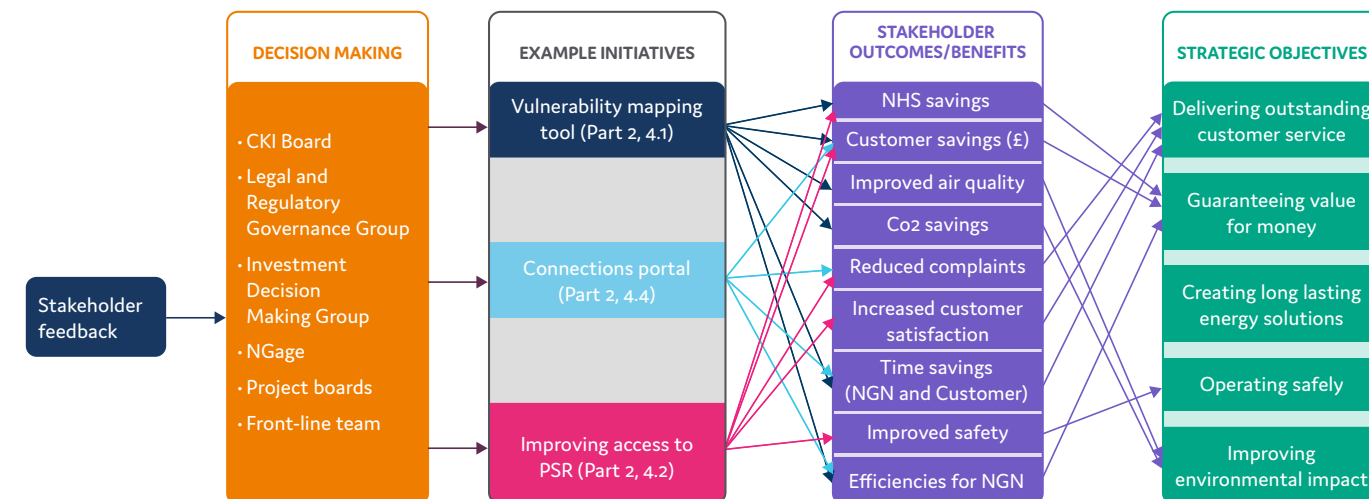

Figure 6: *The golden thread: from stakeholder feedback to our strategic objectives*

2.3.1. Understanding our impact

We consistently use benefits analysis to gain a holistic view of the social, economic and environmental benefits that could be delivered when considering the potential impacts of our existing services or new initiatives.

Our Value Framework is intrinsic to our business decision-making process and allows us to understand and compare the complex benefit impact pathways from our all activities to the outcomes experienced by a range of different stakeholders. Wherever possible, we apply quantifiable benefits to present a clear cost benefit. However, we recognise that many benefits do not yet have robust metrics that allow for a quantified approach. As such, our decisions are based on a holistic understanding of both quantified and unquantified benefits.

Figure 7 below, demonstrates how the Value Framework is used to identify individual benefits and their recipients. In Part 2, we've included further detail on how the Value Framework has been applied to projects this year.
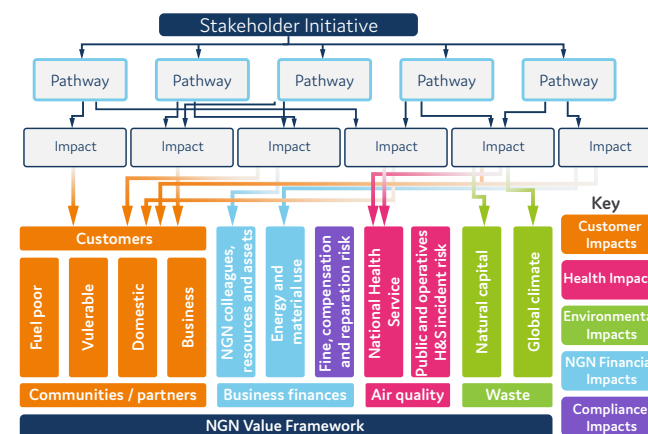

Figure 7: *Indicative macro view of benefits mapping*

2.3.2. Sharing and enriching value through collaboration

The Value Framework is underpinned by a comprehensive library of benefits based on nationally recognised values such as the Government Green Book. We've continued to expand the values so that they better reflect our stakeholders' needs, to help inform and support the decisions taken around the initiatives included in Part 2.

This year, we've used peer-reviewed research produced by our stakeholders to add over 70 values to our framework, alongside our annual update of existing values, in particular ensuring we reflect changes as a result of the pandemic. For example, we've incorporated new values developed by Greater Manchester's Combined Authority to understand the impact of educational programmes.

Figure 8: *Categories of Value Framework benefit added this year*

We've also worked closely with our partner networks, to share best practice and utilise the framework more widely, including informing decision making at a whole systems level and ensuring network asset decision making is consistent across the industry.

2.4. Learnings and closed projects

In Part 2 we set out the stakeholder-led initiatives that we have progressed this year. However, we're not always able to act on stakeholder feedback and sometimes we don't have the positive impact we hoped. Examples of compromise are included in Part 2 and in addition Table 1 below provides examples of initiatives that we have paused or adapted this year.

Our cyclical engagement means we can return to stakeholders to review our actions, assess their impact and review against their priorities; this helps us to learn lessons and either devise alternative approaches or rescope to make sure we are delivering social value.

Action / commitment	How we've adapted / changed our approach
In 2019/20, we committed to a cross-utility face-to-face training package on supporting vulnerable customers.	In response to Covid-19, we've utilised NEA funding to adapt our training model to be delivered online and have created a tried and tested digital training package that's right, ready to implement from April 2021.
Last year, we outlined our approach to help more customers benefit from energy efficiency advice. We used our network of partnerships to disseminate information on our behalf, helping customers manage energy better.	After hearing conflicting views over the last few years, our most recent customer perceptions research found there was a strong appetite for energy efficiency advice, with the majority of customers seeing NGN as having a direct role in providing this information to customers rather than just our partners. Therefore, this year we are taking some time to rescope and realign how we provide our advice based on customer insight and balancing what is right for customers and operational front-line staff.
In 2018/19 we told you we were working with ControlPoint, a quality assurance system provider to improve our systems for checking joints in plastic piping to prevent gas leakage.	Over the last 12 months, we have reviewed the service being provided and developed an alternative strategy to bring the joint assurance processes in-house, combining the benefits of remote automated data and additional on the ground site assurance activities. This new strategy will deliver savings of circa £250k per annum.

Table 1: *Initiatives paused and adapted this year*

3. Engage: our approach

3.1. Multi-channel engagement

Engaging with stakeholders isn't straightforward. It involves issues that they are often not aware of or haven't experienced. Good engagement requires a dynamic, multifaceted approach which seeks continual feedback across different pathways and levels which we can assimilate and act upon quickly. As such, our tried and tested engagement programme spans four levels of engagement, giving opportunities for stakeholders to engage in the way they want and for relationships to grow and build over time.

Given the challenges of Covid-19, we've particularly embraced digital engagement this year. Whilst some engagement mechanisms have paused (such as footpath feedback), we've found new methods and adapted ways to engage that have often proved more inclusive than ever before. An online approach has removed financial, environmental and time poor barriers for stakeholders who were previously unable to attend face-to-face events. As we look ahead to a new era for engagement post Covid-19, we're exploring options such as hybrid events - a mix of in-the-room and virtual engagement – that will build on the lessons from this year.

> "This year NGN has had to adapt its engagement methodology to move all engagements online. Although it has presented challenges, NGN has succeeded in finding ways to engage, while remaining aware of the risks of excluding organisations or groups of people who are unable to use online platforms."
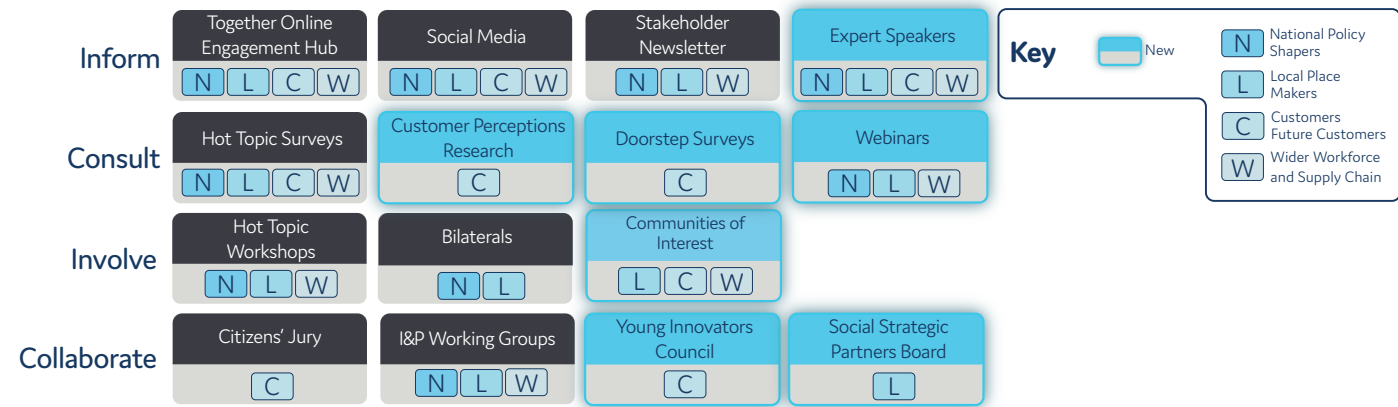> SGS, Internal Management Report for Northern Gas Networks 2021

Figure 9: *Core engagement mechanisms*

3.2. Adapting our hard-to-reach framework

Last year, we introduced our Hard-to-Reach Framework, setting out how we address the key drivers of engagement isolation. With the onset of Covid-19 and a move to predominantly online engagement, we recognised the barriers to engaging with hard-to-reach groups were even higher. Furthermore, new stakeholders were falling into hard-to-reach categories for a range of technological and social reasons. With this in mind, we reviewed our Hard-to-Reach Framework, in particular refining our technology commitments to specifically address digital exclusion barriers, ensuring all our engagement is as inclusive as possible.
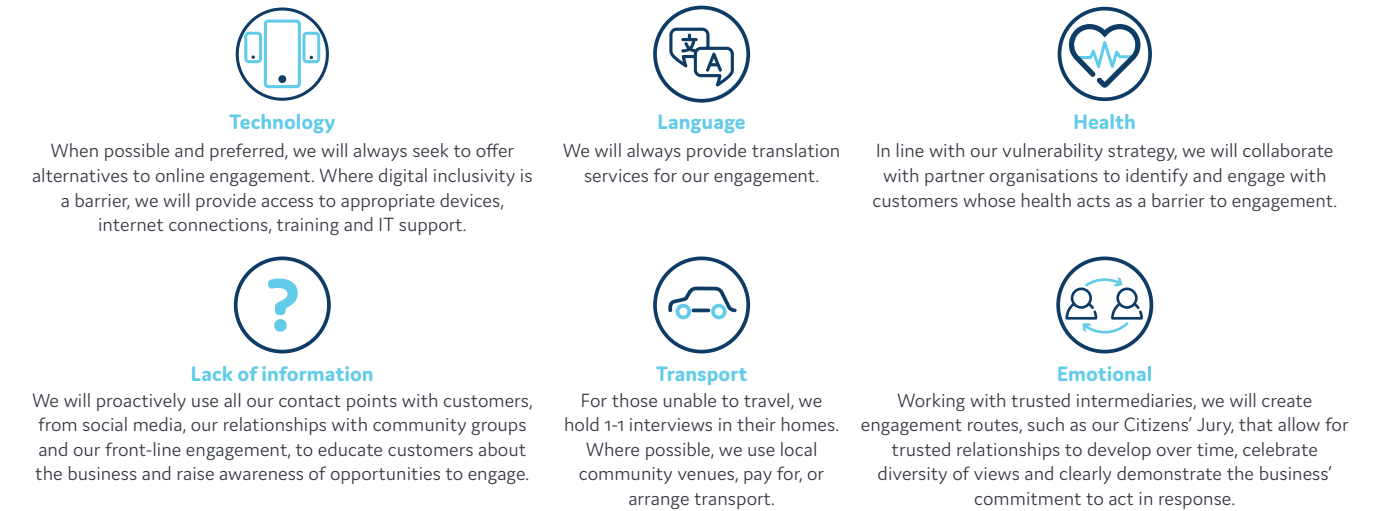
Technology
When possible and preferred, we will always seek to offer alternatives to online engagement. Where digital inclusivity is a barrier, we will provide access to appropriate devices, internet connections, training and IT support.

Language
We will always provide translation services for our engagement.

Health
In line with our vulnerability strategy, we will collaborate with partner organisations to identify and engage with customers whose health acts as a barrier to engagement.

Lack of information
We will proactively use all our contact points with customers, from social media, our relationships with community groups and our front-line engagement, to educate customers about the business and raise awareness of opportunities to engage.

Transport
For those unable to travel, we hold 1-1 interviews in their homes. Where possible, we use local community venues, pay for, or arrange transport.

Emotional
Working with trusted intermediaries, we will create engagement routes, such as our Citizens' Jury, that allow for trusted relationships to develop over time, celebrate diversity of views and clearly demonstrate the business' commitment to act in response.

Figure 10: *Our Hard-to-Reach Engagement Framework drivers and commitments*

Digital exclusion has become a more prominent theme over the last few years, with Covid-19 intensifying the UK's digital divide. Whilst the margins are small, a minimum of 12% of people in our network are digitally excluded, which is higher than the national average of 8%.

Through discussions with our Citizens' Jury and a cross-industry best practice review, we identified solutions that have helped us continue our conversations with all aspects of our communities through online engagement including:

Digital exclusion factor	Solution
Access to an appropriate device	• Where practical and possible we ensure engagement events are mobile device friendly • Provide participants without suitable IT hardware, the gift (or loan) of a device or tablet that can access the internet or a webcam so they can interact with the online platforms we use
Access to internet	• Provide conference call details as an alternative method of communication • Provide data access to participants who might not have suitable internet infrastructure at their home but are in an area of 4G connectivity using prepaid USB modems, pocket Wi-Fi devices, or data bundles to enable them to hotspot from a mobile phone
Skills and confidence to use software	• Following our best practice review, we invested in new platforms and licenses for video conferencing platforms • Provided specialist training on programmes such as Zoom & Microsoft Teams to both stakeholders and colleagues, helping them to participate in and deliver effective online engagement • Provide 121 technical support for all participants during engagement events

Table 2: *Addressing factors of digital exclusion in engagement*

We know our vulnerable groups face more challenges than ever before in a changing world post Covid-19. We will continue to align and adapt our hard-to-reach framework in line with emerging themes of vulnerability to ensure our engagement is as inclusive and wide-reaching as possible.

3.3. Engagement in action

The case studies below explore in further detail the activity we've undertaken across each of our core mechanisms over the course of this year.

3.3.1. Expert speakers

We regularly share best practice at a national and global level on innovation, energy futures and digitalisation through public speaking at high profile conferences and events. Our role as an anchor institution leaves us well placed as a trusted voice to raise awareness, improve knowledge and generate better understanding of these topics. We've spoken at numerous events this year including the Net Zero Research Conference, Energy Networks Innovation Conference & Future of Gas GMaP Conference.

3.3.2. Customer perceptions research

This year, we wanted to gain a baseline understanding of customer attitudes and preferences, and how they may have been influenced by the extensive societal change experienced in 2020. Surveying over 1,400 customers, we took a temperature check on how customer perceptions might be different in light of recent events and subsequently, how their appetite or support for elements of our business plan may have changed. Throughout Part 2 you'll see how this feedback has helped

inform the decisions we've made and how we've adapted our approach in light of what we've heard. To help inform and provide an evidence base for future business planning, we will undertake this research annually to assess how customer views change over time.

3.3.3. Doorstep surveys

New for this year, we launched a programme of doorstep surveys with customers to understand how they view our presence in communities as we un-paused the work on our pipe replacement programme. Our customer care officers completed over 2,000 surveys in communities helping us understand customer concerns, highlight areas of vulnerability/shielding, identify additional safety measures required and, most importantly, provide additional levels of reassurance for communities around our customer facing programme of work.

3.3.4. Webinars

Over the course of the year, we've hosted three webinars to share our knowledge, ideas, and updates with a wide variety of stakeholders. Webinars provide the opportunity to reach large audiences with key messages on specific topics whilst gauging perceptions through Q&As, live polls and surveys. By removing

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barriers to participation for time poor attendees and those unable to attend face-to-face events, we've found webinars are an inclusive way to engage with a variety of stakeholders from around the world. As such, our H21 Social Sciences webinar was attended by 190 people, with attendees from across Europe and Australia. We also targeted gas engineers who are typically pressed for time and hard-to-reach with a Gas Safe webinar, attended by over 700 engineers.

3.3.5. Hot topic workshops

To get deeper insight into the views of key decision and policy makers at local, regional and national levels, we run ad-hoc hot topic workshops with a focus on developing collaborative solutions in areas that cut across different policy agendas. Covering all aspects of our business, our workshops have provided us with rich feedback that has informed the initiatives we're delivering now and detailed design of future commitments. Examples this year include, joint workshops with Northern Powergrid to look at Local Area Energy Planning and a session with our innovation stakeholders exploring future funding mechanisms.

3.3.6. Bilaterals

For high interest/high influence stakeholders, we have an ongoing programme of bilaterals that focus on the key issues that have been identified by that organisation or individual. With more reliance on digital engagement, 2020/21 has provided a unique opportunity to access this group of stakeholders. Online bilateral meetings have allowed for full, frank and detailed discussions which are critical to build trust, rapport and ongoing relationships.

3.3.7. Communities of Interest (COIs)

Where there are thematic areas of enduring interest or knotty challenges, we've moved away from one-off workshops and established enduring COIs. Three COIs were launched this year in areas reflecting stakeholder demand; environment, social and biomethane. Each has met between two to five times this year to identify priorities and emerging themes and provide detailed feedback on issues and propositions. Regular meetings have ensured we're held accountable to actions and outcomes with a 'you said we did' approach to identify actions from engagement and feeding back which actions have been followed up.

8 workshops held | **95 outcomes agreed** | **62 stakeholders engaged** | **9/10 overall satisfaction**

3.3.8. Citizens' Jury

Our Citizens' Jury brings together around 50 domestic customers broadly representative of our network. Despite the challenges posed by Covid-19, the Jury has continued to flourish this year. We have retained over 78% of our original members since the group was established in 2019, who now act as mentors for our new members ensuring we have a balance of experience and fresh perspectives. This has allowed us to engage on more complex and sensitive issues such as shareholder returns and inclusion. Working with the Jury gave us first-hand insight into overcoming engagement barriers associated with digital exclusion, with 24% participants indicating difficulties with engaging online. We were able to resolve each and every case using the solutions highlighted in 3.2; ensuring no one was left behind. The benefits have outweighed the challenges, allowing our customers to deliberate and inform business decisions such as our Covid-19 response, Diversity and Inclusion Strategy, Social Mobility Pledge, Hydrogen Roadmap and Green Transition Bonds.

Young Innovators Council

This year we wanted to be more deliberative in our engagement in hearing from our young customers and voices of the future. Modelled on our highly effective Citizens' Jury, we launched our Young Innovators Council, made up 35 young people aged 14 to 19-years-old. The council is drawn from across our network area and represents the wide range of communities we serve. Issues like our transition towards net zero and recovery from the pandemic will profoundly affect young people in the years to come. As our future employees, customers and partners of tomorrow, we felt it was crucial we give them a voice in the decisions we are making that will affect them. In line with our Social Mobility Pledge commitments, the council provides a unique opportunity for young people to learn more about the energy industry whilst developing a range of work-based skills. The group co-designed their work programme for the next year and have already advised us on how to design a compelling, impactful education strategy.

3.3.9. Social Strategic Partners Board

We've formalised partnerships with nine local expert partner organisations who we've worked with closely on a project basis over the past five years. These organisations have a grassroots understanding of the key vulnerability challenges in our patches (Figure 11), giving them a detailed understanding of our business and prompting them to ask us to bring them closer to business decision making and strategy. Working within co-designed terms of reference, we meet with the partners every month to address strategic challenges with the benefit of unparalleled local knowledge.

Figure 11: *How our Social Strategic Partners support key vulnerabilities in our region*
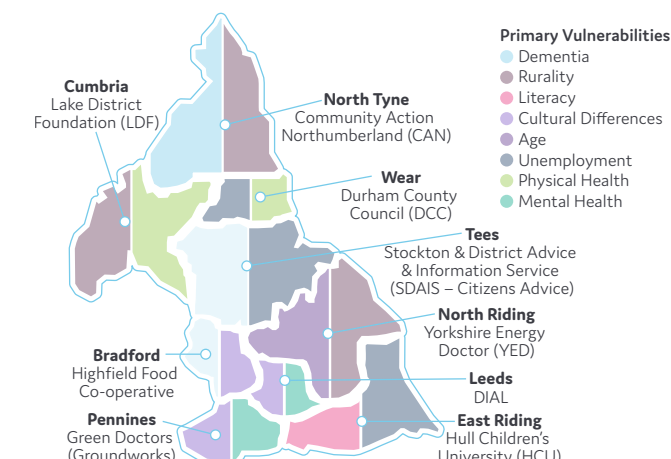
As well as informing many of the decisions throughout Part 2, our Social Strategic Partners have helped shape our investment decisions to be better tailored to the specific needs of our vulnerable communities. For examples see Part 2, 4.1 - using data to visualise vulnerability and drive decisions, Part 2, 4.2 - establishing an effective PSR strategy, Part 2, 5.2 - supporting social mobility through education and skills and Part 2, 6.2- bringing hydrogen technologies to life.

3.3.10. Industry & policy working groups

We've focused on working in a more coordinated way by working in partnership with other organisations to speak as 'one voice' to government and industry through our Industry and policy working groups. By bringing together industry experts in a variety of areas such as energy futures, education and vulnerability, these groups examine key issues, make valuable connections, share best practice and suggest improved approaches to benefit the wider industry. For example, this year we collaborated with BEIS and industry partners through the new Hydrogen Programme Development Group (HPDG), to outline a programme of work to central government on conversion to 100% hydrogen.

4. Culture and capability

Whilst engagement is supported by our centralised specialist engagement team, successful delivery is a business-wide responsibility. The key to supporting this is ensuring engagement is truly embedded in our culture and at the forefront of everything we do. This section explains how our executive team lead by example and details the initiatives we invest in to build capability and confidence across all levels of our business.

4.1. Executive-level engagement

Stakeholder engagement is a shared business-wide endeavour, overseen by our Chief Executive and senior leadership team.

Our approach to engagement planning embeds accountability - each Director, working with their teams, has led the development of their own directorate-wide engagement plan.

Responsible for the delivery of that plan, with support from the central stakeholder team, our Directors lead the design and delivery of engagement, immersing themselves in events and hearing hear first-hand what our stakeholders are telling us.

Progress against plans is reported weekly through a senior leadership team dashboard, and at regular intervals in a strategic update including to our independent Customer Engagement Group.(CEG)

4.2. Embedding and empowering engagement

We have continued to embed the principles of our stakeholder engagement strategy into all areas of our business through several cultural change mechanisms designed to build capability and confidence.

Throughout the last year, we've worked hard to embed the principles of our stakeholder engagement strategy into all areas of our business ahead of our transition period. We've delivered several cultural change mechanisms designed to build capability and confidence and ensure we are adaptable and RIIO-2 ready.

4.2.1. Online toolkit

We recognise the importance of colleague capability in getting stakeholder feedback directly into the parts of the business it needs to be. That's why this year, we launched our refreshed Stakeholder Toolkit: an online suite of best-practice resources including 'how to guides' and templates available to all colleagues.

We engaged with colleagues at all levels of the business with a series of interviews and surveys to co-create a fit-for-purpose toolkit with them in mind. The purpose of the toolkit is to support our colleagues with the right knowledge and information, available in one central location, to empower and support them to undertake engagement initiatives. This not only promotes a standardised approach to engagement but helps to demystify stakeholder engagement as a topic and build confidence in our colleagues. Following an initial roll out phase, the toolkit has inspired a colleague capability development plan; including deep dive training sessions on each guide and a half day stakeholder training course covering the principles and theory behind stakeholder engagement.

4.2.2. NGage

NGage is our internal committee tasked with monitoring engagement across the business, sharing and considering stakeholder insight and advising on how the business should respond. Meeting fortnightly, membership covers all areas of the business. This year, we've focused on topics where NGage can have the most impact and influence to cement their role as a decision-making body.

Case Study: Priority Services Register
This year, we developed a new Priority Services Register (PSR) strategy to reduce barriers to sign up and improve referrals. Our Customer Experience Director brought PSR to NGage to help understand and identify the blocks and barriers to referrals. The group proposed a number of ideas to identify the gaps and blockers as well as some more targeted delivery ideas and "quick wins" to increase sign ups. This informed our new PSR strategy and action plan, which was reviewed and validated by the group before final sign off by our Voluntary, Community and Social Enterprise stakeholders.

We've encouraged business leads to bring their engagement challenges to the group, providing an opportunity to call on other colleagues for support and share best practice from their engagement initiatives. Overall, we've agreed 91 actions to better understand, progress or stop initiatives during the year.

4.2.3. Online engagement training

The Covid-19 pandemic and related restrictions have led us to embrace online engagement methods. In particular, we've hosted virtual stakeholder workshops, webinars, as well as moving to online bilaterals. The pace of change from face-to-face to digital engagement was rapid for both our colleagues and our stakeholders. We recognised early on that preparing and delivering virtual events needed different approaches. Furthermore, colleagues needed support to feel confident in facilitating engagement and interaction online. In response, we invested in a training course for our colleagues. We provided an overview of online platforms such as Zoom and Microsoft Teams (including a 'how to' set up a workshop guide), guidance on producing engaging content as well as hints and tips for facilitating online discussions.

4.2.4. Operational engagement

Our patch leaders, known as Business Operational Leaders (BOLs) continue to perform against stakeholder engagement objectives, embedded alongside objectives for customer service, safety and efficiency. Quantitative targets were set both for engagement undertaken and initiatives delivered in response to stakeholder feedback. By the close of the year, 75% of targets for the year had been met and many of the stories in Part 2 of this submission have been driven by the activity undertaken by our operational teams. In 2021, we are building on this momentum by focusing on the quality of engagement and aligning our approach to operational and strategic-led engagement.

5. Monitoring and evaluation

From analysis of performance data to independent reviews and external audit – this section sets out how we use opportunities throughout the year to monitor how well we are performing against our stakeholder strategy.

5.1. Survey monitoring

Regular surveying of our stakeholders provides us with an important temperature check on the quality and effectiveness of our engagement. We use three key mechanisms:

- **Customer satisfaction:** an industry standard, regulated survey of customers who have received planned and unplanned works.
- **Stakeholder satisfaction:** a non-regulated survey of our broader stakeholder community, addressing a range of engagement-specific indicators.
- **Communities of Interest satisfaction:** non-regulated surveys of our Communities of Interest stakeholders, addressing a range of engagement-specific indicators.

Source	Indicator	Score (max 10)
Customer Satisfaction Survey	Customer satisfaction	9.17
Stakeholder Satisfaction Survey	Overall stakeholder satisfaction	7.44
	Satisfaction with frequency of engagement	7.29
	Satisfaction with methods of engagement	8.1
	Satisfaction with relevance of engagement	7.9
Communities of Interest Survey	Overall stakeholder satisfaction	9.02
	Satisfaction with quality of events	8.7
	Satisfaction with event discussions	8.69
	Satisfaction with event content and speakers	8.98

Table 3: *Stakeholder satisfaction mechanisms and scores*

All methods are used to identify areas of challenge and improvement in our relationship with our stakeholders and are communicated across the business through digi-signage, regular 'customer calls' and our NGage group (see 4.2.2).

5.1.1. External assurance and benchmarking

Doing the right thing for stakeholders means continually monitoring our progress. We've achieved measurable growth through our assurance programmes such as:

- ISO 14001 Accreditation which recognises the effectiveness of our environmental management plans and how our Citizens' Jury and Young Innovators Council are helping to inform the company strategy
- BS 18477 Inclusive Service Provision, which ensures we are identifying and responding to customer vulnerability

In tandem with this, independent benchmarking allows us to focus on the quality of our engagement both inside and outside of our sector. This year, we've reported against the international UN Sustainable Development Goals (SDGs) targets to track our progress and share our results publicly through the Support the Goals initiative and website to benchmark performance. Aligned to the UN SDG's is the Business In The Community's Responsible Business Tracker, which sets out the environmentally and socially responsible actions our business should be taking. Following our first assessment against the scheme last year, we've focused on two key development areas - progressing sustainable supply chain plans through a new supplier code of conduct and focusing on inclusion, see (Part 2, 5.3.)

5.2. Independent scrutiny: the Customer Engagement Group

Following submission of our business plan and following consultation with members, we made the decision to continue supporting our Customer Engagement Group (CEG) throughout the year. Our drivers were twofold. Firstly, we acknowledged the significant positive impact that the CEG had made to our plan as a result of their challenge and felt this was no less relevant as we looked ahead to delivery. Secondly, we had made a commitment to an enduring CEG in our business plan, and we wanted to ensure their ability to challenge was not impaired by a significant break from the business.

The year started with a refresh of the Groups' membership, with recruitment led by the chair, followed by establishment of a set of transitional governance arrangements. For this year, the CEG's role was to independently review and challenge the business on whether we had prepared effectively to deliver our RIIO-2 commitments and engaged to ensure our approach met stakeholder needs. The CEG established a work programme that focused on six 'Readiness Challenges' for the business (Figure 12). The Group reviewed the company's performance against these challenges, with a focus on how stakeholders' needs and preferences have been designed into and driven the decisions we make.

WS1 Transforming back office systems	WS2 Enhanced social commitments	WS3 Whole systems programme	WS4 Bespoke environmental outputs
WS5 New innovation landscape	WS6 Responding to business plan changes	WS7 Managing costs	

Figure 12: *The CEG's 6 x RIIO-2 readiness workstreams for 2020/21*

The CEG has met on a bi-monthly basis receiving presentations from members of our executive team, starting with objectives and engagement plans at the outset of the year, and closing with impacts and outcomes at the end of the year. Throughout our engagement, CEG members have attended workshops, observed events and advised on the approach and analysis of key research such as Customer Perceptions. By giving our CEG a front seat view of our engagement as it happens, we provide an opportunity for them to feedback and assess the business' interpretation of stakeholders' sentiments, whilst driving continual improvement.
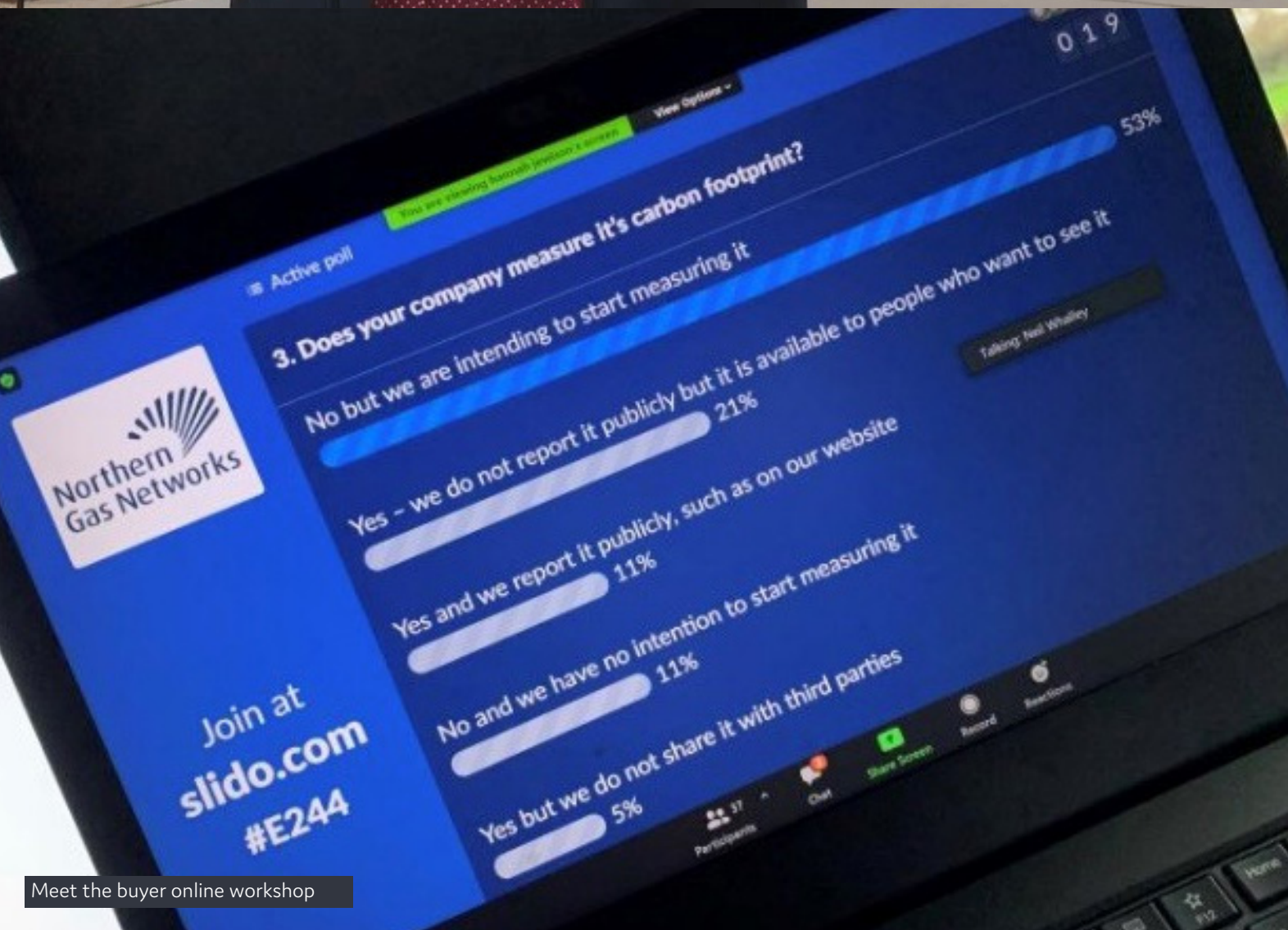
5.3. Our independent audit

Each year our engagement is externally assured against the internationally recognised AA1000 Stakeholder Engagement Standard (SES). Throughout the year, the auditor attends a range of external and internal events, to get a first-hand view of the degree to which engagement is embedded into our everyday operations and strategic thinking. Alongside this observation, the auditor undertakes interviews with colleagues from across our business and supplements this with a comprehensive document review. This year, the audit concluded that:

"NGN demonstrates leading practice in many areas of its engagement strategy and delivery. NGN's strengths remain in its leadership commitment to engagement, the mandate it gives those at all levels of the company to engage, and a culture of engagement which recognises the benefits of engagement for strategy and governance. The structures and resources put in place for RIIO-2 are embedded in the approach to engagement across the business." (SGS, Internal Management Report for Northern Gas Networks 2021)

Our Citizens' Jury goes online

Care packages delivered to Falstone Care Home

Kirklees TV collaboration raising awareness of the Gas Emergency Number

0800 111 999

Our Young Innovators Council

3. Does your company measure it's carbon footprint?

No but we are intending to start measuring it — 53%

No but we do not report it publicly but it is available to people who want to see it — 21%

Yes – we do not report it publicly, such as on our website — 11%

Yes and we report it publicly, such as on our website — 11%

No and we have no intention to start measuring it — 11%

Yes but we do not share it with third parties — 5%

Northern Gas Networks

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