# SP Energy Networks
# 2015–2023 Business Plan
Updated March 2014

# Annex
**Stakeholder Panel Scoping Phase - Final Report**
Three Key Questions

November 2013

SP ENERGY
NETWORKS

# SPEN Stakeholder Panel Scoping Phase: Final report

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## Introduction

Scottish Power Energy Networks (SPEN) are preparing to re-organise their mechanisms for engaging with key stakeholders, including investing in a substantial vehicle for strategic stakeholder engagement. In order to establish stakeholders' willingness to support this initiative a scoping research exercise was carried out by independent dialogue and engagement specialists 3KQ. This report summarises the findings of this scoping research, which took place during October and November 2013.

## Process

A list of 24 influential stakeholders or organisations were identified by SPEN under the following themes: customer service, social obligations, connecting to the network, investment, environment (including low carbon) and safety. The initial list was not intended to be an exhaustive list of SPEN's stakeholders but to generate a range of views from organisations with different interests and geographical scopes.

3KQ approached 22 of the stakeholders and carried out 16 interviews. A 30 minute qualitative interview was undertaken with each, asking a series of standard questions, but with scope for wider discussion. Questions were asked to establish:

- The perception of SPEN's current stakeholder engagement channels and how effective they have been in the past.
- Initial reactions to the outline proposition for a strategic stakeholder engagement vehicle.
- Which organisations stakeholders' believe SPEN should be speaking to.

Participants were made aware that their comments would be captured for a report but that their comments would not be attributed with their names.

## Participating stakeholders

The following stakeholders were interviewed in the period up to 25th November 2013. This report summarises these 16 conversations, however further conversations with other stakeholders are still welcomed after this date.

| Organisation | Contact | Role |
|---|---|---|
| **Business In the Community** | Rosie Sweetman | Wales Director |
| **Community Energy Scotland** | Mo Cloonan | Head of Development |
| **Dumfries & Galloway Council** | Alistair Speedie | Director, Planning and Environment Services |
| **Energy Action Scotland** | Norman Kerr | Director |
| **Energy Savings Trust** | James Russill | Technical Development Manager |
| **Glasgow City Council** | George Black | CEO |
| **HSE** | Ken Morton | HM Principle Electrical Inspector |
| **Institute of Customer Service** | Shirley McNabey | Account Director |
| **Liverpool Council** | Tim Povall | Head of Finance for Regeneration, Communities and Capital programmes |
| **National Energy Action** | Peter Smith | External Affairs |
| **Scottish Enterprise** | Paul Lewis | Managing Director Operations - Sectors, Commercialisation and Investment |
| **Scottish Government** | Mary McAllan | Head of Energy |
| **Scottish Natural Heritage** | Daniel Gotts | Policy & Advice Manager - Sustainable Development |
| **Snowdonia National Park** | Jonathan Cawley | Director of Planning |
| **Strathclyde University** | Dr Keith Bell | Smart Grids |
| **Welsh Assembly Government** | Wendy Boddington | Head of Energy Policy |

Other organisations approached during the scoping research included DECC, Consumer Futures, Scottish Renewables, Renewable UK, Wheatley Group and Edinburgh City Council. These organisations were unable to participate during the research phase due to time constraints and availability, however are still welcome to provide feedback.

## Summary of the key findings

This report provides a summary of what the stakeholders said in response to a series of questions. A number of key findings have emerged that will influence the development of the strategic stakeholder panel, including:

- The overall response to the strategic stakeholder panel concept has been very positive; most stakeholders would like to be involved but realistically only where the discussion aligns with their area of interest (by geographical patch or issue).

- A number of stakeholders described examples where stakeholder engagement with SPEN is working well. These existing channels should be incorporated into any new stakeholder engagement system. In practice it appears that a few of these existing stakeholder engagement channels are based on personal relationships and lack formal integration within the wider company.

- There is an interest in high level collaboration on certain themes for example working together where it is for the benefit for specific groups e.g. local economic development, demand reduction, planning and environmental mitigation.

## Headline Interpretation

In developing the proposition to create a strategic stakeholder panel we have interpreted the feedback to suggest that:

- Key stakeholders are potentially interested in contributing to focussed and influential working groups that match their areas of interest and so…

- The strategic stakeholder panel as proposed might be planned to be an independently managed, small panel of around seven individuals reflecting its strategic nature. Representatives could include key stakeholders in any particular topics being focussed on as well as generalists able to bring strategic challenge

- Most of the stakeholder engagement activity (including collaborative working) would then be carried out via a small number of high level working groups concentrating on key development topics, for example fuel poverty (and this could be under the oversight of an independent panel)

- Stakeholder engagement itself could also be an early topic, aiming to inform and challenge the company's progress in this area.

**Note for the reader:** It is important to note that the focus of this exercise was about learning from stakeholders. Therefore the tendency in reporting the feedback has been towards understanding what can be improved (constructive criticism); while the reporting is balanced there is slightly less emphasis on exploring the positive aspects of SPEN's current activities.

## Stakeholder responses

This section summarises the stakeholders' responses, by question.

> **KQ1: What are your views of SPEN with respect to the way they currently work with and involve you/your organisation?**
>
> **Sub-questions**
> What is your area of interest?
> Have you been consulted by SPEN in the past?
> Do you feel you have a channel for influencing policy and strategy at SPEN?

On balance across all the responses stakeholders' have a positive view SPEN as an engaging organisation and there appears to be a lot of good will for future engagement activities. A few described their existing mechanisms of working together such as regular meetings and joint projects, and praised SPEN's approach.

*"In terms of the way they work with me and other colleagues, it seems to be very good, they are very open and interested in our ideas. The openness is good, they don't seem to be sensitive to criticism and take ideas on board."*

*"They appear to have a very reasonable approach to it as in they come and ask our views and involve us appropriately. Of course we realise that SPEN have to come and speak to us, but we don't get the feeling that they are only doing it because they have to."*

*"I have actually been surprised by how much dialogue goes on between our [organisation] and SPEN."*

Some have noticed a marked change in recent months,

*"They have increased their communication with us over the last year and a half and they are certainly making some steps to improvement."*

*"We see that there have been changes to the business, as encouraged by Ofgem."*

*"It feels like we are in a bit of a new regime. In the past things have been quite tricky because of lack of consultation but this has definitely changed over last three to four years."*

And identified future opportunities for better joint working

*"Where there is co-ordination at the lower level it works really well, however I think that is one area where there could be some scope to do more together."*

### Past consultation
The majority of stakeholders felt that they had been consulted by SPEN in the past, formally or informally. Either on specific issues of expertise (such as innovation, skills), specific development sites (such as constructing a new power line) or general consultations (such as RIIO, business plans).

### Areas for improvement
A number described areas that SPEN need to improve on, which tended to be around a specific issue or service or a concern that the mechanisms for engagement lacked structure and were based on individual relationships.

*"[On a particular issue] sometimes they are very open, active and positive towards us and other times appear quite disengaged – at the moment we are on the upside and things are good but it has not always been this way"*

*"At individual level it is very good, but I am aware that if individuals (within either SPEN or our organisation) are to move or change jobs, there isn't a corporate relationship – it is very much reliant on the individual relationships. However this is improving."*

Some stakeholders were unaware of the level of engagement between themselves and SPEN, or had limited engagement compared with other DNOs.

*"Unfortunately where I sit I am not at all aware of what they do and what works they do – as a director I work at a very strategy level."*

*"Quite limited – we have not done any physical work with SPEN – we are trying to engage with DNOs to offer our insight and expertise, we have had more success with other DNOs."*

Another expressed a concern that as a national organisation, they find it difficult responding to all requests for engagement with DNOs.

### *Channel for influence*

When asked whether they felt they had a channel for influencing policy and strategy within SPEN at the moment, the majority of stakeholders felt that they did and a number provided examples where SPEN had responded to their views. However many of these either questioned the strength of their influence or caveated that it was based on a specific personal relationship and not a formal mechanism.

*"I have a contact, how much that means that I can influence I just don't know."*

One stakeholder questioned the internal resources within SPEN to disseminate issues to the wider business.

*"One of my questions is the extent to which that department is linked in with other parts of the business. Other people in the business seem to not be able to contribute or take ideas forward due to short term objectives and turnaround times. For example I sometimes hear from other people (who don't sit on the strategy group) that they don't hear about these ideas, there seems to be a resourcing issue, they don't have the time. So I wonder about the staffing levels to really drive ideas through, are there enough of the right people with the right level of competence/experience?"*

### *Interests*

In terms of interests, each stakeholder was different according to their background. Areas of interest mentioned included:
- Electrical safety and grid resilience
- New transmission lines and cable replacement programmes
- Planning applications and environmental issues/mitigation
- Renewable energy connections and low carbon network development projects
- Social obligations
- Community engagement and better information channels for rural areas
- Responsible business practice and customer service standards

> **KQ2:    What do you think of the basic idea of…**
>
> *A strategic 'stakeholder panel' made up of representatives from key organisations that can influence the company's strategic thinking on a wide range of issues. It could be independent but also connect at a high level into the Company. There could be mutual benefits for those involved, for e.g. through collaboration and partnership working opportunities. It would be a 'board level' panel – bringing an external perspective into company decision-making at the highest level.*
> *It could meet around four times a year, but with influential working (task/finish) groups looking at specific, strategic topics (for e.g. vulnerable customers, environmental management). SPEN Directors would be involved, alongside external stakeholders at a similar level with support from technical resources. It will all have to be integrated into other forms and levels of engagement the company carry out.*
>
> **Sub-questions**
> What do you like about it?
> What would make it more attractive to you?
> What factors would be critical to its success?

The reaction from stakeholders to the idea was on the whole, extremely positive.

*"There is no doubt that there are a number of issues that could be discussed at the strategic level which would be very useful."*

*"I think the idea is sound and is a good one. It is a good way to demonstrate that SPEN are keen to have dialogue with a range of stakeholders."*

*"The basic idea sounds very good and I would applaud the openness in inviting comment and reflections to be made."*

*"It's a good idea – much will depend on issues of independence and influence"*

*"In principle it is a fantastic idea and we would very much welcome this, and being involved in it. I guess it all comes down to implementation."*

*"It is clearly an attempt to integrate more stakeholder influence alongside the day-to-day activities of the organisation."*

A number described specific benefits they feel will come from the panel, if implemented effectively.

*"We see from the organisations that we work with that to be inward looking only reinforces your own beliefs but to be outward looking as an organisation shows they are open minded and willing to continually improve."*

*"From a stakeholder perspective there are two benefits – it is a formalised vehicle for two way discussion and it also offers us the opportunity to engage with other stakeholders so that we get a better understanding of other people's views."*

Others highlighted benefits that they would be hopeful for if they took part; for example leadership, sharing of ideas between different organisations, better joint working and closer alignment on issues from a public service perspective.

*"To see more joint working like this would be excellent."*

*"I'd also like the opportunity to discuss all the major works that we are planning as a council and how we can work together."*

*"The ability to communicate with not only senior staff but also operational staff – i.e. also those who are actually delivering the activities."*

### *Critical success factors*

The three success factors mentioned the most times were (i) positive outcomes, (ii) feedback and (iii) relevance.

The factor mentioned the most was that the panel needs to deliver real outcomes and positive change. Around half of the stakeholders used a variation of the same phrase "it must not become a talking shop".

*"It will be critical for the panel to remain useful – to give the panel the opportunity to actually influence the policy direction.*

*"If key issues were the focus of stakeholder activity and it wasn't just "hi, we are SPEN, this is what we are doing" then these meetings would become worthwhile."*

*"The outcomes – are they positive? Would it make a difference? As a public servant that is my passion and I want to ensure what we are doing is having a real impact and really helps people."*

The need to ensure proper feedback was also mentioned many times.

*"Demonstrating that the ideas from the panel are really being taken into account and they don't get overridden by the bottom line"*

*"As long as everything is made public – there are clear messages going out – openness – comments are taken, there is transparency, taking the feedback seriously."*

*"It can't just be a series of SPEN updates at each meeting, there should be a chain of actions with regular action and changes coming out from it."*

Five stakeholders felt strongly that any stakeholder engagement mechanisms need to be relevant for them before they commit their time. Some were concerned that they would only be interested in a small geographical patch or single issue and the majority of what was discussed would not be relevant to them.

*"A regional focus would have some potential interest to us – I'd think that on a national basis it could lose some focus."*

*"If meetings were only once a quarter, and we wouldn't want to be involved in working groups that aren't relevant to us so we'd need clarity on the context of the meetings."*

*"The key thing is the relevance of the information provided and discussed – danger is that 90% of it has no relevance to us. If it were broken down by topic area as you mentioned that would be of interest to us."*

Many stakeholders described the importance of clear communication, terms of reference, scope and focus for the panel/groups to remain effective.

*"A clear agenda, time is critical for all people at an executive level. There need to be very clear objectives, aspirations and outcomes."*

Management of the panel is also seen as very important, with four stakeholders supporting the idea of independent facilitation and management. Another would like to ensure that the panel is properly integrated within the whole SPEN business:

*"The external panel principle is good. The subgroup approach could also be good, but you'd need to make sure that it is not duplicating existing channels of engagement and there can't be too many of them – they need to have focus."*

Buy-in from SPEN Directors was mentioned as critical by three stakeholders, as well as the need to have equally influential individuals from the stakeholder organisations.

*"It would have to be at a sufficiently high level so you have influencers and decision making around the table."*

*"If you are formalising a feed directly into the board level that would encourage people like myself to participate."*

Other suggestions included:
- Taking the meetings outside of SPEN's offices/headquarters.
- Ensuring that the benefits to stakeholders and wider communities are made clear.
- Ensuring the panel "does what it says on the tin" – if it is advisory it should be described as so.
- Ensuring panel members are provided with just the right amount of information that they can contribute, but aren't overloaded with preparation.
- Ensuring the Ofgem are bought into the process and that SPEN can prove the money spent on stakeholder engagement is ultimately in the best interests of customers.

Finally a small number of stakeholders also raised the issue of their time commitments and remuneration:

*"Would need to weigh up our involvement in a detailed way, payment for time and travel expenses would help."*

*"It's the kind of thing that if you commit to you really want to do it justice."*

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**KQ3:   For a strategic panel like this to be really effective, what kind of people/organisations do you think need to be on it?**

**Sub-questions**
Can you think of any particular organisations you would expect to see on it?
If you were to be involved, what do you think you and your organisation could 'bring to the table'?
Who would be the best contact person?
What would you hope to get from it?
If you have ruled yourself out, why?

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All but two stakeholders put forward their own organisation as an organisation who should be involved, without hesitation.

Many people suggested broad categories of stakeholders, without mentioning specific organisations for example – environmental groups, industry, service

providers, NGOs and politicians. Others talked about what type of person or organisation should be involved for example:

*"Decision makers and influencers, not necessarily those at the top but those with a strategic focus, probably not at a project level but higher – at the strategic level."*

*"Organisations who are objective, willing to share and draw on their experience."*

*"NGOs could be more useful than government bodies as government bodies can be conflicted – as they aren't statutory consultees they are more disengaged from the processes so far."*

A large number of stakeholders mentioned organisations that were already on the stakeholder list, so have not been included here. Other suggestions included:
- Industry and commercial users – e.g. the Industrial Power Association
- Generators
- Manufacturers
- Major service providers – e.g. NHS, Fire Service, Police Service
- Environmental organisations – e.g. SEPA, Forestry Commission, WWF, RSPB, Scottish Environment Link, Natural Resources Wales
- Local green groups – for issues of development
- NGOs – e.g. Poverty alliance, Scottish Best Value Housing Network
- Politicians
- National Farmers Union
- Ofgem
- Major local employers – e.g. in Glasgow the Weir Group, Jaguar Land Rover
- Transport organisations – e.g. In Liverpool Peel Ports (who operate airports also) and the bus companies
- The 'public' / consumers

Two stakeholders suggested that the list of stakeholders involved should change, dependent on what issue was being discussed.

*"We couldn't commit to it really, unless our expertise was needed in a particular way. We are interested in key issues and would be attracted if it had real clout."*

A few stakeholders holding senior positions were keen to be involved and liked the idea of it being a high level group, but warned they may have to nominate a deputy depending on the time commitment / location.

Three regulatory/statutory stakeholders, were positive about the initiative but hesitant about the extent to which they would be able to participate.

*"Given our advisory or regulatory role we'd have to think about this carefully."*

*"It would really depend on the topic and the governance…"*

### What stakeholders can 'bring to the table'
The responses to this question varied considerably, with contributions ranging from local knowledge and expertise, through to specific technical input, alternative perspectives and clear collaborative functions.

*"We have a lot of local knowledge and expertise that we can bring to the table."*

*"We would be able to help with demand reduction - that is our core business."*

*"We are very good at understanding customers need and want – we can be the voice of customers."*

*"As academics we are able to work among the research community around the world and we can bring different/new things in, knowledge dissemination."*

*"So we have the opportunity to represent other's issues and also disseminate messages out to our members."*

### *How stakeholders hope to benefit*

The majority of stakeholders described how they would like to have a better understanding of SPEN, the way it works and where the opportunities lie for better working together to address the big energy challenges.

*"A clearer and better understanding of role of networks in supporting vulnerable consumers and using it as a way of improving our information to consumers."*

*"Get to know the business better to ensure our services are aligned with them. And to repay some of support they have given us recently."*

Influence over SPEN's activities is seen as a real positive:

*"The number one benefit to us would be to have some influence on how SPEN goes about their work – what they can do to help us meet our own aims."*

Others clearly stated how better relationships would lead to improved likelihood of collaboration and joint projects, investment and funding for research or social projects.

*"We would be able to learn from the company, all helping to keep our research relevant."*

*"At whatever level we get involved it is ultimately about getting the panel to understand the future plans of the city to encourage investment."*

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**KQ4:   Would you be interested in attending a meeting to discuss this idea further with other stakeholders?**

**Sub-question**
        Would you like to see a copy of the report?

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All but three stakeholders were keen to participate in further discussions without hesitation. The reasons for not wanting to attend included busy diaries and that they would be keen to see the outputs but not necessarily attend. One stakeholder added

*"I think I have provided more feedback in this half an hour session than we would be able to in a three hour meeting."*

Most people asked for exact details of the location and timing before committing.

All agreed that seeing the report of this exercise would be very useful.

*"That would be useful and would allow us to see other people's views before we get going with anything."*