

Stakeholder Engagement Incentive Scheme 2012-2013



Executive summary



“Stakeholder engagement is an integral part of how we at Northern Gas Networks (NGN) do business. Millions of people rely on us every day to ensure they receive a safe and efficient supply of gas around the clock. Our stakeholders are affected by our business operations, so it stands to reason

they should play a major part in influencing the direction of our business.

The senior management team sees good stakeholder engagement as part of running the business well as it provides the focus and direction for best-in-class service delivery. Over the last six years, NGN has integrated robust and meaningful engagement approaches across the business, as highlighted in our RII0-GD1 Business Plan.

The senior management team is committed to ensuring that the company continues developing good practice in stakeholder engagement and NGN continues to develop and extend specific projects to involve stakeholders even more closely in our planning and decision-making. At the same time, we recognise that we can get better at stakeholder engagement through further development of our business processes and controls.

Therefore in 2012/13 we have undertaken a review of stakeholder engagement practice in the company. We have reviewed our practices around the following key elements of good stakeholder engagement:

	Purpose, vision and goals
	Governance and strategy
	Capacity building
	Engagement procedures
	Reporting and evaluation

The output of this project has been a more systematic approach to engagement which further develops our business processes for stakeholder engagement, based on a revised framework, following the AccountAbility model and taking into account the AA1000 principles of inclusivity, materiality and responsiveness. We have commenced implementation of the framework and will continue roll out through 2013/14, with an objective of obtaining AA1000 assurance in the fourth quarter of the regulatory year, 2014/15.”

Mark Horsley, Chief Executive

To accompany this submission, we are providing supporting evidence of our progress in developing this framework in the 2012/13 year, including our:

- Stakeholder governance structure with terms of reference for NGN’s Stakeholder Steering Group, Stakeholder Working Group, and External Stakeholder Panel
- Stakeholder mapping
- Stakeholder issues table
- Materiality matrix
- Customer survey results
- Employee communications survey results
- Stakeholder workshop feedback
- Stakeholder engagement manual



Our stakeholder engagement strategy: A journey of continuous improvement

Stakeholder engagement formed a major part of the planning process for our RII0-GD1 Business Plan in which we outlined our approach to segmenting stakeholder groups, communicating with stakeholders to determine their preferred method(s) of engagement, and engaging with them on various industry issues. However, there was room for improvement and over the last year we have worked towards developing an approach that adheres to the AA1000 principles of inclusivity, materiality and responsiveness. These principles are defined as follows:

Inclusivity: Participation of stakeholders in developing and achieving an accountable and strategic response to legitimate social and environmental concerns.

Materiality: Determining the relevance and significance of these concerns to the organisation and its stakeholders.

Responsiveness: Responding to stakeholder concerns.

Our approach to stakeholder engagement is based on AccountAbility's framework for effective stakeholder engagement, which has the following core elements:



In the following pages, we outline how we have been developing these elements within our strategy and integrating better practices in our organisation. We will continue to refine and systematise our activities as we implement the framework across our organisation.



How we define it

A clear vision for stakeholder engagement that demonstrates direction, ambition and alignment with business strategy: Our vision is to be best-in-class, to be a responsible corporate citizen in our region, and to maintain a corporate culture of high performance and continuous improvement. This vision is intrinsically linked to how we see the purpose of stakeholder engagement in the company.

How we do it

- **Our overarching vision for stakeholder engagement at NGN states:**

"Stakeholder engagement will underpin and support everything we do so that we are inclusive, responsive, and recognised as a trustworthy and reliable organisation delivering excellent customer service."

- **We believe stakeholder engagement provides a vital two-way tool that:**

a) Allows us to keep stakeholders regularly informed of our bigger-picture plans, news and other developments, ensuring they understand what we do, how we can support them, and how they can influence our plans and future priorities.

b) Provides stakeholders with a way of sharing feedback on their experiences of our organisation and a mechanism for them to have an input that impacts how we do things in the future.

Outcomes of our stakeholder interactions provide direction and focus to improve our service delivery by identifying areas of our service that are positively received and those where it fails to meet expectations for customers and our wider stakeholders.

Purpose,
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& strategy

Capacity
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Engagement
procedures

Reporting &
evaluation

How we define it

Director level oversight of our stakeholder engagement strategy, with accountability for delivery embedded at the appropriate level of the organisation: Our stakeholder engagement governance structure sets out responsibilities for stakeholder engagement at various levels within the organisation, from the CEO level down. It allows us to respond quickly to escalated issues and incorporate feedback into our decision-making process.

How we do it

- A dedicated stakeholder engagement department is in place to drive the implementation of our strategy and stakeholder engagement processes across the organisation. We appointed a Head of Stakeholder in April 2012 and promoted to Director of Stakeholder Relations in January 2013. He is a member of the Senior Management Team and reports to the CEO.
- Our Chief Executive, Mark Horsley, and the Senior Management Team (SMT) engage with industry groups, Government initiatives and representatives on industry issues. The team has active roles in organisations such as the Confederation of British Industry (CBI) and the Institute of Directors (IOD).
- At each level of the organisation we have identified relationship owners to manage relevant relationships, allowing each department to take responsibility for engagement with their own stakeholders. Feedback from each function is communicated through clearly established channels in order to inform our company-wide approach.
- In May 2012 we launched the Business Strategy Record (BSR) investment planning process, a framework to set the strategy for all of our investments and ensure that the appropriate stakeholders are considered and consulted before any plans are committed. The BSR includes a stakeholder register which identifies every stakeholder impacted by the investment and provides a tool for tracking all activity. Now embedded in our day-to-day processes, stakeholders are considered as part of every business case, issues escalated as appropriate and activity tracked from project inception to completion. Any issues or challenges are reported to the Investment Steering Group and discussed before a final decision is made about how to proceed. This approach is enabling us to be more commercial about our investment decisions by making stakeholders central to our thinking.
- The Business Review Group (BRG) is a weekly meeting of the Senior Management Team, chaired by the CEO. The BRG review weekly performance and any operational and stakeholder concerns that have been escalated by Regional Managers and Customer Operations Area Managers (COAMs). It is at this meeting that swift decisions can be made to respond to customer and stakeholder feedback. For example, feedback was given to the BRG that stakeholders wanted our engineers to check for the presence of Carbon Monoxide at the premises of every emergency call we receive. This feedback was acted upon, leading to a change of company policy.
- Members of the BRG have agreed to serve as the Stakeholder Engagement Steering Group, providing oversight and monitoring the implementation of NGN's stakeholder engagement strategy. The Steering Group will be Chaired by the CEO and includes the Customer Operations Director, Regulation Director, Director of Academy, Finance Director and Director of Stakeholder Relations. They will meet quarterly and review the strategy annually.
- We have revised the structure of our Stakeholder Engagement Working Group. This will be chaired by the Director of Stakeholder Relations, with representatives from across the organisation. The Working Group will meet every two months to review progress made in the implementation of NGN's stakeholder engagement strategy in their respective departments. They will share best practices and key learnings and, with the support of the Stakeholder Relations team, resolve any implementation challenges that may arise.
- We are also initiating an External Stakeholder Panel, which will be charged with reviewing and commenting on our strategy and how we can strengthen its effectiveness. The panel will comprise of a cross-section of key stakeholders. This unbiased perspective will enhance transparency and accountability in our engagement practices. The panel will meet three times a year for a strategy review, updates on our activities, and to provide feedback on our progress.

See supplemental evidence 1:
SE Governance structure

Purpose,
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evaluation

How we define it

Ensuring stakeholder-facing individuals have the requisite skills and capabilities to carry out engagement effectively, including regular training and developing knowledge-sharing mechanisms.

Developing our people and their capacity to deliver is critical to the success of our business and to customer satisfaction. Our in-house inspire Academy facilitates our training needs. Knowledge sharing, both internally and externally is another important mechanism to keep up to date on important topics that affect our business and our stakeholders.

How we do it

- Our in-house training facility, The inspire Academy, supports the capacity building needs of NGN employees.

Training via the Academy ranges from mandatory safety and technical compliance to e-learning and a peer-to-peer coaching network in which employees with useful skills (from conflict resolution to engineering know-how) mentor their fellow colleagues, sometimes even in their lunch hours.

Other courses, which support capacity building for facilitators of stakeholder engagement, include negotiation and presenting.

The inspire Academy has delivered 5,315 training days to date, with effectiveness measured by assessing skills before, immediately after and three months after the training. Employee surveys provide direct feedback and are supported with 'mystery shopper' calls which are facilitated by an independent training provider.

Results are reported to the senior management team on a quarterly basis and training styles evolve and adapt according to feedback. The inspire Academy currently has a quality rating of 92%.

- We have also developed a Stakeholder Engagement Manual that serves as a guidance document for staff members who engage with stakeholders. It outlines processes for planning, resourcing, engagement

methods, documentation, feedback and evaluation. The manual is a live document that will be periodically reviewed and updated, based on lessons learned and best practice.

The stakeholder support team, in conjunction with The inspire Academy, will support users of the manual in implementing the procedures and developing the necessary skills to improve their effectiveness in stakeholder engagement.

See supplemental evidence 2: Stakeholder engagement manual

- We believe that in order for stakeholder engagement to be effective, capacity building and knowledge sharing should extend beyond the walls of NGN to our partners and stakeholders. Other utility companies in the region are seeking to engage the same stakeholder groups – often about similar issues.

To avoid duplication of effort, and 'consultation fatigue' among these stakeholders, we will establish and chair a new Stakeholder Relations Regional Forum, creating a platform to share best practice with other key distribution companies (Northern Powergrid, Yorkshire Water, Northumbrian Water) operating in our region.

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How we define it

Engagement procedures consist of:

- Identifying stakeholders to be engaged and appropriate engagement methods
- Processes, tools and methods for stakeholder engagement
- Procedures to provide a systematic approach to addressing stakeholder concerns, documenting outcomes, and responding as appropriate
- Performance measurement systems to ensure objectives are being met

We recognise these processes are important to ensuring quality, consistency, and effectiveness of our stakeholder engagements.

How we do it

● Identify and map our stakeholders:

This year, the review of our engagement practices included a stakeholder mapping exercise. Previously we segmented our stakeholders based on their knowledge of the industry and level of engagement with our business and this informed our engagement methods. A refresh of our stakeholder mapping was done to determine if we were engaging with stakeholders on the topics most relevant to their interests.

During our mapping exercise we outlined the five areas which are consistently relevant to stakeholders and our business:

(1) Customer service, (2) Network safety and reliability, (3) Environment and sustainability, (4) Community involvement and social responsibility, and (5) Business improvements that impact the entire company. We then mapped our stakeholders according to the focus areas relevant to them, and evaluated our engagement activities with each stakeholder.

Some of the stakeholders we engaged with over the last year include: MPs, shippers and suppliers, business groups, material/equipment suppliers, highway authorities, local authorities, customers, charities and support groups, and the general public. A comprehensive list of our stakeholders and their areas of interest is available in:

See supplemental evidence 3:
Stakeholder mapping

● Prioritise our stakeholders' concerns:

The Stakeholder Engagement team carried out a materiality analysis to prioritise specific topics of stakeholder concern. The output is a materiality matrix that illustrates the importance of different topics of importance to NGN and to stakeholders. This matrix has been reviewed by our Business Review Group and will inform planning of future workshops and engagement plans. Understanding the topics that are most relevant to a stakeholder allows NGN to respond in a strategic way, and develop appropriate methods to manage their expectations.

See supplemental evidence 4:
Materiality matrix

● Engage with stakeholders:

We engage with our stakeholders at various levels in the organisation, from our engineers and frontline staff to the CEO. At each level, we have identified relationship owners, who determine and implement the appropriate engagement methods for their stakeholders.

Our engagement mechanisms include: postal surveys, care calls, stakeholder workshops, surveys and the NGN website. We have in place a process to communicate with our largest stakeholders' groups – customers and communities – in a timely and direct manner. When we carry out works in residential areas, NGN engineers

must initiate this process, called KICK – Knock Inform Communicate and Knock again – in order to maintain frequent communication and update affected residents about any potential disruption. During visits, we try to find out more about our stakeholders and their concerns or any possible areas of vulnerability where we can support them. Records and outcomes of KICK are recorded in log books and checked by management during weekly site visits.

We continued our practice of engaging external stakeholders through topical and relevant workshops. Our most recent workshop in March 2013 focused on Fuel Poverty and Carbon Monoxide awareness and attracted 47 participants. Future workshops will focus on relevant topics from our five focus areas and topics we have prioritised as having the most significant impact on the business and our stakeholders. During these workshops we will continue to update participants on strategic decisions around key issues, collect feedback and discuss how outcomes have and will impact our business strategy. We aim to conduct at least three external workshops each year. Outcomes of our most recent workshop can be found in:

See supplemental evidence 5:
Fuel poverty and CO workshop feedback

Details of our other approaches to engaging stakeholders on key issue areas is outlined in:

See supplemental evidence 6:
Issues table

● Give and receive feedback:

We utilise several mechanisms to get feedback from our stakeholders, depending on the stakeholder type and the purpose of engagement. For example, customer feedback from our engineers and frontline staff is recorded in logbooks and checked during weekly site visits by Managers. Issues that need to be escalated are discussed at a weekly meeting between COAMs, Regional Managers, the Director of Stakeholder Relations and the CEO. For other relationship managers, we have in place stakeholder management software and procedures around how all stakeholder managers should utilise this platform.

See supplemental evidence 6:
Issues table

● Respond to outcomes:

Ensuring our stakeholders are satisfied with our response to their concerns is important to NGN. We carry out customer satisfaction surveys as part of the ongoing monitoring of our largest stakeholder group. Results and outcomes can be found in:

See supplemental evidence 7:
Customer survey

Our employees are one of our most important stakeholders, and establishing effective methods of communication and feedback with them is key to our success. During the year, we carried out a survey to evaluate the effectiveness of our communication with internal staff. Survey results were communicated through local managers' staff briefs. We took the feedback onboard, and shared with participants our responses to their concerns and a time frame for effecting changes to our internal communications for the next year and in the longer term. As a result of the feedback we received, we have increased the frequency of face-to-face meetings between employees and their managers.

See supplemental evidence 8:
Insight & actions for internal communications

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How we define it

Reporting and evaluation includes:

- Systems and tools for recording feedback
- Mechanisms for evaluating quality of engagement
- Integration of feedback into organisation and strategy
- Communication and reporting of outcomes
- Independent evaluation of our processes against recognised and credible standards

How we do it

- In 2012/13 we reviewed our reporting and evaluation mechanisms to start building more consistency across the business.

- We are working to integrate qualitative indicators into our existing tools and processes. For example, outcomes and feedback from our KICK visits are tracked in a log book, where we attempt to capture additional information about our stakeholders that will help us engage more effectively.

We have recognised, however, that we can improve the quality and consistency of information that we receive if we provide additional guidance and structure within the logbook to help our engineers ask more specific and relevant questions. We are providing more formal guidance to engineers out on site for how and when to record stakeholder feedback in their logbooks, both during and on completion of work projects.

- In partnership with our contractor, Enterprise, we have developed a new mobile phone/tablet app which allows site managers to submit reports on a site, both during a project and on completion. The easy-to-use app allows site managers to submit real-time data on everything from site cleanliness and duration of project to customer feedback and any issues encountered, with the text supported by photos.

All submissions are reviewed weekly, to ensure we are meeting the standards our customers demand. We have begun the process of expanding the use of this app to a broader scope of stakeholder engagement beyond our customers, and will integrate this tool into our stakeholder management database.

● Accreditation scheme:

Our strategic framework is based on the AA1000 Stakeholder Engagement Standard, which addresses Ofgem's requirement to adopt an accreditation scheme. To ensure that we are adhering to the AA1000 SES and implementing our strategy in a credible manner, next year we intend to seek AA1000 assurance. Our stakeholder engagement manual will serve as an assurable framework against the AA1000 SES.

● Independent evaluation:

As we continue to implement our revised strategy, we will integrate the recommendations from AccountAbility's review of our engagement practices. We have included a letter from AccountAbility, describing their evaluation process for our strategy.

See supplemental evidence 9:
AccountAbility description of services

Part II:

Delivering our Stakeholder Engagement strategy

In 2012/13, we delivered a broad range of stakeholder-driven activity, which unlocked a wealth of social, environmental and economic benefits for the region.

This work covered five broad categories, each of which relied on close collaboration with a range of partner organisations. Our areas of focus were:

- Community involvement and social responsibility
- Environment and sustainability
- Network safety and reliability
- Business improvement
- Customer service

This section explores each of these categories in more detail, looking at specific initiatives delivered in 2012/13, the partners we worked with and the benefits delivered.



1. Community involvement and social responsibility

OUR
BUSINESS IS AS
MUCH ABOUT
PEOPLE AS IT
IS ABOUT
PIPES.

We strive to go the extra mile for the communities we serve by working with partners to protect vulnerable customers, keeping families safe and sound, and by using education programmes to inspire the region's next generation of green-minded, socially aware citizens.

Key to this approach is our work to raise awareness of Carbon Monoxide (CO), our efforts to tackle fuel poverty and our education programme with local schools.

i. Taking on Carbon Monoxide

In response to repeated calls from stakeholders asking the industry to do more about CO awareness, we run a far-reaching activity programme.

As previous studies have shown, it is not enough to simply give away free CO alarms – customers must be helped to understand the nature of CO and its risks to ensure they take life-long measures to protect themselves.

In 2012/13 we worked with a wide range of stakeholders on CO education including residential care homes, universities, schools and colleges.

At a recent NGN social responsibility workshop, involving 47 stakeholders from local government, social housing, charities, healthcare, emergency services and environmental sectors, 96% said fuel poverty was an issue relevant to their organisation and 80% of organisations felt NGN had a responsibility to promote CO awareness and help protect customers from the risks.

Key activities included:

iCOP

In 2012, we launched an innovative smartphone app called iCOP, developed in consultation with students from the University of Huddersfield and Newcastle University as well as several local colleges.

Aimed at 18-24 year-olds in rented accommodation (one of the most 'at risk' groups according to The Carbon Monoxide Report 2010), the app takes the form of an engaging, interactive film noir-style detective game, which highlights the dangers of CO. It allows players to add the national gas emergency number directly to their phone address book and apply for a free CO alarm.

iCOP has been praised by students and institutions alike. Within the first two weeks, the app received more than 1,350 downloads with more than 100 CO alarms requested. We now have plans to launch a second wave of iCOP activity during university Freshers' Weeks in 2013.

60% OF TEENAGERS IN A YOUNG SURVEY DESCRIBED THEMSELVES AS 'ADDICTED' TO THEIR SMARTPHONES



Trialling a new approach to CO detection

Gas detection equipment used by our First Call Operatives (FCOs who are the engineers first on the scene when a customer reports a smell of gas) has been largely unchanged for decades. Operatives have hand-held devices which detect levels of methane gas in the atmosphere, but not CO. Instead, operatives must look for visual clues regarding CO, such as soot on the walls or a boiler flame burning yellow.

In 2012/13, 40 of our FCOs trialled new gas detection equipment, designed to detect CO levels in the atmosphere, as well as methane. It represented a groundbreaking new approach for our industry.

The trial took place over 12 months in our Bradford and Pennine areas. We detected more than 62 instances of CO in properties during the trial – every one of which had the potential to cause illness or even death. Significantly, 22 of these customers had no idea they were being exposed to CO. We presented the findings at an All-Party Parliamentary Carbon Monoxide Group conference at

the end of 2012 and produced a full report of the trial and its outcomes.

The trial has been so successful that we have committed to making the new gas detection equipment standard issue for all our FCOs. The roll out will take place over the next two years, supported by a £2 million investment.

“Martin Alderson @NorthernGasNetworks is in APPG CarbonMonoxideGroup extolling virtue of innovation & collaboration plus new app iCOP.”

Barry Sheerman MP, @BSheermanMP



CO awareness briefings in the home

Our FCOs have recently begun delivering CO awareness home briefings to customers in vulnerable positions (including our customers aged over 60 and those with disabilities), after they have been called out to a property and made it safe.

The briefings which comprise informal (yet structured) chats, are designed to give the customer essential safety advice, and to find out current levels of CO awareness in the region. Following each briefing, the customer is asked to rate their knowledge of CO and is offered a free CO alarm, if they don't already have one.

This approach was trialled in Leeds in March 2013, with more than 90 briefings. Outcomes from the trial helped to inform the phase two pilot which began at the end of April, and will also influence the way we roll the programme out to the rest of the region in 2013/14.

ii. Fuel poverty

The North of England has one of the highest levels of fuel poverty in the country, with 24% of households estimated to spend more than 10% of their income on heating.

At a recent stakeholder workshop, more than 80% of delegates said that tackling fuel poverty was an essential part of our remit, and wanted to see us do even more to take it on.

Freeing customers from the misery of fuel poverty requires a holistic approach, which not only looks at heating arrangements and insulation measures, but also empowers households through budgeting and benefits advice.

In 2012/13, working closely with our direct partner Community Energy Solutions (CES) and liaising with landlords, local authorities and housing associations, we helped provide a more affordable home heating solution to around 1,700 households. We did this by funding gas connections as part of our single connection and network extension schemes and operating a hardship fund to pay for or part-fund the installation of home energy efficiency measures. We also ran a Benefit Entitlement Assessment scheme to help identify customers that were eligible to receive benefits and ensure that they had access to the support available.

Other activity includes:

Holistic heating solutions

We connected more than 1,100 households free of charge to our gas network and worked in collaboration to provide them with new heating systems and insulation. We also continued to fund two energy advisers, to help households claim benefits they may have otherwise been unaware they were entitled to. Almost £550,000 was reclaimed in 2012 thanks to this advice.

A joint approach to multi-storey buildings

We worked with Northern Power Grid and Leeds City Council on a scoping exercise to identify alternative heating solutions for multi-storey buildings. Each organisation pooled data to identify those high-rise buildings where fuel poverty was most acute, and where alternative heating solutions were required, for either safety reasons (some local authorities believe that gas services within some multi-storey blocks can present a safety risk) or because occupants' bills were too high. The results of this exercise are set to inform future council investment strategies.

Free gas connections in Sunnyside

In March this year, we organised a community event about a fuel poor scheme in the ex-mining village of Sunnyside, County Durham, which will see 200 households connected to the gas network for the first time. Over 100 people attended the event, which encouraged residents to sign up for assistance with gas connections, gas boiler installation and insulation measures. Employees also delivered our *Play Safe, Stay Safe* road safety awareness programme at the local primary school in response to concerns about site safety.



72% OF CUSTOMERS SAID THEY WOULD TALK TO FRIENDS AND FAMILY ABOUT CO RISKS, FOLLOWING OUR BRIEFINGS. 91% SAID THEY WILL INSTALL A CO ALARM AND 84% SAID THEY WILL HAVE THEIR APPLIANCES CHECKED REGULARLY BY AN ENGINEER.

“Since NGN got involved – from the first public consultation to the work starting on site - they’ve been helpful and responsive. They are also connecting the community centre, our central meeting place, to the gas mains free of charge so we can say goodbye to bottled gas.”

*Caroline Robinson,
Treasurer of Sunnyside Community Association*

iii. Educating future generations

2012/13 saw us develop a far-reaching education programme aimed at Key Stage 3 pupils (11-14 years old), to promote CO awareness and raise awareness of carbon reduction, recycling and other environmental issues. Developed in partnership with local schools, the programme is linked closely to the National Curriculum.

A month-long pilot phase earlier this year saw nine fun and interactive workshops rolled out to 210 pupils across five schools. On average, 83% of pupils said they had a good understanding of CO and its dangers following the workshop, and 88% had a good understanding of activities that stood to affect their carbon footprint.



"I liked the workshop because it shows you about the effects of leaving things on and the dangers of Carbon Monoxide."

"I learnt a lot about Carbon Monoxide that I didn't know."



2. Environment and sustainability

As custodians of one of the earth's most precious finite natural resources, we never lose sight of our environmental responsibilities. We hold ISO 14001 certification, which underlines our compliance with all relevant environmental regulations and our commitment to continued environmental improvement.

We recognise that the Government's legally-binding framework to cut greenhouse gas emissions will require all gas distributors to play an ever-greater role in the transition to a low carbon economy. In 2012/13 we worked with a range of partners, including Defra, the Environment Agency, CNG Services, the Sweett Group and other Gas Distribution Networks, to help adapt our network to this green-minded future.

i. Paving the way for biomethane

Biomethane is identical to fossil fuel-derived methane or natural gas and can be used to generate energy. By capturing the biomethane produced from the decomposition of organic matter, such as waste food, and injecting it into the network, we will reduce the amount of harmful methane released into the atmosphere as well as reducing our reliance on natural gas.

The capture of biomethane and its injection into the gas network is still in its infancy. Stakeholder feedback suggests that there is still a significant education job to be done

to make prospective biomethane producers in the region aware of the commercial opportunities associated with grid injection.

We are committed to sharing knowledge as we develop our approach, and took part in a regional 'Green Grids' biomethane conference in June 2012, attended by a range of stakeholders, to discuss the challenges in depth.

There are significant technical hurdles to be overcome before more widespread grid injection projects can be possible.

In response, we have developed two important initiatives:

A new commercial study

A new study has been launched to identify potential organic sources of biomethane in the region (from plant material to sewage), the quantities that stand to be produced, and opportunities to work with producers to get the product to the grid.

The study will see us working closely with a range of stakeholders including farmers, local authorities, water companies and commercial/industrial waste industries. Potential high-yield stakeholders,

and key stakeholders in our supply chain including financiers, technicians and project managers will be invited to attend a stakeholder event in York this September, held in partnership with the Institution of Gas Engineers and Managers to hear the report findings.

Following the conference, stakeholders with the most commercially viable biomethane sources will be invited to attend workshops to discuss next steps.

Making room on the network

Earlier this year, we concluded a trial with National Grid and specialist consultancy CNG Services. We worked together with these partners to remove one of the biggest barriers to more widespread adoption of biomethane – available room on the network.

During periods of low customer demand, such as summer evenings, gas pressure rises and restricts the

amount of biomethane that can enter the network. Our trial showed it is possible to compress gas during low demand periods, to make sufficient network space for biomethane producers to inject their product. The results and methodology were shared at a stakeholder event, with the Health and Safety Executive, Ofgem and Gaz de France in attendance.

ii. Removing gas holders

Our region has 47 gas holders – a relic from a time when town gas was the main energy source for our customers. We commissioned construction consultancy EC Harris to complete a feasibility study into our holder sites and surrounding land uses. This included consultation with local councils, businesses, communities and developers. The report built on an engagement exercise with stakeholders where feedback that told us that they want us to demolish these structures, and remediate sites using the most cost-effective and environmentally sound solution possible.

In response, a demolition strategy has now been

developed and we are working with environmental consultancy Arcadis to trial the safe deconstruction of sites to minimise the social and environmental impact on local communities. This involves using a process of sludge solidification in which sludge remains securely in the base of the holder tank – negating the need for costly and environmentally damaging removal by tanker, preventing soil contamination and reducing backfill.

We plan to share the results of the trial with the rest of the industry, which is also wrestling with the dilemma of how to best deconstruct these holders and remediate sites.

iii. Pre-heating design project

The gas industry relies on a process of ‘pre-heating’ to prevent gas mains from freezing when gas moves from a higher pressure network to our lower pressure network.

We recognised the need to explore more sustainable and economical sources of pre-heating – a market traditionally dominated by suppliers of boiler packages and water bath heaters.

We launched a competition to encourage a new group of stakeholders, including heating equipment suppliers, professional engineering consultancies and other GDNs to explore innovative sources of pre-heating and encourage competition in a rather static market.

The early signs are encouraging and the outcomes will directly influence our investment strategy over the next eight years.



3. Network safety and reliability

Our stakeholders consistently tell us that they want a safe gas service with minimal interruptions to supply, and minimal disruption to highway traffic, homes and businesses.

Work site related injuries to the public and our own employees have fallen by 75% to record lows since our formation in 2005. Our employees and contractors undergo continual training and mentoring to ensure they do their day’s work safely, and to the very highest professional standards.

We work to the Occupational Health and Safety Standard OHSAS 18001 and have an integrated health, safety and environment management system to maintain standards. A weekly safety meeting, attended by our Chief Executive and senior leaders, is used to continually monitor our performance and respond swiftly to issues.

“Replacement activity could be focused more on areas where there are a large number of leaks and reduce visits to the same areas and sites to do repair work.”

When it comes to network reliability we consistently score above the industry average, and are using new technological innovations and more sophisticated ways of working to minimise supply interruptions, reduce the length of time we spend on the highway and ensure our investment is focused on parts of the network most in need of improvement.

i. Keeping employees and the public safe and sound

There were two injuries to members of the public in 2012 and three lost time injuries to our employees, an industry leading performance. Some of the innovative ways we are bringing down accidents include:

A site safety reporting line: 0845 0570 605

Our 'It's Your Call' line incentivises employees to report any work site issues that they believe pose a risk to safety – from an overturned barrier to inappropriate or unsafe contractor behaviour. Issues are quickly cascaded to site managers, and swift remedial action taken. One entry a month is selected at random and the employee rewarded with a high street voucher worth £100. In 2012/13, we received more than 500 calls to the 'It's Your Call' reporting line – each one preventing a potential accident.

The winner of this month's
It's Your Call is...

TA DA!


 Northern Gas Networks

Steve Huckle

The First Call Operative from Middlesbrough reported that barriers were down at our site in Mitchell Avenue, Thornaby, Stockton.

There were a total of 51
It's Your Call Entries this month.

ii. Prioritising investment and working in partnership

Over the next eight years, we will be improving the reliability of our network by replacing more than 3,800 kilometres of old metal gas mains with modern plastic equivalents.

To ensure we focus this work where it will deliver the most effective results for our customers, we have developed a more sophisticated and collaborative approach to investment decisions.

This 'total network' approach has been developed in response to feedback from our stakeholders (including local authorities and domestic and business customers), which was gathered to inform our RIIO business plan using a broad range of channels including web and telephone surveys, local group meetings, direct mail, web portals, customer panels and face-to-face meetings. The result is a more joined-up delivery of infrastructure programmes.

The approach includes:

- The creation of a stakeholder register: identifying every stakeholder group likely to be impacted by an investment decision (eg a mains replacement scheme). The register means stakeholder issues are now a formalised element of every project plan.
- A more collaborative approach with local authorities: we have begun collaborating more closely with local authorities to co-ordinate our work with theirs. As part of the approach, we have begun sharing data using graphical maps rather than complicated spreadsheets.
- Much closer collaboration with other utility providers to overlay all planned works across the next two years, so that projects can be co-ordinated and highway disruption minimised. We are working with Northumbrian Water, Northern Power Grid and Yorkshire Water and have led on the strategic engagement with Leeds City Council, York City Council and Newcastle City Council.

Reducing disruption: stakeholder liaison in action

In January 2013, we embarked on a major gas main diversion project in the heart of Leeds city centre's commercial district. We identified a range of stakeholders likely to be affected, from emergency services, Metro and Network Rail, to Leeds City Council and local businesses.

All groups were invited to a community event and our plans were modified as a result of the feedback we received.

"The project has been surprisingly well managed...we received letters keeping us up to date with the status of the activity and we shared these updates with our team in the office so they could make alternative arrangements where necessary to get to and from the office."

Jonathan Hirst, Director and owner of Network Marketing, located on Wellington Street, one of the main streets affected by the work.

iii. Powering innovation through our supply chain

Our supply chain has told us that we are too slow to adopt new technologies. In response, we have begun working more closely with our suppliers to pioneer the use of new technology to improve the reliability of our network and reduce the length of time we need to spend in the highway. Recent initiatives have included:

Single stop bag technology

We are currently trialling ACH Systems single stop bag technology which reduces the amount of bulky equipment required to shut off the flow of gas during repair and replacement works. Latest test results show that the new air bags will reduce the size of excavations and the associated reinstatement costs. There is also potential to significantly reduce landfill costs.

Asset tagging

Working with Energy Innovation Centre, Northumbria Water and Northern Power Grid, we are trialling new asset tagging technology to locate, identify and collect data about our underground assets. The technology will help us to plan and undertake replacement work in parallel with these other utilities, reducing stakeholder impact.

“...Northern Gas Networks really get it and really embrace what we do. They are open to new ideas and I think that culture starts with the people at the top.”

Denise Massey, Director of the Energy Innovation Centre



4. Business improvement

Our stakeholders expect us to keep the region cooking on gas by running a highly efficient business which keeps costs down, delivers great value for money and unlocks wider economic benefits for the region.

Since 2005, Ofgem has named us the most cost-

effective of all eight UK gas distribution networks.

Our success relies on continually improving our processes, forging excellent relationships with our supply partners, and investing in our people.

i. The Business Strategy Record (BSR) in practice

In 2012 we carried out a feasibility study into the use of pre-heat from a neighbouring biomass power station as an alternative to traditional pre-heating methods. Following discussions with all stakeholders identified through the BSR, it became apparent that the project was not commercially viable and it was cancelled before any expenditure was committed. In January 2013 we embarked on a major gas main diversion

project in the heart of Leeds city centre's commercial district. The BSR highlighted the stakeholders impacted and they were invited to a community event about the work. Although the project plan stated 24-hour working, feedback from the community event and subsequent communications found that this would cause severe disruption so the planned working hours were reduced accordingly.

ii. An innovative contractor model



In 2012, we began engaging small, local engineering firms to deliver some of our mains replacement work – rather than simply relying on big, national contractors, which has historically been the industry's default position.

Local firms are identified through procurement workshops and given full training to replace gas mains according to our exacting standards. This approach helps to generate employment, allows firms to diversify by acquiring new transferable skills and ensures our investment stays in the area. We, in turn, gain a small, responsive workforce which is known and trusted by local communities and has achieved cost savings of up to 40%.

Twenty-five local businesses are already working to this model (an increase of nearly 50% on the previous year), delivering projects with a total value of £12 million in 2012/13, and it doesn't stop there. We are working with another 25 small businesses through our major contractors.

“Opening up gas contracts to small businesses is a great idea, as it will help them expand their horizons and new businesses to emerge. It stands to be a real shot in the arm for the engineering sector.”

Sharon McLaughlin, Energy & Utility Skills Engagement Director

iii. Employee training and engagement

Without enthusiastic, well-trained employees, we simply cannot deliver the service our stakeholders demand. We are committed to investing in our workforce through a wide range of training and personal development opportunities including:

The Young Persons' Network

Formed in mid-2012, the Young Persons' Network is an informal network of colleagues aged 18-35.

It has more than 100 members from all parts of our business who take part in team-building exercises, businesses improvement projects and social events. Thanks to this network, colleagues develop much wider knowledge

of our industry and gain a network of contacts across the company which we hope they will retain throughout their careers. Members frequently liaise with our senior management team on projects – a process which enhances their profile, builds confidence and breaks down hierarchical barriers.

The inspire Academy

Launched in 2012 in response to employees' requests for more structured training, The inspire Academy is our new in-house training resource for all employees, designed to help them deliver their core roles more effectively and develop new skills.

Training ranges from mandatory safety and technical compliance to e-learning and an innovative peer-to-peer coaching network in

which employees with useful skills (from conflict resolution to engineering know-how) mentor their fellow colleagues.

The inspire Academy has delivered 5,315 training days to date with effectiveness measured by assessing skills before, immediately after and three months after the training. Our employees have given The inspire Academy currently a quality rating of 92%.



5. Customer service

"You kept me informed throughout [the incident], gave assistance and advice and constantly checked to see if I was coping... without exception [the engineers] were apparently genuinely concerned for my welfare."

"All members of the team worked extremely hard in rainy, cold (even snowy) weather and I was extremely impressed with their efforts in truly awful conditions."

We are always striving to improve the service we deliver to our 2.7 million customers, and have taken big steps in the past 12 months to embed a more customer-focused ethos across the whole of the business from front-line staff to call centre colleagues.

Feedback from customers over the past 12 months has revealed a number of recurring themes and priorities. Customers want to:

- Be kept informed about work in their area
- See tidy, safe work sites
- Have complaints dealt with swiftly and professionally
- Have gas restored quickly if it is interrupted

Meeting these priorities relies on a committed, conscientious workforce, assiduous monitoring of our performance and the development of new processes to get things right first time.

i. Setting ambitious targets and measuring our performance

To drive up our standards of customer service we have developed ambitious performance targets, and an improved approach to communication. Initiatives include:

60 in 60

As well as measuring our customer performance against Ofgem criteria, we have developed our own internal gold standard.

Called 60 in 60, it aims to resolve 60% of customer complaints within the first 60 minutes of the call coming in, or at the very least, respond within the hour with a clear plan to resolve the complaint, including a timescale.

Our call handlers, site managers and senior management team have all embraced the philosophy and we have been actively measuring our performance against the criteria since January 2013. To date, we are managing to resolve an average of 36% of complaints within 60 minutes – but it is early days for the programme, and our monthly average continues to rise.

Plain English

Recent months have seen us rewrite and redesign our most commonly used information leaflets and customer information letters including those relating to our connections,

replacement and gas emergency work. We have made these engaging and jargon-free. Similarly, our 2013 stakeholder report is warm and engaging, but still packed with content.

Launched a more proactive Twitter service

At @NGNgas, our customers can now get in touch to let us know about issues, ask for further information, follow us to stay up to date with the latest news or retweet updates. The service is manned throughout the day and early evening – providing an alternative contact point. Our Facebook page is also monitored daily.

“Regarding Leadhall Lane works in Harrogate. Just looking for update... thank you for replying.”
“Hi Alex, thanks for your tweet. We have now repaired the gas escape at Leadhall Lane and plan to resurface the road by Monday 25th Feb.”

Proactive Twitter feed @NGNgas

Improved site signage

Our customers told us that our signage was often confusing and at worst, illegible. We have reviewed all of our barrier and Heras fencing signage and established a clear and consistent style and tone of voice. To keep customers up to date with the latest status of major projects, we have introduced QR codes on site signage which direct them to our website for information.



ii. Improving our reinstatement service

Feedback from our domestic customers, and from our local authority stakeholders, indicates that our reinstatement work, both in the highway and on customers’ private property, could be improved in terms of speed and quality.

To drive forward the improvements, we have implemented a reinstatement guarantee that ensures all

of our private reinstatement work for 12 months. We have also committed to going above and beyond the Guaranteed Standards of Service requirement (which states that all reinstatement work must be complete within six working days) and set our own ambitious target to reinstate all jobs within four calendar days of the work being complete.

iii. Improving our connections service

Adverse feedback from key stakeholders prompted us to improve the service that we were providing to our Connections customers. This largely centred on cost, speed and quality of communication.

In response, we relocated our customer team from Edinburgh to Doxford Park in December 2012 bringing the service back into the heart of the region. We also brought our delivery operations in-house to give us greater control over the scheduling and delivery and costs – savings associated with these changes have been passed on to our customers since April.

Customer information literature has been reworked and we are also developing an app to help simplify the application process for customers. We will be running quarterly customer feedback forums from July 2013 to assess and measure the impact of these changes and ensure continued development and improvement.

