



AccountAbility

Setting the Standard for Sustainability

PREPARED FOR

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UK Power Networks Connections

DATE

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**UK Power Networks' Incentive on Connections Engagement
Service Development Plan: Looking Back & Forward Report
2019 Assurance**

Dubai

London

New York

Riyadh

Zurich

ENGAGEMENT SUMMARY

AccountAbility was engaged by UK Power Networks (UKPN) Connections to provide independent assurance related to its Incentive on Connections Engagement (ICE) “Looking Back & Forward” Report 2019. This report presents our opinion as an independent assurance provider.

SCOPE OF THE ENGAGEMENT

UKPN ICE Engagement “Looking Back & Forward” Report 2019, as well as a review of UKPN Connections’ stakeholder engagement policies, systems, controls, procedures and performance, in accordance with the AA1000 AccountAbility Principles (2008) of *Inclusivity*, *Materiality* and *Responsiveness*.

ASSURANCE STANDARD

This assurance engagement was undertaken in accordance with the AA1000 Assurance Standard 2008 (AA1000AS) principles and requirements.

ASSURANCE LEVEL

We have provided moderate level (Type 2) of assurance based on the AA1000 Assurance Standard (2008).

INTENDED USERS

The intended users of this assurance report are the management and stakeholders of UKPN.

OUR RESPONSIBILITY

Our responsibility is to conduct a moderate level (Type 2) assurance engagement based on the scope and procedures outlined to UKPN’s management and draw conclusions based on the work undertaken.

UKPN’S RESPONSIBILITY

UKPN is responsible for preparing the 2019 Incentive on Connections Engagement (ICE) “Looking Back & Forward” Report, as well as the related tasks and activities including the collection, analysis and presentation of data and information contained in the 2019/20 ICE

OUR ASSURANCE PROCEDURES

We have performed the following procedures to draw conclusion to our Report:

- Interviews with management and relevant staff to understand UKPN Connections’ engagement strategy, governance, senior level commitment and associated policies and internal systems, controls and procedures;
- Interviews with management and relevant staff to review the planning and preparation of the organisation’s 2019/20 ICE Workplan, and the implementation and monitoring of a selected sample of stakeholder engagement activities of the organisation contained in the draft UKPN “Looking Back & Forward” Report 2019;
- Interviews with a selection of external stakeholders to understand their involvement in the development of the 2019/20 ICE Workplan, and how UKPN responds to them on Connections initiatives from the 2018/19 ICE Workplan;
- Enquiring, collecting and inspecting documentary evidence and management representations that support adherence of company activities to the draft “Looking Back & Forward” Report 2019 and the AccountAbility Principles of *Inclusivity*, *Materiality* and *Responsiveness*;
- Reviewing the content and presentation of information relevant to the scope of our work in diverse company Stakeholder Engagement Reports and on the company website to ensure consistency with our observations.
- Reviewing the accuracy and completeness of content in UKPN’s “Looking Back & Forward” Report 2019 to align with our evidence.

KEY STRENGTHS

Based on our methodology, we have identified the following areas from UKPN's "Looking Back & Forward" Report 2019 and associated processes as exhibiting strengths against the AA1000 AccountAbility Principles (2008).

INCLUSIVITY

- UKPN uses a range of engagement methods to gather input from different stakeholder groups to shape the 2019/20 ICE Workplan, with each engagement method designed for a specific purpose. Methods include meetings, Industry events, Customer Forums and Connections Scrutiny panels.
- UKPN has identified its Connections stakeholder groups and engages systematically across its four customer market segments to develop its 2019/20 ICE Workplan. Stakeholders are profiled in the "Looking Back & Forward" Report 2019.
- The UKPN Connections team has channels that enable ongoing dialogue with stakeholders, such as face-to-face engagements, email and online communities. Stakeholder interviews indicate that customers have good access to UKPN, feel comfortable to engage and can have an honest dialogue.
- UKPN sends out stakeholder invitations and accompanying resources in a timely manner prior to engagement, via Eventbrite, which provides stakeholders with relevant information to enable their effective participation.
- UKPN includes stakeholder input when planning engagements, to ensure that events are relevant to stakeholders and aligned to stakeholder expectations. For example, customers are given the opportunity to input into meeting agendas and help shape engagements.

MATERIALITY

- UKPN has established an annual, ongoing and systematic process to gather stakeholder input to prioritise topics to include in the 2019/20 ICE Workplan. UKPN periodically conducts Connections Scrutiny Panels and Customer Forums as the main mechanism to input into the materiality determination process.
- Stakeholders that are involved in prioritising topics to include in the 2019/20 ICE Workplan are knowledgeable and empowered to make informed decisions about the importance of issues to their business and UKPN.

- UKPN reports back to stakeholders, via email, to validate '*what UKPN heard*', aligns with '*what stakeholders said*'. This helps to improve the accuracy of information fed into the materiality determination process.
- UKPN's materiality determination process is flexible enough to consider topics that have arisen via ongoing engagements, as well as topics that arise during Customer Forums. This helps to capture the changing nature of stakeholder opinions.
- UKPN effectively uses tools to capture stakeholder input into the materiality determination process. For example, UKPN uses SLIDO, an interactive voting tool, to capture stakeholder views, as well as an internal Excel worksheet to track and store stakeholder input.

RESPONSIVENESS

- UKPN has a governance structure which enables internal stakeholders, from different seniorities, to develop responses to stakeholder needs. Bi-weekly governance meetings discuss ICE Workplan progress, and the Regulatory Governance committee and CEO Panel review ICE initiatives.
- Relevant internal teams are consulted whilst ICE Workplan initiatives are developed. For example, the IS Team is consulted when an online or technological initiative needs to be developed.
- External stakeholders are able to input, when appropriate, into developing 2019/20 ICE Workplan initiative milestones, such as through Scrutiny Panels and ongoing engagements.
- UKPN uses various, well-established, communications channels to inform and update its key stakeholders on progress, including Connections newsletters, quarterly ICE updates, emails, and 1-1 meetings.
- Overall, external stakeholders confirm in interviews that they are satisfied with the 2019/20 ICE Workplan and believe it to adequately represent stakeholder views in its scope and ambition.

OBSERVATIONS AND RECOMMENDATIONS

Based on our analysis, and without affecting the overall conclusions presented below, we have determined the following observations and recommendations for UKPN's "Looking Back & Forward" Report 2019 and associated processes in relation to the AA1000 AccountAbility Principles (2008):

INCLUSIVITY

- To further develop maturity against the principle of *Inclusivity*, UKPN could tailor the engagement methods it uses to the capacities and needs of stakeholders. For example, deploying webinars or surveys as well as face-to-face meetings.
- UKPN focuses on London-based face to face engagements to make meetings strategic and impactful, however it is recommended to ensure UKPN's different regions are effectively represented by stakeholder representatives at engagements.
- UKPN has a comprehensive stakeholder contact list that is used to reach out to stakeholders. It is recommended that UKPN refreshes stakeholder its data to ensure relevant contacts are included and the information is up-to-date. Furthermore, the organisation could document more detailed stakeholder information, such as preferred engagement methods.
- UKPN could establish criteria to help ensure that Connections Scrutiny Panel members are fully representative of all of UKPN's stakeholder groups and the panel composition is optimal. Criteria could include stakeholder group, technical expertise, level of seniority, and willingness to engage.

MATERIALITY

- Currently, UKPN gathers stakeholder input into the ICE Workplan materiality determination process from stakeholders that attend Connections Forums. It is recommended that UKPN utilises other flexible and virtual platforms to enable stakeholders to input into the prioritisation of issues, such as an online survey or webinar.

- UKPN could develop specific criteria for internal teams to consider when prioritising topics to include in the ICE Workplan. Questions could be used to provide a more strategic selection process for initiatives to take forward. Questions could be focused on factors such as: potential financial impact, alignment to business strategy and maturity of topic.

RESPONSIVENESS

- Currently, UKPN uses a range of methods to capture stakeholder feedback, such as written notes, flipchart papers, and existing information on the stakeholder database, which all feed into the response development process. UKPN should continue to build internal functions to capture stakeholder feedback and customer insights in a more consistent format. For example, a central CRM tool, or standardised reporting templates could be developed, to ensure consistent data is captured and fed into the process for developing ICE initiatives.
- Whilst most communication materials are shared with stakeholders in a timely manner, UKPN could more consistently inform and update stakeholders from all market segments on 2019/20 ICE Workplan progress. For example, UKPN could develop a simple Communications Plan to ensure timely communications are sent out to each of the market segments.
- UKPN could use additional, innovative communications channels to ensure that stakeholders are sufficiently informed and updated via media that is flexible and easy to consume. For example, this could include regular podcast updates to stakeholder, online videos, and increased focus on social media.

OUR CONCLUSIONS

The assurance procedures performed and evidence analysed has concluded that there is nothing that has come to our attention that causes us to believe that for the Ofgem ICE regulatory year 2019 UKPN has not:

- Published accurate information in its ICE “Looking Back & Forward” Report 2019;
- Performed stakeholder engagement activities that adhere to the AA1000 AccountAbility Principles (2008) of *Inclusivity, Materiality and Responsiveness*; and,
- Developed stakeholder engagement policies, systems, controls and procedures that adhere to the AA1000 AccountAbility Principles (2008).

INCLUSIVITY

UKPN has the appropriate processes in place to ensure stakeholders participate in the development of UKPN’s 2019/20 ICE Workplan.

MATERIALITY

UKPN has procedures in place to determine the relevance and significance of topics to stakeholders, as a basis for developing its 2019/20 ICE Workplan.

RESPONSIVENESS

UKPN delivers on the objectives of completed initiatives in its ICE “Looking Back & Forward” Report 2019, using multiple communications channels to inform stakeholders about outputs and progress.

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