

Cadent

Your Gas Network

Stakeholder Engagement
Incentive Submission
2018/19 – Part One

Putting our **stakeholders** **at the heart** of everything **we do.**





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2018/19 – A year of change

Society's expectations of energy companies have increased significantly and it is now more important than ever to achieve public legitimacy for our business and industry in the eyes of all of our stakeholders.



It is into this environment that Cadent, as the largest gas distribution company in the UK, provides an essential service that keeps energy flowing to 11 million homes, offices and businesses from the Lake District to London and from the Welsh borders to the east coast – helping to keep society and our customers safe and warm. Cadent is now a standalone gas distribution business, with new ownership and a brand new identity. We have the opportunity to significantly transform into a truly customer-centric organisation.

We are undertaking an unprecedented level of engagement with our customers and stakeholders across our regions to understand their priorities and we are using this insight to develop a business which meets their expectations. We have a very experienced board and have also established a highly skilled independent Customer Engagement Group to challenge us on the ambition of our plans and bring experience from different business sectors into our thinking.

We've had a clear and structured stakeholder engagement strategy for a number of years now, but this year we have ramped up our efforts. We have taken the feedback that we received at last year's Stakeholder Engagement Incentive presentation and more than doubled the level of our engagement, importantly being far more regionally focused and creating a much more direct link between our engagement strategy and the actions that we take.

Our performance management framework is driven by customer insights and external engagement is considered alongside costs and benefits when making strategic and operational decisions by our executive committee.

In June 2018, Cadent set up its Customer Engagement Group (CEG) with Zoe McLeod as chair. The CEG brings together 13 people from a variety of backgrounds to provide independent examination and challenge to Cadent, in particular on our upcoming business plan. The CEG has provided an outstanding level of challenge, not only in respect of our RIIO-2 business plan, but moreover on how we operate today and how we engage with stakeholders across the organisation.

Our sufficiently independent directors also bring significant experience and challenge to our business decisions.

As the forum matured, we noted an overlap between the role of the CEG and that of our Stakeholder Advisory Panel. As such, we took the opportunity to explore developing a more regional (network aligned) Stakeholder Advisory Panel approach, which we trialled earlier in the year at regional stakeholder engagement events in Manchester, Birmingham, London and Norwich. These events were exceptionally well received by stakeholders and provided valuable insights for us to act upon.

It is our vision to set service standards that all of our customers love and others aspire to, both now and into RIIO-2. We know that these standards will be ever-evolving and as such, our continuing engagement will inform how we achieve the increasing challenge of meeting customer needs and expectations.

This is a challenge that we are privileged to be responsible for, and one which we will work tirelessly to deliver.

**Steve Hurrell,
Interim CEO**

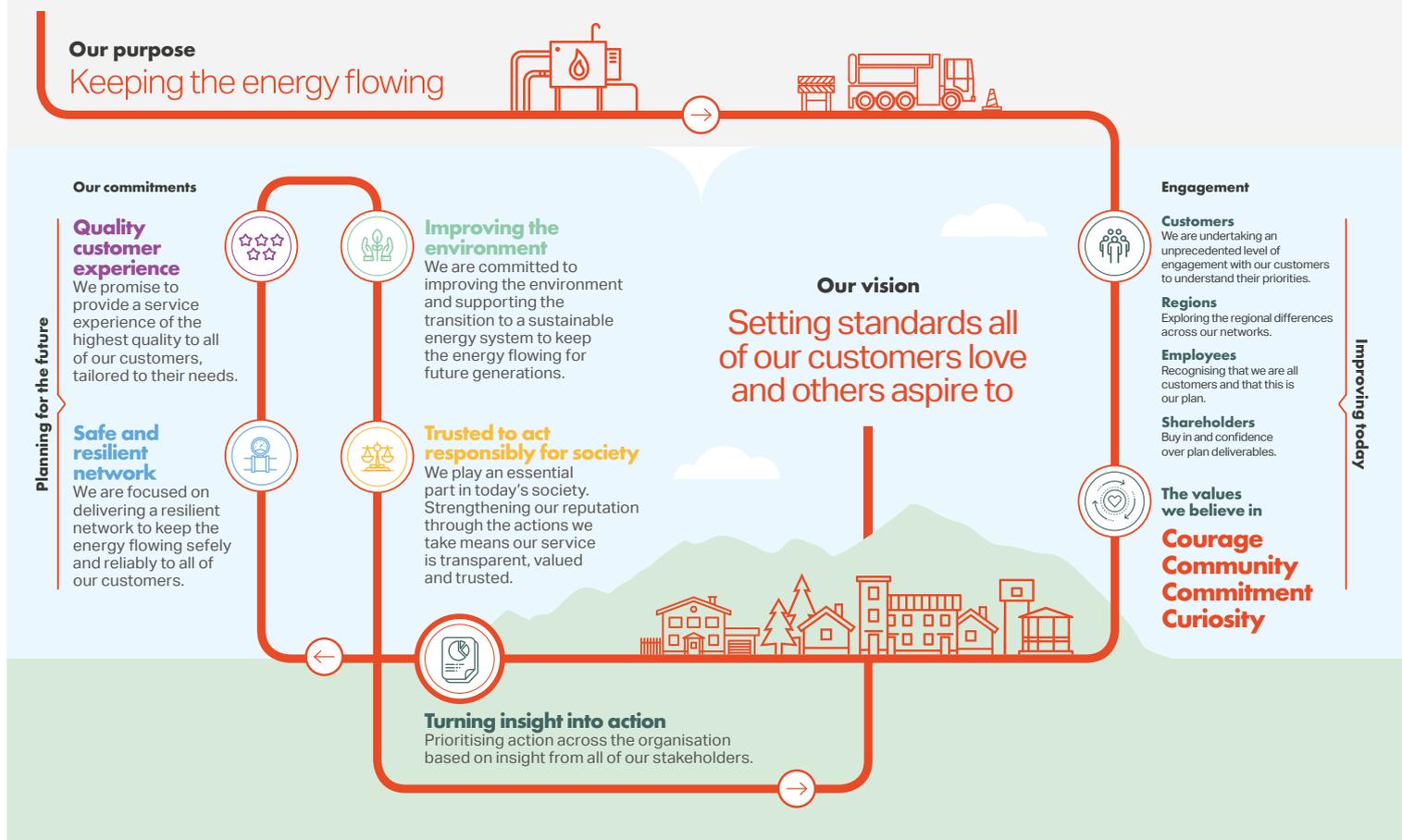
Accreditations and awards

- ISO55001 – re-accreditation for asset management and stakeholder engagement
- ISO 14001:2015 – environmental management systems
- Commitment as a Youth Friendly Employer with Youth Employment UK
- Winner of IGEM's Innovation Product of the Year for our live mains replacement robotic inspection system developed in partnership with ULC Robotics and tRIIO
- Continued membership of the Institute of Customer Service
- Signatory to The Prince's Trust Responsible Business Network 'Waste to Wealth Commitment'
- Winner of IGEM's Young Person's Achievement Award
- Voted the No.1 company for apprenticeships by The JobCrowd and Top 100 Company for graduates
- Winner of IGEM's Leadership Award for industry leading work with vulnerable customers
- Winner of Street Works UK Chairman's Award for Outstanding Achievement by Paul Gerrard for his lifelong contribution to the streetworks industry

Our Vision

Our vision has been shaped by the information gathered from multiple engagements with a wide range of stakeholders, including customers, shareholders, our customer engagement group, and our employees across all four networks.

Our Vision: to set standards that all of our customers love and others aspire to.



- Winner of Ofgem Network Innovation Competition for the HyDeploy hydrogen blending project at Keele University
- Winner of Street Works UK Communications Leaders Award for our communications strategy during mains replacement project in historic Stratford-upon-Avon
- Winner of the UK Contact Centre Forum (UKCCF) Team Leader of the Year
- Winner of The Lawyer Awards In-House Commerce & Industry Team of the Year
- Winner of the Freight Transport Association (FTA) Van Excellence Honours – Helping the Community
- Winner of three IChemE Global Awards for the revolutionary approach to make BioSNG (bio-substitute natural gas) from household waste – Outstanding Achievement in Chemical Engineering Award, Energy Award, and Sustainability Award

Our enhanced Engagement Strategy

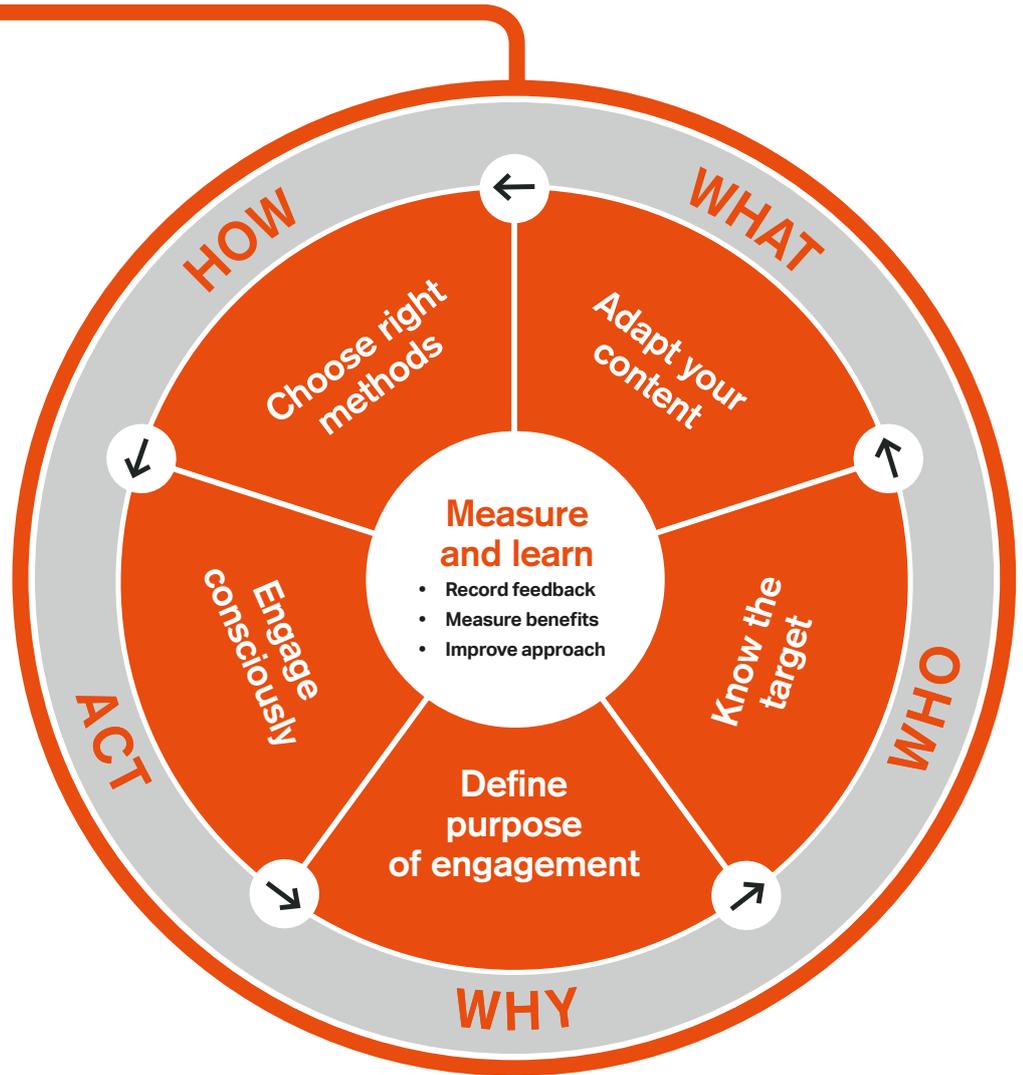
We have a vast number of customers and stakeholders. They all have diverse needs and requirements from us and we have now established methods of engaging with them on important matters.

This year has seen us continue to create a culture of engagement and embed the principles of quality stakeholder engagements within our organisation. This has enabled us to make informed decisions and implement changes that have benefitted our customers and stakeholders in the best possible way.

Our engagement process ensures that we continue to engage in a tailored and effective way with the variety of stakeholders that guarantees that we amass quality insights and information. This enables us to target and deliver value and benefits that are aligned to the outcomes in our business plan.

Each year we conduct a formal evaluation of our strategy to assess the quality of our engagements, the effectiveness of the process and to ensure that we are constantly looking forward and building on the progress that we have made year on year.

This year, as we have transformed the way that we are structured, so too have we transformed the way we engage. While previously we operated with a single Stakeholder Management team, we have put far greater emphasis on local engagement, with each of the four newly appointed Network Directors accountable for their own stakeholder engagement. The framework still sits centrally, but this has been moved to our Director of Customer Strategy, creating a clear link between our vision and how we engage.



Three priorities areas for our stakeholder engagement strategy



Safety – First and foremost for our business, is the safety of our customers and our people delivered through a customer-first approach deserving of their value and trust.



Regions – A regional approach means we tailor our services based on customer requirements and these services are delivered locally and supported centrally.



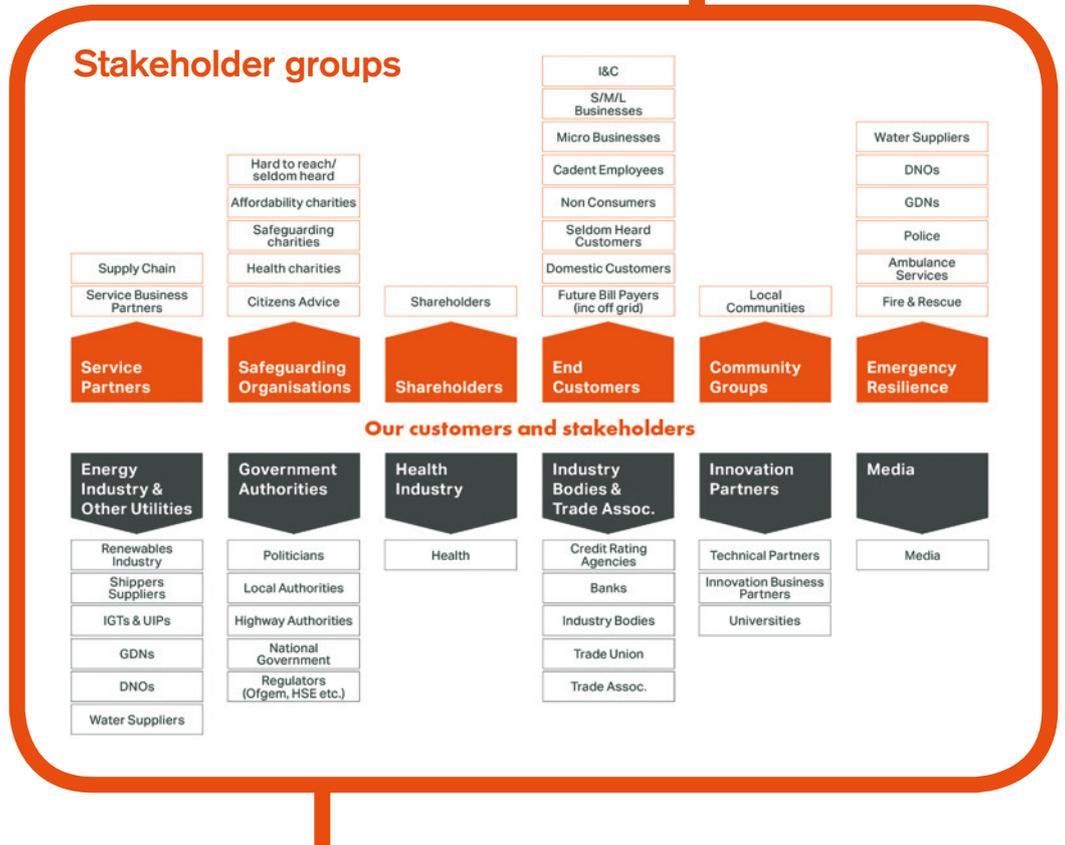
Data – By taking data-led approaches we are ensuring that our actions are informed and outputs for customers are measurable.

Putting our customers at the heart of our business

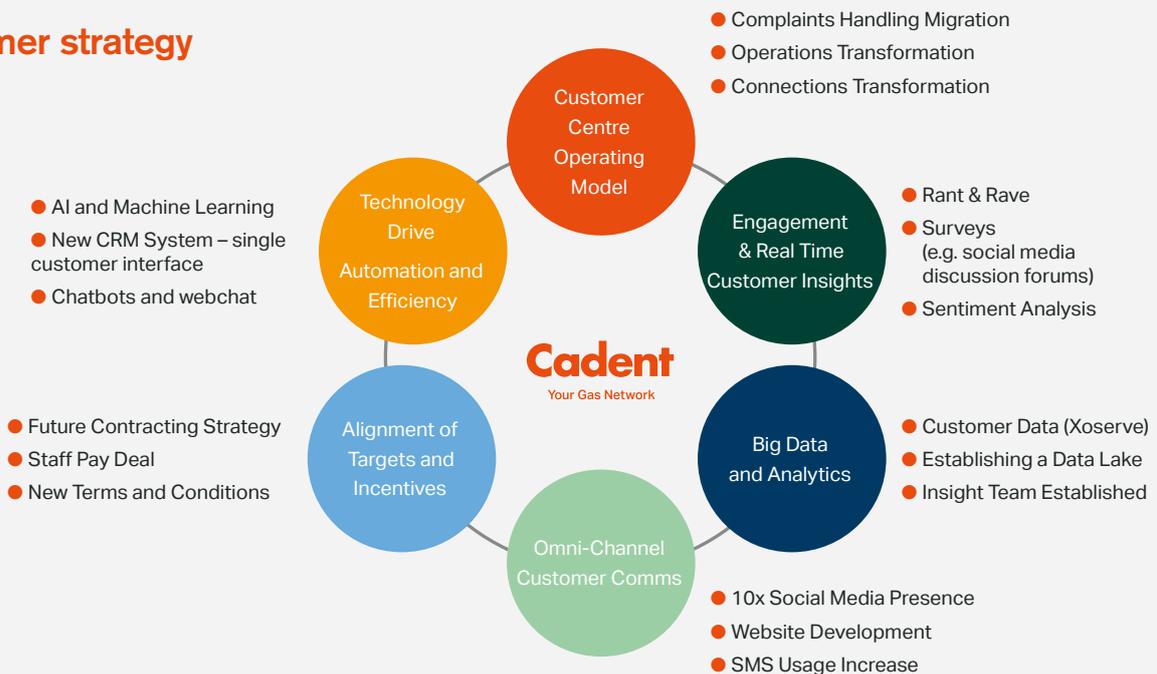
Our customer strategy underpins our enhanced engagement strategy and programme of activities, enabling us to gather real-time data from stakeholders and convert this into immediate action to be delivered within an agile way. This is what our customers have told us they need now.

Alongside this, our RIIO-2 plan sets out our longer-term direction that guides our business to achieve its longer-term goals (decarbonisation, supporting the energy transition and delivering ever-improving customer experiences). This twin track approach means we can operate as a business fit to meet both current and future customer needs.

At the very heart of our vision is our customer. We cannot set the standards that our customers love unless we ask them and engage with them about what is important to them and what they love. We cannot reach them sufficiently without an excellent and challenging customer strategy. That is why the two are so intrinsically linked.



Customer strategy



Measuring and testing benefits and **value for money**

This year, we made it a key priority to ensure that every pound we spend works harder and delivers more for our customers. As well as listening to stakeholder feedback, we've used a range of tools to provide rigorous assessment of our actions, ensuring even greater focus is placed on delivering value for money.



Highlights



435,000
WEBSITE VISITS
(up 28% from 2017/18)



2018 Street Works UK
Communications Leaders
Award for stakeholder
engagement on pipework
upgrade outside
Shakespeare's birthplace,
Stratford-upon-Avon



Lobbied HM
Treasury on behalf
of natural gas
vehicle industry and retained
alternative fuel
duty in the 2018
Budget



1.5
MILLION
VIEWS
of the Brand
Awareness
Campaign



78,000
people
reached using
Facebook
geo-targeting

£5.1
MILLION



invested on 85 fuel
poor connection
projects



500,000
texts issued to
customers



72%
of our
workforce
are Dementia
Friends

Social Return on Investment (SROI) tool

In last year's submission, we explained how we enhanced our stakeholder strategy, tools and processes, such as our social return on investment model. Having built and introduced the model, this year we demonstrated its full value by using it to prioritise our investments in an informed way.

What we learn from the tool is both retrospective and future looking. So not only are we able to use it to verify that deliverable benefits for ongoing programmes of work remain at the levels we expect, we also capture the impact of future societal benefits. Through this, we continually strive to raise the bar, delivering more for our customers.

How does the SROI tool work?

The SROI tool takes input values such as: the cost of delivering the project, all of the potential societal benefits to all customers that the work or product impacts, the lifespan of that work programme or product – and then quantifies an output value.

This ensures a moderate assessment of societal benefit and avoids any over-inflation of results. The reality, however, is that societal benefits will exceed the output value.

A working example

We ran our ongoing distribution of Locking Cooker Valves through our SROI tool. The cost of each valve and its installation is £250. The societal benefit of this measure however helps customers who would otherwise not be able to live independently in their own homes. The avoidance of state-funded care provisions, hospital visits and so on, means that we were able to conservatively estimate that the societal value of installing 200 valves is £100,000. This year we installed 442.

Other value measurement tools in action

Along with our own value testing tools, each time we partner with an external organisation we draw on the assessment models that they use. This adds further checks and balances to our spending – and another tier of independent appraisal.

As well as providing certainty on the value and benefit of the programmes and activities we have enacted, these tools also ensure we have not spent money where the output value is not deemed to be sufficient. An example of this is below:

This year, we considered the continued partnership with the National Landlord Association to promote CO safety awareness in their membership magazine. The quantified reach of the magazine and shared values of its readership meant that the tool assessed the potential investment to have limited value (18/45 on the scoring system) and a decision was made not to proceed with this partnership. We invested the £2,500 saved here into more meaningful engagement activities.

Customer Insights Forum and our data centric approach

In 2018 we established our Customer Insights Forum to ensure that feedback from our stakeholders is at the heart of our business decision making.

The forum meets monthly and is chaired by the Director of Customer Strategy. It is attended by the Head of Customer Centre, stakeholder leads from the four Networks (direct operation and strategic partners), External Affairs Managers, our Safeguarding strategy lead and the RIIO-2 engagement lead. It is fed by regionally aligned insights meetings, the data analytics undertaken by our Customer Insights Team and a summary of external engagement activities led by the External Affairs team. All of these inputs are brought together to identify themes and priorities.

The forum has three main purposes: to bring together engagement activities from across the organisation to generate high quality insights, to ensure that these are linked to targeted actions and to oversee the success of these actions. The forum directly feeds into our Customer Operations Performance Committee, which is chaired by the Chief Operating Officer and is our most senior performance meeting. This feeds directly into the Board on a monthly basis. The diagram below summarises how engagement feeds insight and action. More than 20 demonstrable improvement actions have been implemented as a result of this approach.

We use business insights from the last three years, the output of our enhanced engagement activities and additional data sourced commercially to drive the decision making process. This includes more than one million data points which makes it very difficult to analyse without technology. As such, we have built a stakeholder engagement data lake on Amazon's web services platform and developed a reporting capability on SAP HANA (a relational database management system). This enables the team to spot trends and themes and will ultimately allow predictive analytics to be undertaken where we can test action scenarios to assess their expected results. This will be implemented in 2019/20, and several members of the Customer Insights Team are undertaking an extensive training programme so that we have this capability in-house.

What our stakeholders have told us:

Safety and reliability are critical, but gives

Disruption is the single biggest customer focus point

Convenience – providing services for customers not to them

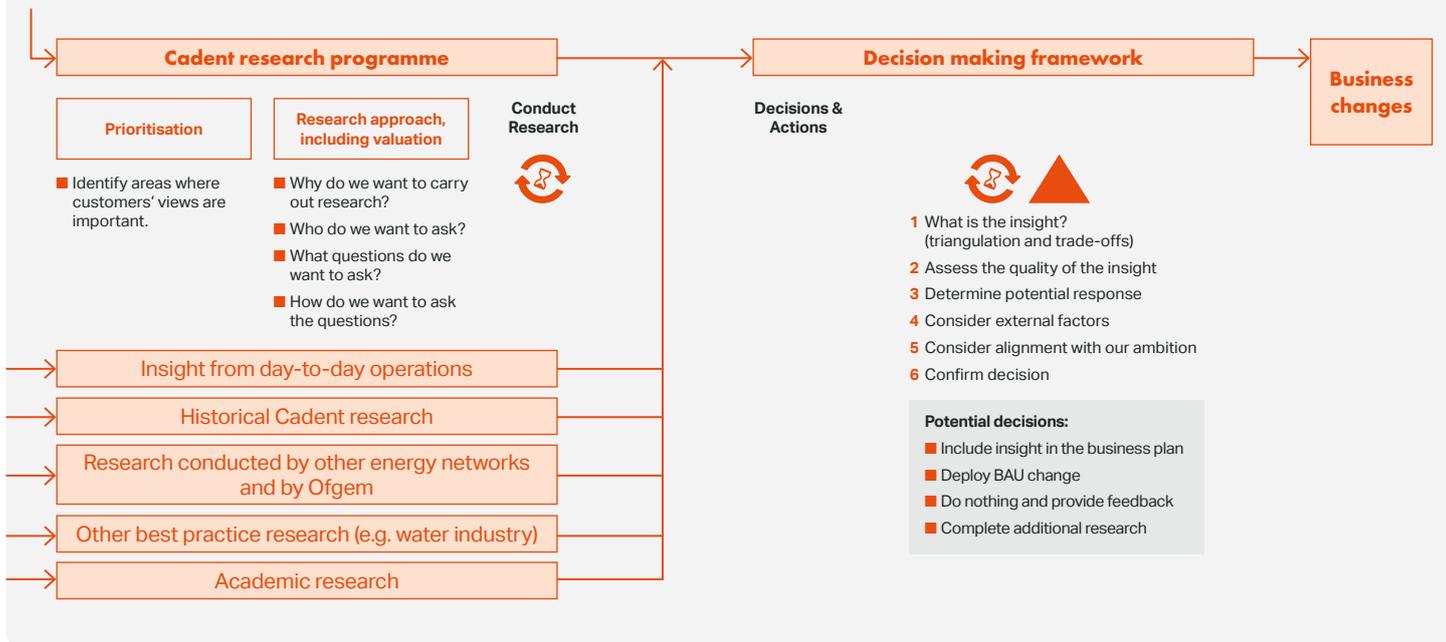
We have a role to play in improving the environment

Financial transparency and community engagement

Not just focused on today, but future generations

We must provide additional services to those who need them the most

Our approach to creating insight



A tailored approach for our regions

The establishment of better technology solutions, more sources of insight, clearly aligned incentives and much clearer, locally aligned accountabilities for delivering customer outcomes provide both the tools and the emphasis across the organisation for better stakeholder engagement.

We have evolved our stakeholder engagement strategy to fit our new operating model, making it much clearer where ownership and accountability sits for each type of stakeholder engagement. The work we have done previously to develop our stakeholder segmentation approach, in partnership with Sia Partners, has provided a fantastic platform to enable this transition.



Engagement that focuses on the needs of our four regions

Each of our networks is very different geographically and demographically and this leads to intrinsic differences in what we need to consider to be optimum operational and service requirements within each. The best way for us to learn about our customers and what they want and expect from their energy network, is for us to embed ourselves within the communities in which they live: to be both visible and available at a local level, to be known and trusted by them and those who represent them.

We have reviewed the structure and focus of our previously centralised Stakeholder Advisory Panel to ensure the highest quality engagements with our stakeholders to support the delivery of these tailored services. Our new regional stakeholder engagement groups will reflect our renewed and refined focus on localised engagement to ensure that we are attuned to what our customers really want. It is through the learning from these regional groups that we will drive and implement the bespoke high quality services that our customers deserve.

Beyond this, our Customer Engagement Group operates as a critical friend to our business. Formed in June 2018, it brings together people from a variety of backgrounds to provide independent examination and challenge to our business, particularly in relation to our business plan.

Meaningful engagement methods

It's imperative that we focus on those engagement methods that deliver the most

value for our stakeholders and enable us to make informed decisions. In order to do this, we've reviewed and benchmarked our engagement methods, prioritising those that were the most effective and delivered the most valuable insights and meaningful data. We then combined these methods (listed below) with our enhanced engagement activities to ensure we maximised every interaction with our stakeholders, feeding the data and insights back into our business and decision making processes.

- Customer panels
- Stakeholder panels
- Social media engagement
- Stakeholder workshops
- Surveys and research
- Consultations
- Proactive calls
- Reactive calls
- Publications
- Roadshows and leaflets
- Public exhibitions
- Newsletters
- Ad campaigns

The variety of engagement methods provides us with both a breadth and depth of information that enables us to build a matrix of intelligence about our customers' interests, wants and needs. It also supports our commitment to engage our 'hard-to-reach' stakeholders; we are adapting and being flexible, offering choice on methods of communication, rather than expecting them to go out of their way to reach us.

Our engagement prioritisation tool helps us identify the best engagement method from the above options. The tool uses a scoring methodology which compares the cost of each engagement option versus predicted engagement value. The score is based on:

- The number of participants and their level of knowledge
- The quality of the feedback that can be extracted
- Their potential to inform the business.

By consistently comparing the engagement value for each option, we can make cost-effective and consistent decisions on our methods and continually monitor their efficacy.



It's easy for companies to make promises that they will put customers and the public interest at the heart of their decision making, but our role as a Customer Engagement Group will be to ensure it genuinely happens.

Zoe McLeod, Customer Engagement Group Chair

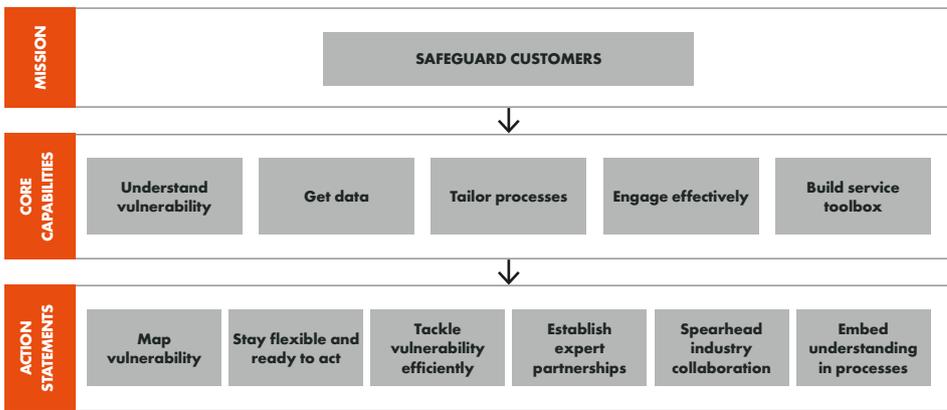
Supporting our stakeholders

While undertaking our works, we may come across, or create, circumstances where customers are in vulnerable situations, and therefore it is essential that we provide additional services to keep them safe and warm in their homes.

In addition, given our position as owners of the gas network, we have the opportunity to extend our network to help those who suffer from fuel poverty by providing access to a cheaper energy source.

This year, we have developed a clearer understanding of vulnerability to ensure we identify and target our approach and support in the right way.

Working closely with our Stakeholder Advisor Panel and key external stakeholders such as Citizens Advice, we have developed a safeguarding strategy that has enhanced our core capabilities to implement the required activities and deliver our mission to safeguard customers.



Our strategy focuses on three distinct but parallel areas:

- Awareness of the dangers, and prevention, of CO poisoning
- Providing tailored services to address and tackle consumer vulnerability
- Providing subsidised connections to the gas grid for eligible households to help tackle fuel poverty.

Safeguarding services

We are proud of our ongoing safeguarding services and activities, including: the supply of free locking cooker valves (nearly twice as many provided in 2018/19 as 2017/18); the promotion of the Priority Services Register (PSR), where we increased the number of new registrations by 20% compared to the previous year (5,106 against 4,262); and chairmanship of the industry-wide Safeguarding Customer Working Group.

Our six safeguarding action statements

We've devised six clearly defined action statements to ensure that we properly and appropriately prioritise activities that benefit customers in vulnerable situations. We've continued to review and enhance them with support from our Stakeholder Advisory Panel and other specialist stakeholders including charities, consumer organisations, support groups and industry bodies.

1

Map vulnerability – Through analysis of our own and other data sources the Cadent Data Mapping tool helps us to visualise data across our footprint on vulnerability, fuel poverty, and CO. This allows us to quickly understand and focus our attention to where customers affected by situations of vulnerability are located and help us to develop tailored approaches across all of the communities we serve.

2

Stay flexible and ready to act – Through engagements with our customer engagement and Stakeholder Advisory Panels and working with stakeholders across our networks, we have co-developed processes to ensure we are responsive to customers' needs.

3

Tackle vulnerability efficiently – We now have 63 different offerings that can be made available to customers in vulnerable situations, ensuring that responses are tailored and specific to the needs and requirements of each individual and their circumstances.

4

Establish expert partnerships – Co-development of programmes and external partnerships form the cornerstone of our strategy, as we know we can't, and shouldn't, deliver this alone. We cannot be experts in every field, therefore we will source the right expertise when required.

5

Spearhead industry collaboration – Our safeguarding team spearheaded industry collaboration on data sharing between gas distribution networks and distribution network operators and is now working to bring the water companies into the data sharing.

6

Embed our understanding of vulnerability in all business processes – Everyone from front line staff, to our office based employees have a part to play in assisting our customers and all staff receive regular updates and training on our key messages and principles.

Highlights of 2018/19

5,106 PSR registrations	63 types of offerings	4,608 FUEL POOR CONNECTIONS
Partnership booklet issued to 8,100 partner organisations, including approximately	19 FORMAL PARTNERSHIPS WITH FIRE BRIGADES (of the 24 in our patch)	Working with CSE and developing a data map of our networks, showing PSR, DWP, Age UK and fuel poverty data
6,500 GP surgeries	Development of our incident app which is linked to our CRM system and provides real-time information to our frontline employees	588 calls to Language Line across 40 languages
3,254 frontline employees and exec team trained via Alzheimer's Society to support customers with dementia	442 FREE COOKER VALVES	

Strategic partnerships and political engagement

This year we've substantially grown our network of strategic partners across all our stakeholder engagement activities. We adopted a more integrated approach to our engagement, drawing on expert knowledge and skills from specialists, while finding and building new relationships at both regional and national level. This strategic approach to our business partnerships has seen us:

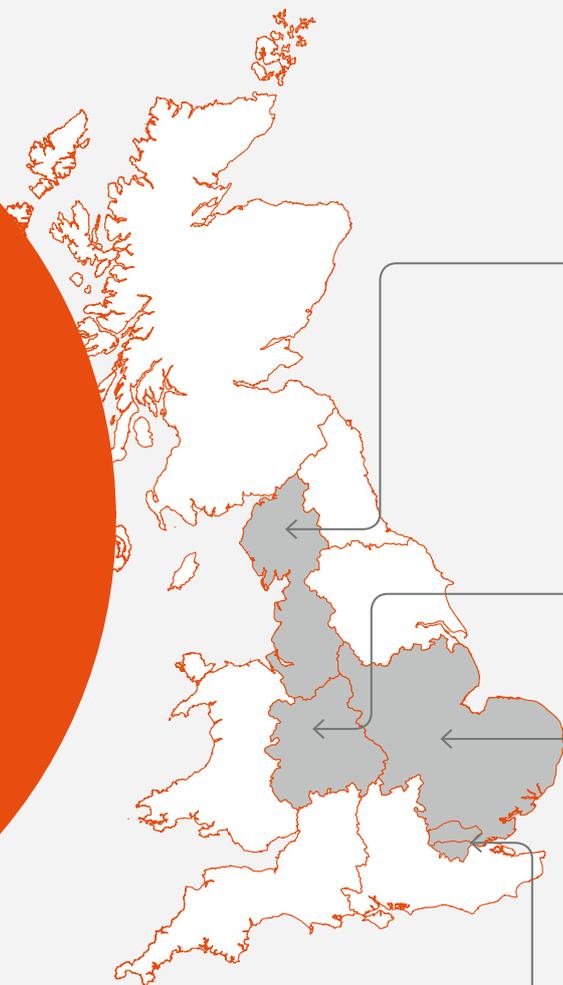
Partnering to deliver our business transformation – We've recruited an agency called Vision Consulting to assist us in developing and delivering our business transformation.

Bringing in experts for specialist fields – We've worked closely with partners who are highly-skilled in specialist areas, such as cyber security, engagement and fuel poverty, and embedded their expertise into our work programmes.

Promoting enhanced engagement – To help us build smarter, more impactful engagements, we've collaborated with partner organisations such as Traverse and Savant. This has helped us enhance our activities and improved how we understand and organise the data we collect.

Identifying new strategic delivery partners – We've given our partners more freedom to be innovative and entrepreneurial this year. This has led to far greater levels of stakeholder engagement, driven directly by these expert organisations.

- All-Party Parliamentary Group for Hydrogen
- All-Party Parliamentary Group for Renewable and Sustainability Energy – PRASEG
- All Party Parliamentary Carbon Monoxide Group – APPCOG
- APPG Energy Studies – PGES
- Industry and Parliamentary Trust – IPT
- Confederation of British Industry –CBI
- Street Works UK
- Policy Connect
- Carbon Connect
- Energy Networks Association – ENA
- Institution of Gas Engineers & Managers – IGENM
- Energy & Utilities Alliance – EUA
- Local Enterprise Partnerships
- Rural England
- Keele University
- Renewable Energy Association – REA
- Anaerobic Digestion and Biogas Association – ADDBA
- Low Carbon Vehicle Partnership – Low CVP
- Natural Gas Vehicles Network – NGVN
- Carbon Capture and Storage Association – CCSA



North West

- Mayor of Greater Manchester / Greater Manchester Combined Authority
- Mayor of Liverpool City Region / Liverpool City Region Combined Authority
- Greater Manchester Infrastructure Board
- Manchester, Cumbria and Liverpool City Region's Local Enterprise Partnerships
- North West Energy Hub

West Midlands

- Worcestershire Local Enterprise Partnership Energy Strategy Group
- Coventry and Warwickshire Local Enterprise Partnership
- Mayor of West Midlands / West Midlands Combined Authority
- Tyseley Energy Park Co-creation Group (Birmingham)

East of England

- Sheffield City Region Sustainability Partnership Board
- Sheffield City Region Combined Authority
- D2N2 – Derby, Derbyshire, Nottingham and Nottinghamshire
- Greater Lincolnshire, South East Midlands and Derbyshire and Nottinghamshire LEP
- East of England Energy Group

North London

- Greater London Authority High Level Infrastructure Group
- London CBI Regional Council

Alongside these strategic partnerships, we've also developed and expanded our political engagement programme at both regional and national levels. Through this, we're building and steering strong and progressive relationships with national and devolved policy makers, legislators, Government officials and stakeholders with an interest in our core business and its future development.

Maintaining healthy relationships with these local and national stakeholders enables us to function

more effectively as a business. We become more attuned to customers' needs by working with their elected representatives – and better able to react effectively to immediate and future challenges in our sector.

Additionally, our strong relationships with fellow infrastructure partners have encouraged cross-industry learning and vital collaboration on projects. This has resulted in economic and operational efficiencies, both of which bring better outcomes for our customers.

Rising to the challenge of engagement

This year, our stakeholder engagement has gone much further, increasing the breadth and depth of our approach through an enhanced engagement programme.

This has included more than 100 separate engagement events, using approximately 50 different engagement methods and techniques, involving direct discussions with more than 20,000 customers and stakeholders spanning across 33 segments.

The exercise began with exploratory research, where we engaged with a wide variety of stakeholders across each of our regions to inform them of what we do and explore how we could improve the services that we operate.

This allowed us to drill into key priorities that we identified during the exploratory phase. Some of the stakeholder groups we undertook focused engagement with include:

- Politicians and Local Authorities from our four networks
- Multi-occupancy buildings customers
- Industry bodies
- Renewable industry players, shippers, IGTs
- Small, medium and large scale businesses in our operational footprint
- Future generation customers
- Cadent employees
- Customers in vulnerable situations
- Hard to reach, seldom heard customers
- Fuel poor customers
- Low energy efficiency households
- Industrial customers
- End consumers
- Non-gas users
- Safeguarding and affordability chapters
- Local Enterprise Partnerships

In March 2019 we started a further phase of engagement seeking to understand customers' willingness to pay for certain enhanced services. Whereas the previous phases were aimed to understand stakeholder needs and priorities for now and the future, the 'willingness to pay research' is far more focused on the future, in particular feeding into our RIIO-2 business plan development.

Through this engagement we have significantly increased our understanding of what is important to stakeholders and customers. We have added this to all other aspects of stakeholder engagement through our Customer Insights Forum process.

Enhanced engagement

We have developed a framework that embraces the realities and complexities of engagement. The framework is built around the simple concept that not all stakeholder / customer needs are equal.

For example, asking customers to prioritise safety, or the resilience of future gas supply, or supporting customers in vulnerable circumstances, or issues about environment improvement wouldn't be straightforward. These issues can all be important to the same customer, but they are very clearly different in kind. The understanding that not all customer needs are equal sits at the heart of our research framework.

Our framework for engagement is based on an understanding of Maslow's hierarchy of needs, and takes two overall forms:

- Targeted initial exploratory research to uncover the issues, priorities and needs that are important in people's lives (including those not directly tied to issues of energy supply, so as to provide important broader context)
- Validation of the core themes through survey data, focus groups, a review of historical research (ours and published sources), engagement with Cadent staff and an extensive range of stakeholders, as well as data from customer interactions (e.g. complaints and feedback received through social media).

By engaging in this manner and ascertaining the range of requirements at different levels of the hierarchy, we are seeking to understand what we must do and how we must operate in order to achieve our vision: to set the standards our customers love and others aspire to.

By applying the concept of a hierarchy, we have created a more structured, insightful view of what drives stakeholder and customer satisfaction (and dissatisfaction). Fulfilling basic needs at the bottom of the hierarchy largely only serves to meet their expectations and is very unlikely to improve satisfaction. But failing to meet those needs – falling short of these expectations in terms of continuity of supply – is likely to drive dissatisfaction.

These principles enable us to develop a much more nuanced and cumulative understanding of the needs of our diverse stakeholder base and to explore our role in their lives (not simply what they think about Cadent and simplistic views on our issues). Critically, it also allows us to better develop genuinely customer centric business plan options.

We have sought to combine stated and revealed sources wherever possible. Our framework is built on an understanding that behaviours in this arena are often not conscious decisions and that increased knowledge often changes decision making or stakeholder views and priorities.

Innovative techniques

Noting that it can be challenging to engage at the level that we have this year, we have continually sought new and innovative ways to do so. Some examples of this are:

- Customer deliberative workshop – these were a first for us, working with customers to inform them of our business and who Cadent is, to enable customers to provide informed feedback and decisions on the services they would like Cadent to provide and what customers' priorities are
- Stated preference willingness to pay. This is the first time that these have been used across our industry and offer informed customers the opportunity to engage in an area where they often appreciate the opportunity to feed back
- Through the use of virtual reality headsets at customer forums we have been able to bring to life some of the real experiences of our customer, stakeholders and employees in delivering the work that we do. This has enabled customers, more informed and higher quality discussions to be had.

Our people understand and are invested in our vision and stakeholder strategy, not just because they work for Cadent, but because they are also our customers.

Therefore we have continued the annual staff survey but this now takes place alongside competitions, best-practice sharing days, leadership conferences and regional workshops where they are proactively invited to share their own views and feedback.

442

locking cooker valves

5,106

new PSR registrations

17,400

CO alarms

1.5m

online campaign views

Putting our **stakeholders** **at the heart** of everything **we do.**



Part two

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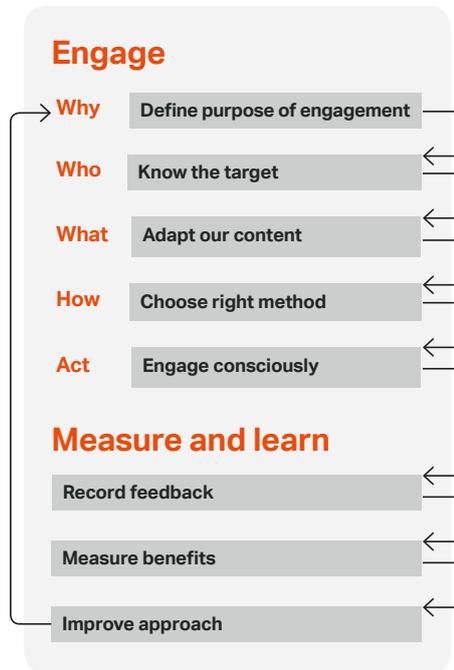
Supporting the energy transition and clean growth

Our vision and enhanced engagement strategy

Our vision is to set standards that all our customers love and others aspire to.

2018/19 has been a transformational year for us at Cadent. We have reorganised our business to enable us to embed our enhanced stakeholder engagement and customer strategies within our organisation as well as tailor our services in a way that meets our stakeholders' needs now and in the future.

We recognise that as the biggest gas distribution network in the UK we have the scale and opportunity to shape the industry by using stakeholder insight to make decisions that benefit our 11m customers. Whether that's a small number of stakeholders or many thousands, we aspire to deliver their expectations.



In Part One of this submission we have outlined our approach and enhanced engagement strategy, including how we have acted upon feedback from last year's submission; combining this with a wide range of stakeholders' views to reshape our engagement strategy and focus - ensuring that we continue to listen, test, evaluate and improve to get the best outcomes from our engagement methods.

We have significantly increased our engagement activities this year and in Part Two we detail specific examples of how we have engaged and used stakeholder feedback to improve our services to deliver greater value across our networks.

With four diverse regions to cover, we have many more examples than we are able to include in this submission, so we have focused on the key highlights.

Our customer strategy underpins our enhanced engagement strategy

Our stakeholder and customer strategies are intertwined with tailored and meaningful engagement activities which support our ambition to become truly customer centric. Our progress against the six pillars of the customer strategy is outlined below.

Enhanced Engagement and Data Analytics

- We spent nearly £800,000 delivering new enhanced engagement work, this included the recruitment of a new full-time team to oversee the individual activities. This has resulted in a near 20% increase in total engagement spend for 2018/19 (the total being almost £4m). At the same time, we have built our customer data lake on Amazon's Web Services platform to create a single repository, allowing us to triangulate insights from business as usual operations, our enhanced engagement programme, external affairs led stakeholder engagement and publicly available data. This unlocks more forensic data analysis ability, so we can truly understand the needs of our customers, which is fed into our Insights Forum to drive action across the organisation.

Real time data driving far greater quality insights

- We created a customer insights team that sits at the centre of the newly created Chief Operating Officer structure. In addition, we invested in a new SMS real time feedback provision (Rant and Rave) and recruited experienced data analysts and social media professionals to maximise the intelligence from customer insights – linking this in with other existing insights.

Multi-channel communications

- In addition to our investment into SMS channels for customer feedback, we are using this for proactive customer engagement regarding our work and services. We have increased our social media following by 50 per cent and are using Facebook (in particular) to engage with customers about our forthcoming mains replacement programme. We have developed a series of videos and infographics to engage with customers and stakeholders on who we are and the services we operate and have enhanced our website, offering customers and stakeholders another route into Cadent.

Incentives aligned around the customer

- Our key service provider contracts have been amended to add far greater financial incentives for delivering better customer service outcomes, encouraging far greater local ownership and engagement with stakeholders to deliver this. Additionally, we negotiated a new pay deal for all staff that links an element of their annual bonus to customer satisfaction and stakeholder engagement.

Technology enablement

- We have invested in AI and machine learning to support the gathering of additional insights into the Insights team, now allowing complex sentiment analysis to be used and acted upon. Furthermore, we have started the process to procure a new state of the art customer management system, which will allow customers to access real time information relating to work in their area and services that they are receiving, plus allow two way dialogue with customer agents.

Establishing a customer centric operating model

- We transformed our operating model from a highly centralised process-centric model into a regional delivery model that put greater emphasis on local accountabilities for delivering customer outcomes. Now we are in closer proximity to our customers, this puts the emphasis on our local teams to engage with their own stakeholders and customers, to shape and define standards, and to deliver them day after day.

Costs and benefits 2018/19

	Source	Cost	Action as a result (Output)	Benefit (Outcome)
Customer service	Transformation of our connections service	£350,000	*New* customer-based, service model created – now being trialled in our North London network, ahead of full roll out. 30,000+ new connections every year and 5,000 larger loads (eg, biomethane plants, gas-fuelled power stations)	Deliver bespoke service to each customer, split into seven customer segments. End to end accountability for every customer and easier and faster transaction (15 minutes compared to up to 20 days)
	Partnership	£150,000	*New* Customer and agent sentiment – working with technology experts Atoxor, we built an AI capability to analyse over 250,000 emergency calls and identify customer and agent sentiment	Directly improved customer experiences. Gives agents extra way to identify dissatisfaction and intervene. Also been linked into our quality management process for more informed performance conversations and coaching
	Customer contact	£200,000	*New* Customer Insights Team – establishment of Customer Insights Team, including five full-time analysts to oversee all customer and stakeholder insights and link this into actions across the organisation	Over 20 individual improvement actions have been driven out of the insights team. Far greater awareness of customer and stakeholder priorities and greater level of business information now developed to understand network variations
	Customer contact	£80,000	*New* Customer Data Lake – developed customer data lake on Amazon's Web Services platform. Pools customer and stakeholder insights from BAU operations, enhanced engagement results, engagements led by our external affairs teams, publicly available data and feedback from engineers and other staff members	Gives us the opportunity to identify customer segments and tailor our services accordingly. Has already been used to inform future work, including how we prioritise restoration works
	Customer contact	£30,000	*New* Customer Insight Forum – established in 2018, where the outputs from all engagement activities are reviewed and analysed, prioritised and turned into actions – and tracked through our overall performance management regime	More than 20 improvements have been delivered for customers in the six months since the forum was established
	Customer contact	£70,000	*New* Customer Centre shift pattern realignment – following robust analysis, we identified alternative shift patterns for the emergency call centre to deliver more consistent call answering for customers	Average call answering time reduced from 12 to 8 seconds – and sub-30 seconds at all times of day. With greater flexibility on shifts, staff turnover rates fell from 97% to 23%. Driven operational efficiencies of over £250k per year
	Customer contact	£78,000	*New* Real time SMS customer feedback service – establishment of service using the Rant and Rave platform across all main services at various stages of customer journeys	Over 500,000 texts issued with over 25% response rate. All feedback scores of 5 and below (out of 10) lead to direct customer contact. CSAT improvements this year, especially in connections, largely resulted from this initiative
	Customer contact	£100,000	*New* Customer Insights Team social media – created a capability to use social media to respond to customer queries and complaints and provide information, especially on forthcoming construction work	Our social media reach has increased by 50%. Multiple large scale mains replacement projects and loss of supply incidents have been communicated via Facebook using location based services to provide timely information to anyone impacted by the work
	Facebook Geotargeting	£246.00	*New* Facebook Geotargeting – we used Facebook Geotargeting to target posts regarding gas mains replacement (emergency response and repair and planned work) to specific geographical areas	Allowed us to have greater reach to our stakeholders – more than 78,000 people were reached across nine areas
	Customer contact	£160,000	*New* Establishment of Cadent's Customer Engagement Group (CEG)	Has led to more than 100 challenges of our RIIO-2 business plan and current operation. Over 30 business improvements have been made based on challenge from the group

	Source	Cost	Action as a result (Output)	Benefit (Outcome)
Operational efficiencies	Customer contact	£70,000	*New* Street Manager system (streetworks) – supported UK transfer from ETOn to new system	Real-time data available for managing roadworks, ensuring greater collaboration and co-ordination
	Customer and stakeholder engagement	£13,000	*New* Award-winning engagement on upgrade to gas pipes outside Shakespeare's birthplace, Stratford-upon-Avon – stakeholder meetings, events, signage banners, text service	Three-month upgrade completed on time, with zero complaints. Minimum impact on town attracting 3m tourists/year
	Stakeholder engagement	£620,252	*New* Energy Exchange Programme – work with building landlords and occupants considering options to remove gas to high rise buildings where it's only used for cooking.	Removed gas from 18 buildings across the UK (12 in London) compensating customers with £2k towards alternative appliances and fuel, plus £1k for supply interruption
	Customer and stakeholder engagement	£60,000	*New* Reducing disruption in Rowley Way, Alexandra & Ainsworth Estate, N London – Engaging Camden Council, Historic England and the local Residents Association to reduce disruption in gas replacement work. Included face-to-face contact, letters and questionnaires	Questionnaire results show a high level of customer satisfaction at all stages of the work with an average rating of 9.32
	Engagement with London boroughs and TfL	£100,000	*New* Expanding use of CISBOT in London – after stakeholders told us disruption was a big problem, we delivered pipeline remediation in Westminster using CISBOT robotics in January 2018. Further engagement now means we are funding a further two years of work to deliver 28km more works across nine more London boroughs using this method	Pipework remediation using the CISBOT takes fewer days to mobilise and execute than traditional means. It's safer, no customers are off gas, and roads remain open
	Stakeholder engagement	£76,000	*New* Development of multiple occupancy buildings app – this captures better information about gas off and on times, specific job details and reasons for delays in re-establishing supply	Engagement with stakeholders led to more accurate performance reporting. It's a useful tool for every network to continually improve restoration speed

	Source	Cost	Action as a result (Output)	Benefit (Outcome)
Community engagement	Alzheimer's Society	£14,000	Alzheimer's Society – second year of a two-year partnership where we pledged to raise £100k for the Alzheimer's Society	£110k raised for Alzheimer's Society. We are now extending our partnership into a third year until June 2020 where another £100k will be pledged
	Matched giving	£65,000	Matched giving – employees' fund-raising matched by up to £400/ year, boosting UK charity funds and helping us make a real difference in the communities where we live, work and operate	123 applications received. Over £87k raised. More than £40k eligible for matched giving. 54 (out of 123) matched funds for Alzheimer's Society
	Community days	£50,000	Community Days – we announced our new employee volunteering partner, Volunteering Matters, in September and encouraged employee team sign up	Eight volunteer teams of 72 volunteers now out in our communities. Have volunteered 644 hours of their time with a positive direct impact on 32,510 people
	Dementia Friends campaign	£15,000	Dementia Friends – 3,254 staff (72% of workforce) received dementia awareness training. Dementia friendly practices have been, and continue to be, embedded across the business	Customers living with dementia supported to live well with dementia and stay independent. Improved employee engagement

	Source	Cost	Action as a result (Output)	Benefit (Outcome)
Website	Enhanced platform for customer contact	£75,000	*New* Website transformation - Using Reciteme tool this can now be translated in text or speech to more than 100 languages. Previously, we signposted customers to roadworks.org to get news on works near them. To improve their experience, we've embedded a map on the site. With 40% of our website users using a mobile/tablet, we made the site mobile user friendly	Improved website accessibility. Signposting to bespoke services. Users can now search for what's happening in their area on one page. Our website is now responsive, so customers on any platform can access it, with information compressed and simplified. 435,088 visitors/yr – up 27.56% on 2017/18
	Engaging with our brand	£40,000	Brand awareness campaign – following feedback from stakeholders, we raised awareness of who Cadent are and what we do via social media using video case studies	45% increase in our number of Facebook likes (735). More than 1m views over the whole of the campaign

	Source	Cost	Action as a result (Output)	Benefit (Outcome)
Enhanced Customer Engagement	Customer deliberative workshops	£104,461	*NEW* Customer deliberative workshops – held with 206 customers across all four networks. Using techniques, including games and model office scenarios, we learned more about customers' priorities	We identified a relatively low awareness of our brand and a gas distribution network's role in the industry. This has fed various programmes, including enhancements to our website and a series of awareness campaigns on social media
	Hard-to-engage customer focus groups	£25,213	*NEW* Hard-to-engage customer focus groups – held with 57 customers in partnership with an external engagement organisation. We learned lessons in how to reach difficult to engage groups	Insight gathered helped us tailor our website and social media campaigns to ensure they met the additional needs of hard-to-reach customers
	Domestic customer survey	£49,112	*NEW* Domestic customer survey – online survey and face-to-face interviews with 2,332 customers from across all 4 network regions	During this, we tested the results from the deliberative workshops and hard-to-engage customer focus groups, to test the outputs with a larger sample of customers
	Customers in vulnerable situations (CIVS)	£16,538	*NEW* Customers in vulnerable situations (CIVS) – 7 phone interviews with professionals representing CIVS. 13 phone interviews and face-to-face interviews with CIVS. 40 face-to-face interviews with CIVS customers from across the UK. We collaborated with gas distribution networks on new GSOPs for CIVS	These interviews identified customer requirements and priorities. From these we gained insight to inform proposed levels of service and test output from safeguarding customers. Our gas distribution networks collaboration helped us to understand CIVS needs, how needs are currently met, how they could be improved, what GSOPs may look like for CIVS and the support they would provide
	Gas distribution networks collaboration	£1,000	*NEW* gas distribution networks collaboration: Interviews with national stakeholders – interviews and online survey with 21 national stakeholders	Enabled us to identify stakeholder requirements, priorities and topics they'd like to be engaged on. Collaboration with other gas distribution networks enabled us to sense check our findings and share learnings
	Public survey	£8,191	*NEW* Public survey – online Facebook survey completed by 165 people. Opportunity for the public and our employees to feedback on the results from the deliberative workshops	Sense-checking exercise, gathered further insight which added depth to our understanding of customer need
	Business customer engagement	£36,749	*NEW* Business customer engagement - 18 interviews with business customers followed by survey. Helped us understand specific business customer needs and inform proposed services and service levels for the Business Plan	Previously, we have focussed on domestic customers. This helped us understand a different set of preferences to support our business transformation and how we engage
	New services research	£53,018	*NEW* New services research: safeguarding customer forum – reaching 96 customers across all four of our network areas	We built understanding of customer expectations and priorities in relation to safeguarding
	New services research	£54,217	*NEW* New services research: fuel poverty and CO customer forum – reaching 100 customers across all four of our network areas	Built understanding of customer expectations and priorities in relation to fuel poverty and CO

	Source	Cost	Action as a result (Output)	Benefit (Outcome)
Membership, partnerships & policies	National political and regional engagement	£6,000	*New* All-Party Parliamentary Group for Hydrogen	Facilitated developing the national promotion of the hydrogen economy and its ability to contribute to decarbonisation targets
		£3,050.00	*New* All-Party Parliamentary Groups for Renewable and Sustainability Energy - PRASEG and Energy Studies (PGES)	
		£20,000	*New* All-Party Parliamentary Carbon Monoxide Group – APCCOG	Developed our offering to schools and customers and supported development of CO media campaign
		£3,500	*New* Industry and Parliamentary Trust – IPT	Facilitated developing links with regional MPs, including a Cadent site tour with Nic Dakin, Scunthorpe MP
		£75,000	*New* Engagement with regional stakeholders, including: Local Enterprise Partnerships, Combined Authorities, CBI Regional Groups	Developed links with key stakeholders to better understand regional priorities, which fed into development of energy strategy for the region

	Source	Cost	Action as a result (Output)	Benefit (Outcome)
Vulnerability	Partnership with local fire brigades	£7,000	*New* Fire brigades – increased engagement from 6 to 19. Partnering to deliver CO advice e.g. training video for London Fire Brigade	30 people/yr killed and 200/yr admitted to hospital due to CO costing over £178m/yr to the NHS. Targeted distribution of CO alarms to 'hotspot' areas. 30% increase in CO awareness
	Fun Kids Radio	£9,000	*New* Delivering Safety Seymour with schools – children share CO messages more effectively than adults	Delivered awareness sessions tailored to national curriculum and in high risk CO areas. CO message is passed on from children to wider family
	Affordable Warmth Solutions (AWS)	£5.1m	Fuel poor gas connections – 4,608 homes connected, including our first big London community schemes	First time grid connections from electric heating could save families over £900/yr on average (EUA, 2017). Some customers no longer need to choose to heat or eat
	Social media campaign to encourage PSR sign-ups	£4,500	*New* Targeted PSR campaign on Facebook - we also led industry process revisions so customers only need to sign up to one PSR – not multiple	Campaign achieved 5,000+ new PSR sign ups, and simplified the customer sign-up process
	New Incident App	£10,000	*New* Incident Management App – updated after customer and stakeholder feedback. Allows us to deal with/flag any concerns we have on customer visits	Gives a single view of all customers impacted including those in vulnerable situations in real time. Allows customers to track progress. Shared with other gas distribution networks
	Workshops and direct customer engagement	£110,500	Lockable cooker valves – we fitted 442 lockable cooker valves to customers for free (60% up on 2017/18)	Keeping people living with dementia and their carers safe. Distribution of 200 valves deliver £100k of societal benefits

	Source	Cost	Action as a result (Output)	Benefit (Outcome)
Future Role of Gas	Partnership	£21,000	*New* Policy Exchange Partnership – hydrogen's role in supporting the low carbon economy. Report was launched at fringe events at Labour and Conservative Party conferences 2018	Leading debate on decarbonised gas playing a critical role in reaching our 2050 carbon targets
	Government and industry engagement	£20,000	*New* Leading gas distribution networks in the growth of the CNG Sector – Mapped our network, identifying strategic and cost-effective locations for CNG stations. Engaged with HMT, DfT, gas vehicle network and commercial partners, and fuel suppliers ahead of 2018 budget	Time and cost savings for customers on connections. Budget 2018/19 – Secured the maintenance of the fuel duty differential on alternative fuels. This gave certainty and confidence to the sector, enabling it to grow and further decarbonise freight transport vehicles
	Stakeholder engagement programme	£5,000	*New* Future Billing Methodology - Engaged 50 stakeholders in the East of England to develop how biomethane and other biogas blends can be billed for	This is a key part in unlocking the potential contribution green gas can make to decarbonisation. Feeding into live conversations with Government Departments

	Source	Cost	Action as a result (Output)	Benefit (Outcome)
Environment & Sustainability	Employee engagement	Negligible	Compressed Natural Gas (CNG) powered operations fleet vehicles	30% reduction in CO2 emissions and substantial NOx reduction over EU6 diesel powered vehicles
	Employee engagement	Negligible	Lithium Power System (LPS) for Cadent fleet vehicles	Reduced costs than previous system – £2.5k saved per vehicle. £600 running cost saving per vehicle
	Employee engagement	Negligible	Green voucher scheme for company cars with CO2 level below 76	Reduced CO2 emissions. Wider benefits are being monitored (went live April)
	Employee engagement	Negligible	No single use plastics - engaging employees in tackling single use plastics. This includes no plastic bottles in meetings and no paper hot drink cups	Demonstrating environmental leadership and embedding a lower impact culture. Reduced production, waste disposal and costs. Re-usable cup purchase linked to corporate charity encouraged behaviour change

Achieving **better results** through data and technology

In an increasingly data-driven world, businesses have more opportunities than ever to tailor services and the experience they provide to their customers. As the operator of four of the UK's eight gas networks, we supply services to around half of the UK's gas customers.

Combining data and engagement

Connecting people into our network for the first time (whether that's to use the gas we carry to heat homes, power businesses or to insert gas into it), or even disconnecting from it – are two of our business's primary functions, and ones in which we should excel. However, our stakeholders have told us that we can do better, stating it's too expensive, takes too long and our processes are unclear.

Therefore we made it a priority to improve the service and experience we provide to the 30,000 new household customers that we connect every year and the 5,000 'larger load' sites. These include producers of biomethane and power stations that generate electricity by using gas as a fuel source.

Over the past year, we've carried out extensive research to understand the root causes of the issues and gather data and insight to inform a new way forward. We found 60 opportunities to improve outcomes for customers.

Establishing our service engine

We used expert consultants experienced in working with blue-chip companies to improve how we gather vital data this year. Supported by their additional expertise, we held workshops and focus groups with more than 550 stakeholders and customers as well as our own employees, carried out surveys (responded to by 3,000 people) and held 79 face-to-face interviews. We also mined the data we already hold (such as customer complaints) and benchmarked our services against our peers in the utility sector.

This work provided the basis for a new service model, which we created this past year. At its heart is what we call a 'Service Engine'. This clearly segments our customers into seven categories, enabling us to map their journeys and touch-points – and offer a bespoke service to each individual customer based on what they need. It creates a single point of contact, end-to-end accountability for every customer, and makes transactions easier. Plus, it gets rid of confusing terminology and an inconsistent process.



What previously took 20 days, now takes just 15 minutes.

Our new service model massively speeds up the customer experience process – from what previously took 20 days, down to just 15 minutes.

We've spent time this past year testing and refining our new service model; initially through focus groups, before beginning a field trial phase in our North London network. We'll test, learn and improve, with a view to rolling this out across our other three networks in the near future.

A website that clicks with our customers



With more than 400,000 visitors during 2018/19, our website is an essential platform for engaging with our wide variety of stakeholders.

With 40 per cent of our website users viewing on a mobile or tablet, our site is now more mobile-friendly and accessible. Its responsive design means customers on any platform can access it successfully, with information compressed and simplified.

We made it a priority this year to understand how we could improve the user experience and make it easier to find the information and services visitors need.

After benchmarking and analysing user journeys, our relaunched **cadentgas.com** went live in 2019 and now offers visitors:

- A quick route to get information on work we're doing in their area, including roadworks. Previously, we signposted visitors to other online sources, but our new site has an embedded map, covering everything on one page
- Easier ways to contact us, with key information now in a more visible, central location – and a new help and advice hub
- 'Recite Me' functionality introduced to the site to improve the experience of visitors with online accessibility challenges. They can now hear or read a translation of our content in over 100 languages.



Content on the site can be read and heard in

100+
LANGUAGES

Award-winning engagement in Stratford

Every year, we replace around 1,800km of ageing gas mains, as part of a 30-year rolling programme to upgrade older pipes and make them fit for a long-term future.

In one of our biggest and most high-profile mains upgrade projects of 2018/19, we spent three months replacing half a kilometre of mains outside Shakespeare's birthplace in Stratford-upon-Avon. This is one of the UK's centrepiece tourist attractions, which welcomes three million visitors every year.



Getting the communication right was critical. Through a combination of novel ideas and sound engagement with those affected by our work, we carried out potentially disruptive work outside one of Britain's busiest tourist destinations without a single complaint.

The team's approach included:

- **Engaging** with the public, councils, businesses and local organisations ahead of the work
- **Creating** bespoke banners, featuring Stratford landmarks, to screen our excavations
- **Trialling** a text message service, known as a 'listening post', to act on real time feedback.

Our stakeholder engagement approach was judged as 'excellent and creative', winning a communications leadership award at Street Works UK 2018 awards.

Enhancing our resources for effective engagement

Our journey towards delivering a first-rate, industry-leading service to our customers has taken major steps forward in 2018/19, largely through analysing and making better use of data.

Annually, on average, we take upwards of two million calls into our contact centres. It has been a priority, since Cadent formed two years ago, to perform much better in how we handle these, particularly in relation to resolving customer complaints.

This year, we've recruited extra resource and given accountability to our regionally-based customer teams. They now have greater ownership of enquiries and complaints, removing time-consuming and often frustrating layers for the customer. We are now resolving more than 70 per cent of complaints within 24 hours, as opposed to 40 per cent in the previous year. This is a huge improvement.

We have acted on feedback about how we reach out to customers for their opinion on the service we provide to them and launched a new SMS service. This has delivered more than 500,000 texts to our customers in year one, with a very good 25 per cent response rate.

But we are ambitious and want to do much more than simply improve our scores and this year we have been utilising machine learning technology.

This involves us analysing our incoming calls and detecting key words and sentiment. We can then better identify customer dissatisfaction, which in turn gives us opportunity to resolve issues and take learning to improve our processes. Hundreds of thousands of calls have passed through this technology during the year, as we test and learn what an industry-first product is.

During this last year, we have brought in consultants, including from global powerhouse Amazon, to support and advise us on making best use of the data we hold. This will generate hugely beneficial customer insight to inform our future approach in various areas.



More than 70 per cent of complaints resolved within 24 hours.

Leading engagement on new roadworks system for utilities

For 35 years, the only real way of managing the two million live roadworks happening daily in England was a system known as 'EToN' (Electronic Transfer of Notices). The software feeds user systems with data that is updated daily. While it does show which company is doing what and where, there's no way to display planned future work. Nor does it give the real time data needed by those planning works (such as Cadent and the other gas distribution networks), highway authorities and the Department for Transport (DfT), to accurately co-ordinate and timetable work to cause least disruption.

EToN is being replaced and DfT began a major project to introduce a new system called 'Street Manager'. The new system will give a visual map of all live and proposed works that are due to start. It will mean planners of work can, for the first time, have the right level of data – real time, and updated on a minute-by-minute basis – to enable effective collaboration, co-operation and co-ordination.

For example, identifying instances where work can take place at the same time, to reduce inconvenience and disruption.

We have vast experience in this space and we have been appointed to manage the engagement and act as the voice of more than 30 key utility companies, and their customers, as this sea-change in systems is developed.

We have kept a wide-ranging utility stakeholder group informed of all relevant issues and developments at monthly meetings, as well as through roadshows and newsletters. Paul Gerrard, our Street Works Strategic Manager, has been appointed to the DfT for two days a week to manage engagement on this project. He regularly sounds out and captures the views of his peers, before feeding those opinions into the central team.

Paul was recognised by his street works industry peers with an outstanding achievement award this year.

Our new approach to regional engagement

In the past 12 months, we have radically overhauled our approach to regional engagement.

Continuous improvement

Stakeholder feedback told us, repeatedly, that we were perceived as being remote from our customers and that we lack a clear regional voice to support high quality, regular engagement across each of our four network areas. This message was heard regularly in customer forums, meetings with MPs and Mayors, public engagement events and day-to-day customer engagement.

Our Stakeholder Strategy is focused on continual improvement – engaging, learning from that engagement, and improving for next time – so we used this feedback to comprehensively reshape our approach to stakeholder engagement and the operation of our business more widely.

Reorganising our business to meet regional requirements

To improve the delivery of our services to customers we have reorganised our business, so all activities in our four networks are now overseen by one of four new Network Directors. These Network Directors are ultimately responsible for everything Cadent does within our network areas including ensuring that we respond to stakeholders' needs.

We have employed four new External Affairs Managers who are tasked with building a regional stakeholder engagement approach in each of their network areas. They are there to listen and ensure we can better respond to the diverse needs of the communities we serve.

Our Stakeholder Advisory Panel is evolving to reflect our regional approach to engagement to ensure they are tailored to the needs of local customers and their representatives.

Increased visibility in the communities we serve

Our stakeholders also told us that they wanted us to be more visible in the communities we serve, so we made the decision to sponsor

the Coventry City of Culture 2021. This complements our role as principal sponsor of the British Science Festival at the University of Warwick. These two activities allow us to support, on a regional level, the development of STEM (science, technology, engineering and maths) skills and other training opportunities.

This focus on developing STEM skills runs throughout our regional approach and is a direct result of stakeholder feedback. This year we developed links with universities across our networks – meeting representatives of higher education institutions including the University

of Sheffield, Manchester Metropolitan University, Cranfield University and Keele University.

We have also appointed one of our senior female chartered engineers as our STEM ambassador to lead our good work in this area.

This significant investment has resulted in a fundamental step-change in the quality and regularity of our regional engagement and we use the insight gained from this engagement to shape our services to meet stakeholders' needs.



Overall outcomes

2018/19 saw our business embed itself like never before across the four regions we serve. Since June 2018, we have developed links with bodies across our network area.

North West

- Mayor of Greater Manchester / Greater Manchester Combined Authority
- Mayor of Liverpool City Region / Liverpool City Region Combined Authority
- Greater Manchester Infrastructure Board
- Manchester, Cumbria and Liverpool City Region's LEPs.
- North West Energy Hub
- Manchester Metropolitan University

West Midlands

- Worcestershire Local Enterprise Partnership Energy Strategy Group (group members)
- Coventry and Warwickshire Local Enterprise Partnership
- Coventry University
- University of Warwick
- Mayor of West Midlands / West Midlands Combined Authority
- Tyseley Energy Park Co-creation Group (Birmingham)
- Keele University

East of England

- Sheffield City Region Sustainability Partnership Board (board members)
- Sheffield City Region Combined Authority
- D2N2 Local Enterprise Partnership (LEP) Energy Strategy Group (group members)
- Greater Lincolnshire, South East Midlands and Derbyshire and Nottinghamshire LEPs
- East of England Energy Group
- Cranfield University
- University of Sheffield

North London

- Greater London Authority High Level Infrastructure Group (group members)
- London CBI Regional Council
- Imperial College London

North London

In North London, our stakeholders told us that disruption from maintenance and mains replacement work was a key issue. Our North London gas network is the densest and most complex in the UK. It also has the longest history, dating back to 1813 when the world's first public gas works opened in Westminster.

In summer 2018, we acted on stakeholders' concerns by piloting the most innovative technology available. This saw us rehabilitate 5km of cast iron gas pipes in the heart of the city using a cast iron sealing robot called CISBOT. Jonathan Rowing, Head of Highways Inspectorate at Westminster City Council, emphatically welcomed the programme, explaining that "Work that by traditional methods would have taken more than a year to plan and undertake, were completed in a matter of months".

Tom Pinchbeck, DfT's Streetworks Policy and Regulation Delivery Manager who visited the CISBOT in action said: "It has been really valuable to come and see first-hand the extensive and varied work that Cadent is carrying out in North London to keep gas flowing to homes and businesses, whilst trying to keep disruption to a minimum."

After the success of CISBOT in Westminster, the decision was made in January 2019 to extend the CISBOT programme to rehabilitate a further 28km of pipework in London over the next two years. In April, we hosted a Cadent Innovative Technology Showcase event at City Hall, to inform and engage the remaining nine London boroughs – and external stakeholders – about our additional investment to extend this programme.

Regional outcomes

Here are some of the highlights from our year's engagement.

North West

Given the industrial nature of much of the region, our North West stakeholders have shown a real interest in our Hynet project – a carbon capture and storage solution for generating Hydrogen for use in homes, businesses and transport.

Through this ongoing and comprehensive programme of engagement, Mayor of Greater Manchester, Andy Burnham said:

"I would like to thank Cadent for their support in helping us to develop this

plan (Greater Manchester's five-year Environment Plan) and continuing to support the development of other Greater Manchester infrastructure plans. Their active contribution has been instrumental in moving and expanding the energy debate. They have been creative, enthusiastic and innovative in their support and guidance. Cadent's role in developing and championing the Hynet NW project is exemplary, and a role model to others in how to engage with stakeholders."

East of England

In the East of England, both STEM skills and the generation of biomethane are high on the list of our stakeholders' interests. To encourage discussion around this, we're working with the Industry and Parliament Trust on a programme of MP engagement. It sees us briefing MPs both on what Cadent does, and how we work to support the transition to a greener gas grid.

The first MP has taken part in the programme – Nic Dakin MP, Scunthorpe. Of the visit, Mr Dakin said:

"The visit to Cadent and a biomethane plant in my constituency was

excellent. I was fascinated to learn more about what Cadent does in terms of supporting the development of STEM skills, and to see how Cadent works with organisations in my constituency to deliver greener energy. I would like to thank the excellent people I met at Cadent who made my visit such a useful and informative one."

Alongside our programme of MP engagement, we are working closely with the Sheffield City Region Sustainability Partnership to support an event in later 2019 focused on climate change and environmental issues in the local region.

West Midlands

Home to our Coventry headquarters, the West Midlands continues to be a critical region for our business – and one which we see as our 'home patch'. We have been making ever greater strides to embed ourselves in our local community and position ourselves as a major stakeholder in the region.

Focusing in on employment and skills, we've been working with the local LEP, universities, and local authorities to promote STEM studies across the region. A big focus here has been on our innovation work and what employment opportunities will look like in the future.

As well as our sponsorship of the British Science Festival and Coventry City of Culture, we've been working to expand our EmployAbility programme. This aims to improve the lives and outcomes of SEND children (those with special educational needs and disabilities) locally. We're working with

Coventry City Council to help develop their own programme, modelled on ours, as well as encouraging other local businesses to take part in our EmployAbility scheme.

Critically, we've also been working with LEPs, local authorities, the West Midlands Combined Authority, and the Mayor of the West Midlands, Andy Street, on developing regional energy strategies.

Our efforts were recently praised by Mr Street: "Cadent have been active supporters of our own regional energy plans, including our proposals for the establishment of Energy Innovation Zones, our Energy Capital project, and the establishment of a Regional Energy Commission. Cadent have been creative, enthusiastic and innovative in their support and guidance, and have sought to understand the specific issues of the West Midlands and present innovative and practical solutions."

Safety and safeguarding

Whether it's educating and protecting against the dangers of carbon monoxide, caring for customers in vulnerable situations, or assisting home owners who previously had to choose between heating or eating, we work hard to ensure our customers are safe, warm and not put at any risk.

We engage with a range of stakeholders, industry experts, other distribution networks, transport and emergency services to push the bar high. Here are some examples of positive activities and outcomes, achieved through effective stakeholder engagement in 2018/19.

Identifying CO hotspots

We analysed the data we hold from incidents (e.g. where our emergency engineers have condemned appliances as unsafe) with other sources of data to reveal the areas most at risk from CO poisoning.

We have increased the number of formal partnerships we have with the 24 fire and rescue services in our four networks from six to 19 – and we've reached out to the remaining five. We've given them training, educational materials and CO alarms for them to distribute.

We have built on the success of our existing partnerships, too. We produced CO video packages for London Fire Brigade. These are now used in the training of all 5,000 front-line employees and have been shared with the 18 other partnership forces.

In May 2018, with Derbyshire Fire and Rescue Service, we launched 'memory diaries' designed to assist people living with dementia.



During 2018/19, these partnerships helped us to distribute 5,000 alarms in known hotspot areas. We know from the post-visit surveys (carried out for every alarm distributed) that knowledge of CO awareness has increased by 30 per cent.

Other activities include providing training to a care home business based in Lancashire,

which supports 24,000 elderly customers, and producing new CO safety content for a 1,000-member community organisation in Tower Hamlets, London.

More success with Safety Seymour

We continued to educate children throughout the country about the dangers of CO through our Safety Seymour initiative for children.

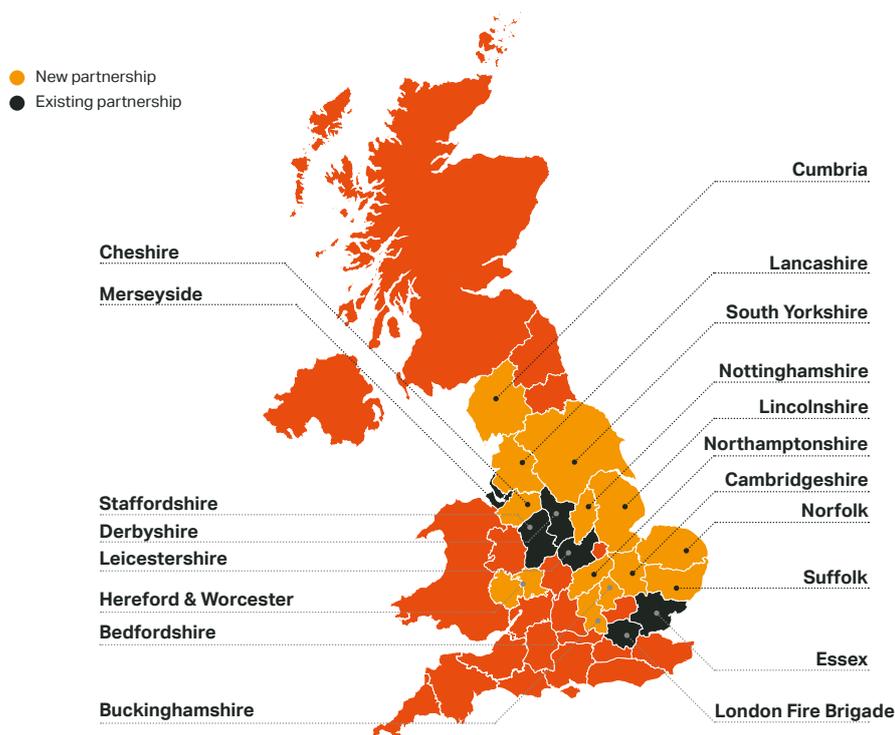
Devised by Cadent several years ago, and since shared with other gas distribution networks, the concept sees fictional hero Safety Seymour (facilitated by trained art workers) visiting schools and running classroom-based activities that deliver this serious message in a fun way. It also supports several areas of the national education curriculum. The visits have been focused on priority areas identified by our heat map. The sessions educate children, who we know in turn educate their relatives. Each child also gets a CO alarm.

During 2018/19, we ran Safety Seymour sessions to 180 classes across our networks, distributing a further 5,400 alarms.

Fun kids radio

Building on the success of Safety Seymour, we launched a sponsored multi-media campaign with Fun Kids Radio in February, the UK's children's radio station. Northern Gas Networks agreed to share an £18,000 investment in this initiative. The first wave of content included on-air broadcasts, podcasts, animated video and competitions. We know this reached 384,000 listeners through 60 broadcasts. The podcast was downloaded 3,260 times and social media posts drove 6,912 views of a webpage with educational CO content. A second campaign will take place in May 2019.

Fire and rescue service partnerships in 2018/19



SAFEGUARDING

Committed to safeguarding our customers

Over the past 12 months, we continued to embed our safeguarding strategy across the business, which was updated after engagement with stakeholders in 2017/18. We also widened our engagement, to help gain a better understanding of what vulnerability can look like, and how we can work with other organisations to better serve all our customers – particularly those who are hardest to reach.

Leading the utility sector in ensuring extra support for those who need it

- We co-ordinated an industry-wide programme that ensures all energy companies look after customers with extra communication, access or safety needs. Thanks to our industry leading data-sharing programme, customers now only have to sign up to the Priority Services Register (PSR) once with their gas, electricity or water provider. With their details recorded and shared, all energy businesses can deliver the right services to them, when they require them.
- We have been leading the industry's efforts to help protect customers in vulnerable situations from becoming victims of scams. This year, working in collaboration with trading standards and local authorities, we have developed the Utilities Against Scams scheme. This provides materials for customers, especially those who may be in a vulnerable situation, as well as training material for our own staff.
- We expanded our network of partnerships, a cornerstone of both our stakeholder and vulnerability strategies. These now include a range of different organisations, who help broaden our knowledge of vulnerability and how we can best support our customers. One new partnership is with the cancer charity Maggie's. This is helping us better understand the effects of cancer and its treatment, in turn helping us better serve customers affected by the disease. But this is a two-way partnership, and our field staff know they can point customers towards Maggie's if they feel they'd benefit from their services.
- We've worked to improve our core systems over the past 12 months. We've integrated new 'needs codes' into our systems, which make it simple to capture and share data consistently about customers in vulnerable situations. We also developed a new Incident App, which provides a real time link between frontline colleagues and our customer support

team. These are vital step-changes, as they minimise the amount of times customers in vulnerable situations need to engage with us, while still delivering the best possible service for them.

- We've also improved our customer interaction processes, to ensure they're working as hard as possible. Our customer satisfaction text message service, which is sent after an interaction with us, has been enhanced to include more than 70 keywords that may identify someone who's eligible for PSR. Improving our systems in this way ensures a holistic, company-wide approach to safeguarding and ensures our strategy is fully embedded in existing and new processes.

Our plans for the next 12 months

- To continue to lead the industry on data-collaboration
- To form a network of colleagues who act as internal safeguarding champions, with 20% of their annual objectives specifically tied to our safeguarding strategy
- To develop a Safeguarding Knowledge portal, which captures and develops the 63 types of safeguarding we currently offer.

FUEL POVERTY

Engaging with stakeholders to tackle fuel poverty

We know that many people across the country are trapped in fuel poverty because they are on low incomes and live in poor housing with inefficient heating systems. Fuel poverty can manifest in a stark choice between heating and eating and can have serious effects on physical health and mental well-being. We also know that it disproportionately affects those on low incomes, people with children under the age of 16, people with disabilities or suffering from a long-term illness, and older people.

To help tackle this we are in partnership with Affordable Warmth Solutions (AWS). AWS provides direct support to stakeholders who are not currently connected to our gas network. They are provided with support during their applications for funding and broader help on income budgeting, energy efficiency, and energy tariffs.

Our approach is collaborative and this year we have engaged with local authorities, MPs, and housing associations across our networks to increase awareness and drive improvements in the number of connections we offer. This year we have invested £5.1m on 85 projects over our

footprint. We made 4,608 fuel poor connections in 2018/19 which is nearly double that for last year. Our investment is often a catalyst for those in fuel poverty to secure additional funding and we have helped unlock a further £13m in new highly-efficient heating systems.

In 2018/19 AWS and Cadent commissioned a mapping and profiling report which directed our focus to our North London network and those Boroughs with the highest levels of fuel poor households. In Barking and Dagenham we invested £450,000 and connected 88 fuel poor households (previously reliant on inefficient and costly heating systems) to our gas network and provided them with a new economical gas system. We also led a £1.4m scheme with Bracknell Forest Borough Council to connect 498 properties on one of Britain's longest established residential park home estates which had been reliant on costly LPG. We believe our approach provides a template for how fuel poverty can be successfully tackled through collaboration and our future focus is on helping policy makers and the wider industry create a similar framework which can be repeated across the country.

384,000

people reached
through Fun Kids Radio
multi-media campaign

17,400

Carbon monoxide
alarms distributed

4,608

fuel poor connections
across all networks

Supporting the energy transition and clean growth

The future of energy is a 'UK plc' priority, with national and regional governments committed to fuel sources that massively reduce impact on the environment.

As the UK's biggest gas distribution network, we have used our scale and leverage to inform decisions towards a greener future and enable changes that can be made now.

Our engagement activities are designed around three key themes:

- Engaging with stakeholders to encourage partnership working towards real, workable solutions
- Developing and supporting technologies that can lower emissions now
- Providing evidence to inform policy decisions on future investment in decarbonising the market.

We have this year acted on stakeholder demand to fully map our network to identify

entry-point opportunities for new stations and fuelling facilities. Our work has enabled big organisations such as online grocery retailer Ocado to connect a new fuel station to our network (in January), and we supported Nottingham City Transport on its journey to operating the world's largest fleet of bio-gas buses. Hydrogen also offers massive opportunity in transport – and we commissioned a report in 2018, acting on stakeholder interest, to explore its potential.

We were rewarded by HM Treasury in the 2018 budget for our evidence-based submission and collaborative actions with partners, as we sought the maintenance of the fuel duty differential on alternative fuels. Confirmation in the budget gave much-needed certainty and confidence to the sector, enabling it to

grow and to secure further decarbonisation of freight transport vehicles.

While we must strike the right balance (as a gas transporter, we cannot discriminate as to the sources of gas, nor produce or sell it), we are committed to supporting national and regional policy makers, as they make decisions on future energy sources. With our support, an All Party Parliamentary Group on Hydrogen formed in July 2018. We were invited to give evidence (the only gas distribution network asked) to a BEIS select committee in January, investigating carbon capture technology. We jointly hosted fringe events at the Conservative and Labour Party conferences.

Highlights from an active 2018/19

1

We launched HyNet North West in May, at an event in Manchester attended by more than 100 stakeholders. We continue to work closely with our partners and stakeholders, and remain focused and on track to have this operational by the mid-2020s.

2

We gained approval in November, from the safety regulator HSE to begin a UK-first field trial to blend hydrogen with natural gas. Getting this project to this stage has involved huge research and engagement with stakeholders, from boiler manufacturers to customers using the gas.

3

Acting on stakeholder feedback, we held a series of workshops and events to facilitate the standardisation of gas distribution network processes – with one stakeholder advising our work had made possible £100m potential investment. We co-ordinated a very successful biomethane engagement day in March, with plans for another later in 2019.

HS2 gas supply

We support some of the biggest infrastructure projects currently taking place in the UK.

From diverting our pipelines to make way for London's new 25km-long 'super sewer' to facilitating the regeneration of Liverpool's docklands, by bringing forward an upgrade of our ageing mains.

A lot of this work is done out of the spotlight, but involves essential, co-ordinated stakeholder engagement to ensure every opportunity for economic growth in our regions.

One such project is HS2, the new £56bn high speed rail line, linking London with the Midlands by the middle of the next decade and regions

further north by the early 2030s.

The route cuts across, or is near to, our underground gas pipes, so we are undertaking a major programme to reposition these to ensure continued safe and reliable gas supplies.

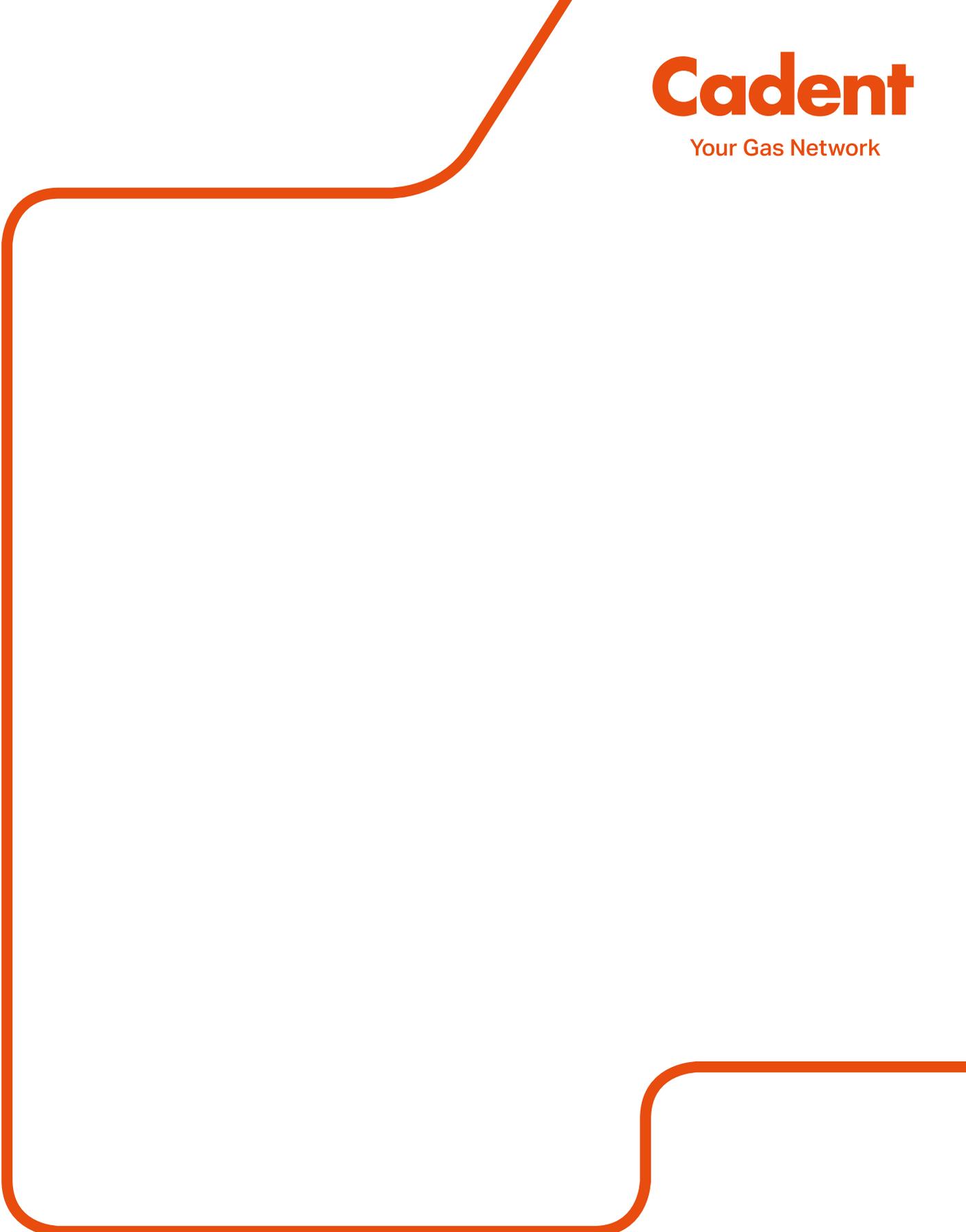
In 2018/19, our work extended from London to new sites in the Midlands. We carried lessons learned from engagement on the first sites, identified key stakeholders, and carried out a targeted programme of engagement activities. One local



authority gave feedback to say we had set a 'high standard' for others to follow. We have hosted visits to our sites and acted on concerns – such as installing silent, hydrogen-fuelled lighting which eliminates issues with generator noise.

We continue to share our lessons learned with the wider utilities sector, hosting briefing events which allow our peers

in electricity and water to better manage their similar HS2 projects – from considerations towards security and land management, to environmental and wildlife impact.



Cadent

Your Gas Network