



AccountAbility

Setting the Standard for Sustainability

UK Power Network's 2022/23 Combined SECV and ICE Management Summary

PREPARED FOR

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DATE

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ENGAGEMENT SUMMARY

AccountAbility was engaged by UK Power Networks (UKPN) to provide an independent assessment of the organisation's approach to stakeholder engagement. This included reviewing the 2022/23 Incentive on Connections Engagement (ICE) and Stakeholder Engagement and Consumer Vulnerability (SECV) Incentive submissions to Ofgem and stakeholder engagement policies, systems, controls, procedures, and performance. This summary presents our findings as an independent assessor.

SCOPE OF THE ENGAGEMENT

UKPN's 2022/23 SECV Submission (Part 1), UKPN's 2022/23 ICE Workplan, as well as a review of UKPN's stakeholder engagement policies, systems, controls, procedures, and performance. This review was conducted in accordance with the AA1000 AccountAbility Principles (2018) and with reference to the AA1000 Stakeholder Engagement Standard, 2015 (AA1000SES), as well as the Ofgem Electricity Distribution ICE and SECV Incentive Guidance.

INTENDED USERS

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

OUR RESPONSIBILITY

Our responsibility was to assess UKPN's stakeholder engagement strategy, processes, and systems and to form conclusions based on the analysis.

UKPN RESPONSIBILITY

UKPN is responsible for preparing the 2022/23 ICE and SECV Incentive Submissions, as well as the related tasks and activities including the collection, analysis and presentation of data and information contained in the submissions.

OUR APPROACH

We performed the following procedures to draw conclusions for our reports:

- ▶ Enquiring, collecting and inspecting documentary evidence and management representations that support adherence of company activities to the 2022/23 ICE and SECV Incentives submissions and the AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact;
- ▶ 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;
- ▶ Interviews with management and relevant staff to understand UKPN's stakeholder engagement strategy, governance, senior level commitment and associated policies and internal systems, controls and procedures; and
- ▶ Interviews with management and relevant staff to review the planning and preparation of the organisation's 2022/23 ICE and SECV Incentive submissions.

ADHERENCE TO THE AA1000 PRINCIPLES

Overall, UKPN has demonstrated strengths against all four AA1000 AccountAbility Principles (2018) of *Inclusivity, Materiality, Responsiveness, and Impact* in relation to its stakeholder engagement practices and in the development of its 2022/23 ICE and SECV Incentive submissions.

INCLUSIVITY: *How UKPN engages with stakeholders and enables its participation in identifying material issues and developing solutions to them.*

MATERIALITY: *How UKPN identifies and prioritises issues that are relevant and significant to its stakeholders.*

RESPONSIVENESS: *How the organisation responds to material stakeholder issues and feedback through decisions, actions, performance and communication.*

IMPACT: *How UKPN acknowledges, understands, measures, manages, and evaluates the organisation's actual and likely impacts.*

KEY STRENGTHS

INCLUSIVITY

- ▶ UKPN's Stakeholder Engagement strategy is aligned to the AccountAbility Stakeholder Engagement Standard (AA1000SES, 2015). 'Inclusive' is one of UKPN's guiding principles in its customer vulnerability strategy, demonstrating the organisation's formal commitment to inclusivity and alignment with the AA1000 Principles. This year's updates to the SECV submission illustrate that inclusivity remains a key focus of UKPN's strategy as the organisation continues to expand its work in ensuring 'No one gets left behind'.
- ▶ UKPN's communication of issues consistently appeals to the interconnectedness of issues, and this is especially the case in the understanding of vulnerability factors necessitating an intersectional lens.

- ▶ UKPN has continued to adapt its stakeholder engagement strategy to meet the changing needs of stakeholders. For example, in response to the newly relevant needs of vulnerable customers caused by the cost-of-living crisis, UKPN built further on its 'inclusion by design'. The approach is based on three interconnected pillars, understanding barriers and risks to inclusion using the intersectional vulnerability mapping approach, addressing the Net Zero transition barriers to participation by engaging hard-to-reach customers in flexibility and collaborating and partnering with organisations to establish, deliver and scale support for customers.
- ▶ Senior-level involvement in stakeholder engagement is clearly defined, with clear executive management team-level sponsorship for stakeholder engagement, supported by senior management team owners for engagement topics. Horizon scanning and PESTLE analysis is led by senior management, ensuring engagement focuses on strategically relevant topics. Innovation, vulnerability and capital programme projects require evidence of engagement as a condition of approval.
- ▶ By being attuned to the needs of vulnerable connections customers, UKPN recognised the importance of addressing the needs of disabled customers who wish to use street charging for their electric vehicles. UKPN's partnership with Motability and local authorities speaks to the organisation's commitment to inclusivity. This initiative has been launched by the target date and other utilities are looking to replicate this. UKPN now has a dedicated accessibility hub, to publish learnings from the project, tailoring the content to different audiences including local authorities, charge point operators and disabled customers. UKPN also uploaded the results of the data analysis on estimated locations of Blue Badge holders and on-street disabled bays to the Open Data Portal. UKPN sought feedback on this data portal from local authorities, customers and other stakeholders, and commits to refining it to increase its accessibility and inclusion further.

MATERIALITY

- ▶ The ICE work plan was developed through a wide variety of stakeholder engagement, with technical and citizen forums and workshops, DG surgeries, an impressive 321 ask-the-expert surgeries, quarterly connections and EV updates newsletters, over 371 direct customer meetings and more. This evidences UKPN's commitment to adapt to stakeholders' preferences to determine material issues to engage on.
- ▶ To ensure they are gaining a diverse range of views, UKPN aims to reach all 127 regional planning authorities and interact with a range of experts such as climate, infrastructure, and housing officers. While it would be easier to interact with larger organisations, UKPN proactively engages with smaller organisations such as community energy groups to understand their needs and requirements on Net Zero, the transition to Net Zero. and ensuring data is available to them.
- ▶ UKPN has a range of mechanisms in place to collect stakeholder insights that are core to its material topic determination and prioritisation processes, keeping the strategy adaptable to changing stakeholder needs. While the strategy itself has not changed, there is an increased effort to ensure an even spread of partnerships across material topics, geographical reach and vulnerability factors. Internal interviews emphasise that while each staff member might need to consider one vulnerability factor in an area, they should be cognisant of the other possible aspects as well, from the presence of different identities, in order to ensure inclusivity. To that end, the trusted partners act as an ear on the ground and UKPN understand their role in collating that feedback and act on it when appropriate.

RESPONSIVENESS

- ▶ In efforts to raise PSR numbers, UKPN has a holistic approach that is dependent on close collaboration and partnerships with trusted voices in the community.

Partners use their own existing channels to communicate with the existing and possible PSR customers, while UKPN will ensure it maintains conversations with partners and deepens conversations above and beyond signing up people. For instance, the PSR lead attends monthly Citizens Advice Bureau data briefings to cross-check geographic gaps where their claims data suggests there might be a high number of PSR-eligible customers but low registration numbers. In this way, UKPN also has insight into the type of issues customers are facing and can tailor their support for these individuals.

- ▶ The ICE updates provide updates and progress on selected initiatives, demonstrating a closed feedback loop. Each initiative has a dedicated page with key milestones as part of the annual 'Looking back looking forward report' and regular meetings with Scrutiny Panels are conducted to check progress against plans. Since the updates are a direct response to material issues raised by stakeholders, they also demonstrate UKPN's comprehensive and balanced understanding of stakeholder priorities.

IMPACT

- ▶ UKPN conducts monthly 'Connections Customer Satisfaction' Surveys with a minimum participation of 100 business customers to assess the success of their service development plan. These surveys mirror those undertaken by Ofgem for domestic customers and are benchmarked against targets set by the organisation to assess the progress of their performance. UKPN's target is 9/10 and up to September 22, in line with the April 22 report, UKPN has been scoring 9.22, consistently surpassing the target. Additionally in the time period April to October 2022 of the 85 complaints UKPN received, 58% were resolved within the first day and 100% within 31 days. Additionally, customer satisfaction for the broad range of events, which include technical forums and customer forums is 89%. In the April-October events the customer satisfaction for 'ask the expert' surgeries was 91%.

- ▶ UKPN also adopts a holistic approach to impact measurement that has become a key part of the organisation's stakeholder engagement strategy and is used when making strategic decisions. The outcome-driven approach to problem-solving recognises that engagement is core to the ability to deliver impact. A robust understanding of impact underpins UKPN's SECV work. UKPN no longer seek to apply social valuation by default, instead applying a triage process that challenges whether social, environmental and wellbeing benefits are materially important to the aims of an initiative and whether there is sufficient confidence in the inputs and assumptions to provide a credible valuation.

OBSERVATIONS AND RECOMMENDATIONS

INCLUSIVITY

- ▶ UKPN's £5m network innovation allowance that is being allocated towards helping vulnerable customers is a great opportunity to embed vulnerability across the business. Governance changes in the last year are supporting the embedding of the stakeholder engagement strategy. Bringing customer service, innovation and vulnerability under one directorate have fostered connectivity between these material issues and internal interviews suggest a renewed sense of confidence in the way these affect each other in practice. Additionally, creating a position for campaigns and engagement that sits within the vulnerability team has allowed an increased focus on the quality of engagements across the topics of PSR, fuel poverty and LCTs.
- ▶ In revamping existing and designing new ways to share knowledge, UKPN should look beyond traditional communications methods. Short videos by senior and operating staff are good ways to communicate case studies. UKPN has lots of case studies across the business and media should be leveraged to communicate both

successes and learnings from these to the rest of the business. For instance, this year has seen UKPN engage in substantial efforts to improve and enhance its local authority engagement. Senior members of staff making short videos talking through pain points as well as unexpected positive outcomes would be a great way to build out a repository of knowledge for current and future joiners.

MATERIALITY

- ▶ In order to provide more targeted support to customers experiencing fuel poverty, UKPN continues to scale its localised partnerships, for instance, doubling the number of customers receiving in-depth support. UKPN consults partners on a national scale to drive policy changes, as well as on a local scale to both tailor policy to local needs as well as tweaking implementation of programmes according to the area's stakeholder needs and demographics.
- ▶ UKPN has robust processes to integrate several feedback loops to validate their understanding of the outcomes of an engagement in terms of what stakeholders consider the material topics are. Particularly in the context of LAEPs and rapidly changing markets, interviews suggest that UKPN appreciate the need to not only maintain a conversation with stakeholders to keep them up-to-date but also to triangulate material assessment from engagements to other sources of information. Setting materiality assessment in its context, UKPN is aiming to keep up with the evolution of stakeholder needs.
- ▶ UKPN seeks to collate insight from various sources, with several interviews suggesting that insight capture has to live on and be dynamic. To facilitate this, however, more can be done to streamline information on material issues across the business. There is a chance for more videos by managers and leaders to populate the Volt. Some interviewees see the benefit of a more engaging format to learn about the

ever-expanding set of material issues for customers and the roles UKPN will occupy. Moreover, there could be next steps taken to connect different parts of the business as engagement becomes more core to all teams. For instance, UKPN could consider creating a rota for senior managers to get in touch with employees for informal calls a couple of weeks after the release of market intelligence on the Volt page. Having conversations across teams in this way could enhance learning and encourage staff to make use of the insights available.

RESPONSIVENESS

- ▶ The quarterly connections update frequency is being changed to twice a year, in response to low engagement and the lack of need for this formalised way to communicate. This is a positive step to optimise internal processes, tailoring them to what is actually most beneficial to connections customers. Social media and tools such as polling on Linked In on material topics should continue to be explored.
 - ▶ Accurate and live documenting is particularly important in connections. As a project might start with one aimed power requirement, change due to availability as the project is commenced and then change further as the customer might change their decision due to cost. Currently, interviewees suggest there is no formalised way to have a look at the whole project and track these changes, simply giving rise to a variety of values reported at different stages of each connection journey. Alongside this, projects also change name as a product of the way the inquiry system works, this is also not tracked. A single clear reference number should exist for all connection claims, and all changes should be recorded on a live document or tool so that anyone that joins the project or is reviewing it in the future has a complete view of what each step involves, what and why changes were recorded and where contact with stakeholders has occurred.
- ▶ To respond to stakeholders properly, the enhanced mapping methods that UKPN implemented this year are a great development. However, these are not enough if not properly supported by a tool, whether it be Tractivity or not, that is always up to date and ensures that engagements are tracked, stakeholder trust can be built and fatigue avoided by any UKPN staff seeing a detailed history with each stakeholder, before responding.
 - ▶ Some internal interviewees suggest there should be more resource-building and training to ensure reporting is carried out properly. Some say having their own team-specific ways of documenting engagements and tools, but while it works for some individuals, this creates inconsistent quality in reporting. Good examples of documenting engagement should be readily available and training should emphasise that this stage is not important for its own sake of a good Tractivity entry, rather it will then affect the accuracy and time requirement of reporting efforts and affect the regulator's and public's view of the organisation.

IMPACT

- ▶ There is a good opportunity now for UKPN to go beyond the mechanistic nature of ICE and to refocus reporting of even smaller initiatives beyond the yearly cycle. Updates twice a year will be a good space to communicate in a more purposeful way than ICE and give space both to smaller initiatives as well as the progress of long-term plans.
- ▶ UKPN could explore more ways to keep customers and stakeholders up to date with the impact of their feedback. Webpages and online tools could show more directly what feedback, given by which stakeholder segment in what occasion caused a change in a specific stage of the initiative. This could highlight more directly the collaborative nature of stakeholder engagement undertaken by the organisation and encourage its customers

and stakeholders to share more candid feedback.

- ▶ UKPN's ED2 cost-benefit analysis process is a good example of comprehensive testing of potential impact and value offering, validating assumptions with customers as well as testing against industry partners and experts and challenge groups.
- ▶ While UKPN has an established process for assessing impact, internal interviews suggested that there is still work to be done to implement and embed these across the business. The pain points and administrative burden of the Tractivity process cause discrepancies in depth and breadth of stakeholder engagement records and, in turn, the feasibility of output and impact metrics. More internal consultation needs to occur and there needs to be a step-change in this process as there don't seem to have been material changes from the previous year except more awareness of SROI.

OUR CONCLUSIONS

Based on the assessment performed and evidence obtained, nothing has come to our attention during this process that causes us to believe that UKPN has not, for the Ofgem regulatory year 2022/23, adhered to the AA1000 Principles of Inclusivity, Materiality, Responsiveness, and Impact. UKPN has:

- Performed stakeholder engagement activities to adhere to the AA1000 AccountAbility Principles (2018);
- Developed engagement policies, systems, controls, and procedures to adhere to the AA1000 AccountAbility Principles (2018); and,
- Published accurate data and information in the 2022/23 ICE and SECV Incentive submissions.

INCLUSIVITY

UKPN has processes, policies and governance structures in place to ensure that relevant stakeholders can effectively participate in activities relating to its 2022/23 Stakeholder Engagement and Consumer Vulnerability Incentive submissions.

MATERIALITY

UKPN has embedded management tools and governance structures to ensure engagement focuses on strategically relevant material topics, reflecting the significance of stakeholder issues.

RESPONSIVENESS

UKPN develops appropriate responses to stakeholder concerns, utilising resources to respond in a way that addresses the needs of stakeholders. UKPN communicates outputs, actions, and progress to stakeholders through a variety of communication channels.

IMPACT

UKPN has developed a robust and triangulated approach to impact measurement, allowing the organisation to prioritise initiatives based on their overall real and potential impacts to stakeholders and wider society.

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