

# UK Power Networks Stakeholder Engagement Strategy



## Our vision

UK Power Networks vision is to be an employer of choice, a respected corporate citizen, sustainably cost efficient and to be the consistently best performing Distribution Network Operator (DNO).



UK Power Networks has an extensive stakeholder engagement programme that has been running for many years. We have committed to continue this until 2023, as published in our 2015 to 2023 business plan. Stakeholder engagement is a long-established principle of good practice, in corporate governance and business management, across the public and private sectors. There is an extensive body of evidence to demonstrate the business performance benefits from good stakeholder engagement.

We understand the significant importance of engaging with stakeholders and we know that it's a crucial step in achieving our vision to be the consistently best performing DNO for the period 2015-18/19. We are committed to having a clear and up-to-date knowledge of what our stakeholders really want from us, and that we use this knowledge to help shape and focus the company's business decisions, especially as we set out to achieve the commitments in our business plan from 2015 to 2023.

## Definitions

A stakeholder is defined as any individual, group of individuals or organisation that affects, or could be affected by, UK Power Networks' activities, services or associated performance. This list is extensive and includes; domestic and commercial customers, local or special interest groups, environmental groups, our suppliers, energy suppliers, employees, local and national government and regulators.

We define stakeholder engagement as activity undertaken to create opportunities for dialogue between UK Power Networks, an organisation and one or more of its stakeholders with the aim of increasing mutual awareness and understanding and creating an informed basis for our decisions and business planning.

## Profiling our stakeholders

As a major utility company providing essential services to over eight million customers, including the capital, UK Power Networks has a wide range of stakeholders. At an organisation wide level, we regularly review our stakeholder groups so we engage the right balance of stakeholders, such as charities, pressure groups, small businesses, local authorities, and levels of knowledge and interest. We scan the horizon to seek out fresh perspectives that increase our knowledge and understanding, especially of the needs of vulnerable consumers.



## Guiding principles of our stakeholder engagement

We take pride in the fact that our strategy is aligned with the international AA1000 Stakeholder Engagement Standard for many years, a leading international standard. The AA1000 standard is the foundation of UK Power Networks guiding principles to stakeholder engagement and we've built on them to develop our own approach to stakeholder engagement. The AA1000 standards guidance includes – 1) engaging with a wide range of stakeholders in the decision-making process, 2) engaging on issues that are of interest to stakeholders and 3) being responsive and adapting to stakeholder's comments and opinions. These principles have always been fundamental to our strategy and are reflected in the principles that guide our approach to stakeholder engagement. These are set out below.



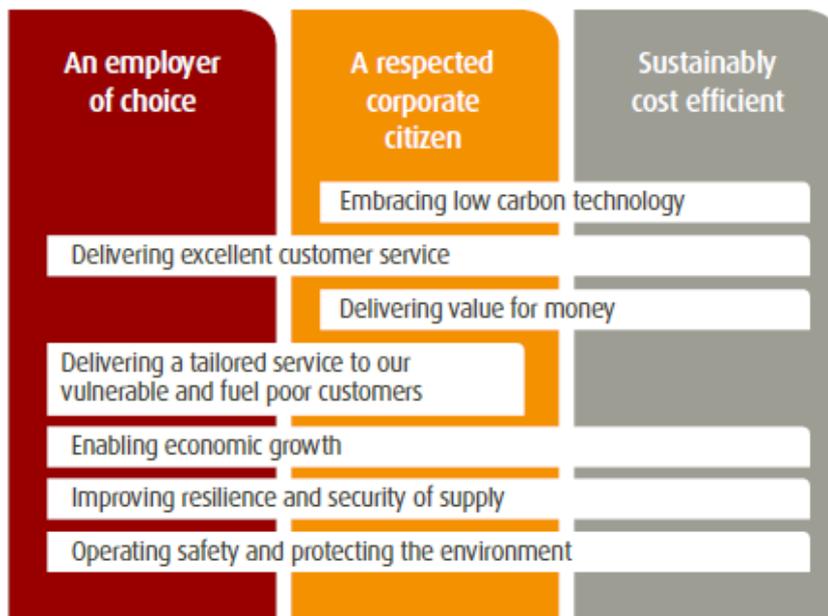
## The outputs we've committed to in our 2015 - 2023 business plan

Since 2011, we incorporated within our engagement an extensive programme of consultation on all aspects of our 2015 to 2023 business plans to ensure that, where possible, they meet the expectations of our customers and other stakeholders and deliver value for money over the long term. In our business plan we have committed to the following activities which will form a key part of our stakeholder engagement strategy leading up until 2023:

- Continue with our three critical friends panels
- Appoint an independent chairperson to our critical friends panels
- Continue to use our stakeholder feedback to improve our customer-facing business processes
- Host two subject-specific priority issue focus groups on vulnerable customers and fuel poverty every year
- Maintain our community fund investing £300,000 per annum
- Work with National Energy Action (NEA) to map and profile fuel poor customers within our footprint
- Publish information to targeted customers on how energy efficiency and demand-side activity can be used to manage energy consumption
- Deliver a series of targeted consumer surgeries for vulnerable residents designed to raise awareness of energy efficiency and how to manage energy bills
- Develop a project with NEA to educate young carers about energy efficiency
- Publish a strategy to explain how smart meters can be used to reduce fuel poverty
- Create a group of UK Power Networks local community energy champions
- Organise and deliver school activity days to encourage safe, efficient use of energy

## Our approach to stakeholder engagement

We engaged with many stakeholders to produce our 2015-2023 business plan. Stakeholders materially influenced our plan. We have thousands of stakeholders with varying interests and we always ensure we focus on the high level issues that our stakeholders want us to concentrate on. From this engagement, stakeholders identified a number of key issues as the most important so these high level areas of focus is where our effort will go in the next eight years.



We're aware that stakeholders' needs are always changing and although our business plan is set until 2023 we need to be flexible and adapt. So each year we engage on these areas to check they are still where stakeholders want us to focus. To achieve this we have in-depth discussions and share stakeholders experience of our performance in these areas – this process ensures stakeholders truly shape our business each year.

The methods we use to engage stakeholders are varied and we seek to evolve it in order to define more clearly the purpose and mechanism of our different engagements. Our engagement mechanism includes focus groups, large events, local surgeries, one-to-one meetings, local outreach session, online surveys and market research studies. We choose the method depending on the stakeholder and are always looking for new ways to engage.

Some engagement activities prepare the ground: building relationships, understanding stakeholders' concerns and priorities, helping our stakeholders to understand us. Some activities focus on specific issues, exploring problems and opportunities and sometimes co-designing or co-delivering projects in partnership with stakeholders. Others seek feedback on our performance or on specific plans or proposals. Whatever the style or type of activity, stakeholder engagement is fundamentally about helping us perform better for the benefit of our customers.

Throughout all our engagement we follow this important engagement circle which ensures our principles are always met:



This strategy aims to ensure that:

- We understand the individual needs of stakeholders and what they think about our performance and that we use this knowledge to help us improve our strategies, operations and services;
- We design and implement business changes taking into account and, where appropriate, directly addressing the interests and preferences of stakeholders;
- Stakeholder engagement activity is aligned with UK Power Networks' strategic objectives and priorities;
- We clearly demonstrate our responsiveness to stakeholders and the benefits resulting from our engagement with them;
- There is a clear focus on the costs and benefits of engagement activities in planning, decision making, monitoring and evaluation;
- Stakeholder engagement is progressively embedded within the business;
- There is appropriate long-term planning and continuity of effort to deliver maximum benefits over time; and
- Best practice is disseminated and expertise leveraged effectively across the company.

## How we manage stakeholder engagement internally

Everyone at UK Power Networks engages with stakeholders, from our CEO to our front line employees. It informs our annual business planning process and all our strategies, from customer services to asset management, innovation to safety, future energy to vulnerability, and environment to our engagement strategy itself.

Based on stakeholder feedback we produce a detailed annual plan of projects and initiatives that support our long-term commitments. Business leads from across the company work with stakeholders to shape and coordinate projects that will deliver tangible outcomes for our customers.

The business leads report to the Stakeholder Engagement Strategic Committee every month. This committee is run by the Head of Customer Engagement to steer the strategy for stakeholder engagement and monitor progress on detailed programme plans. Attendees include Director of Safety, Strategy and Support Services, Head of Customer Engagement, Head of Customer Services, Strategic project leads and Regulatory Reporting and Compliance Manager.

Stakeholder engagement is regularly on the agenda for the CEO and Executive Management team to ensure they are aware of progress and can feed into the strategy and plans.

## Evaluation and measurement of success

Each year we appoint an independent company to conduct an external audit of the stakeholder engagement to understand learnings. UK Power Networks uses the AA1000 Standard as the reference standard for these audits.

At each engagement event we ask for feedback to continue to learn what worked well so we can improve future engagement sessions.

Ultimately our approach to stakeholder engagement is audited each year by our regulator, Ofgem, who score our approach.