Making a Difference
Our strategy for stakeholder engagement

Ofgem Electricity Transmission Stakeholder Engagement Incentive Scheme 2018/19
Part One

bsi. Customer Service KITEMARK™

NETWORK 2019
NETWORK OF THE YEAR
WINNER

SP ENERGY NETWORKS

Contents

This is Part One of our submission to Ofgem's Stakeholder Engagement Incentive for regulatory year 2018/2019.

SP Energy Networks takes electricity generated from power stations, windfarms and various other utilities and transports it through our vast transmission network in Central and Southern Scotland.

Ofgem's annual Stakeholder Engagement Incentive encourages Transmission Network Operators (TOs) to 'engage proactively with stakeholders in order to anticipate their needs and deliver a consumer focused, socially responsible and sustainable energy service'.

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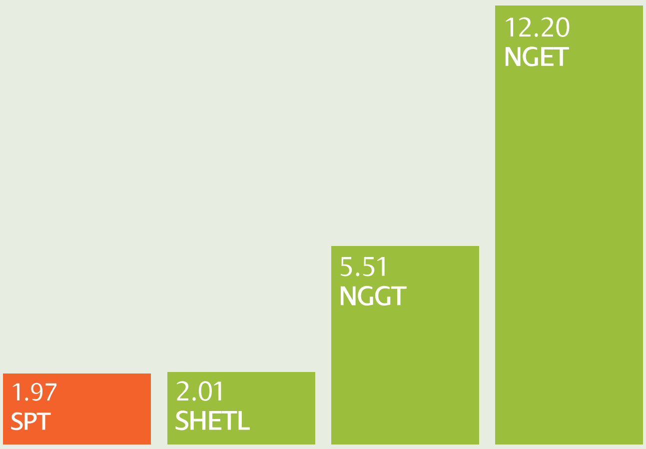
Value of Regulated Assets £ billions



(Ofgem Regulatory financial performance report 2017/2018)

Company size and scale

SP Transmission is fourth in terms of current worth of our regulated assets, but not in terms of our ambition, when comparing all four Transmission Operators. We play a critical role in providing security of supply across GB and in facilitating the connection of new renewable energy.

Enhancing our Approach to Stakeholder Engagement

I'm really proud of the progress we have made in the past regulatory year. We've implemented a new Stakeholder Engagement Strategy, which makes our mission, principles, approach and processes much easier to understand. We have introduced a new industry-first measurement tool which is helping us assess the impact of our activities in a more robust way than ever before.

Most importantly to me, all of this is leading to real, tangible action in our business and benefits for customers and stakeholders.

This year has been exceptional for us, with record high performance, exceeding expectation in many areas and delivering real value to our customers and stakeholders.

We are also much more strategic in the way we approach engagement, focusing specifically on the things customers have told us matter the most to them – clean growth, better public services, a stronger, independent economy, a richer, fairer future and personal freedom. In summary, our customers and stakeholders want us to provide a better future, quicker.

Frank Mitchell, CEO, SP Energy Networks

AccountAbility

Within the top 16% of companies assessed globally since 2012

AccountAbility AA1000SE healthcheck

The AA1000 standard is a globally-recognised standard for stakeholder engagement.

Not only does our strategy align with the AA1000 standard, but we have asked the owners of the standard, AccountAbility to conduct an audit of our Stakeholder Engagement strategy, governance, activities and communications for the second year running.

AccountAbility evaluates maturity in stakeholder engagement processes and embeddedness, identifying four maturity stages for an organisation.

The assessment involves director and senior manager interviews, as well as a robust evidence check.

This year we were awarded a score of 72%, up six percentage points from last year, and placing us in the top 16% of companies assessed globally since 2012.

"There is strong commitment to stakeholder engagement evidenced by integration into governance, and the ability of regional teams to proactively shape organisational strategy."

AccountAbility – Stakeholder Engagement Healthcheck 2018/19

Structure of this Submission:

Part 1:
Overview of Stakeholder engagement strategy and introducing our enhanced strategy for 2018/19.

Part 2:
Strategy demonstrated in more detail, with an overview of the initiatives we have taken forward as a result of engagement.

How do we know we are focused on the right topics?

At the start of 2018, we conducted in-depth research with customers. We wanted to understand what our customers wanted from a network operator and the key values they expect us to hold.

We held six discussion groups – 1 with women, 1 with men, 1 with non-adopters of new technology, 1 with early adopters of new technology, 1 with participants with children and 1 with participants aged 60+.

We looked for key themes/points arising, asked why these were important and enquired what those mean for them, their local area and their families. We tested a series of messages with innovative, 'dial testing', to capture real-time reactions and sentiments, to see what themes received a positive reaction from participants.

The results were revealing – customers wanted a better future, quicker:

BETTER
Clean growth, better public services

FUTURE
A stronger, independent economy, a richer, fairer future

QUICKER
Personal freedom

We took the results from this research and structured our engagement approach in transmission around these three themes. They are the building blocks of the engagement topics used in our new Stakeholder Engagement Strategy. We have also ordered our transmission **Part 2** submission to incorporate these headings, with a double page on each key theme:

BETTER –
A SUSTAINABLE NETWORK
(Our sustainability strategy and building key partnerships for global impact, The Green Economy Fund, Community Initiatives).

FUTURE –
A RESILIENT NETWORK
(Leading the way with new technology, outage flexibility, system restoration).

QUICKER –
AN INNOVATIVE NETWORK
(Digital Substations, Connecting to the network quicker, Future energy scenarios).

To ensure we had interpreted the needs of customers correctly and were meeting the needs of our transmission stakeholders, we tested the topics with our Strategic Stakeholder Panels. Building on our engagement themes from last year, we can now be sure we are focusing on the right areas as validated by our stakeholders and customers as their priority.

Our New Stakeholder Engagement Strategy

This year, we took the opportunity to build a new Stakeholder Engagement Strategy.

Building upon the lessons we have learned since our previous strategy was implemented in 2013, we incorporated feedback from last year's independent panel, from recognised experts in stakeholder engagement – AccountAbility and Sia Partners. Our new strategy has also been validated by our Strategic Stakeholder Panels.

We believe that, as a result, our new strategy represents a positive shift in approach – ensuring our engagement is more targeted, our approach is more robust and our end results more measureable.

Ofgem Panel Feedback 2017 / 2018	Accountability Feedback 2017 / 2018
Demonstrate how stakeholder feedback has guided decision making.	Establish and explain the purpose of engagement to ensure accurate planning.
Demonstrate how initiatives have matured and developed over time.	Define engagement metrics and objectives that are reported on regularly.
Demonstrate a more measurable approach to costs, benefits and value.	Develop a clear process for handling risks and impediments that appear during planning.

To deliver consistent engagement activities across our business, we have structured our new strategy into four key parts.

1. Our mission statement

Laying out our ambition – what we want to achieve.

2. Principles of engagement

Statements explaining how we engage – what we want to be known for.

3. An approach to engagement

A series of sequential steps that show how we start, deliver and close our engagement activities.

4. Supporting tools and processes

Structured and consistent tools and processes that support our approach. Delivering engagement activities aligned with our principles, our mission statement and ensuring our strategy is truly embedded within the business.

Our mission statement

This strategy is the result of our journey – a combination of industry best-practice, stakeholder and customer feedback, and years of our own experience delivering high-quality engagement. The mission statement defines our engagement; what it will deliver and how we will be different. This ambition builds on our current strengths, while consciously focusing on what will make future engagement valuable and effective for our customers.

'Our engagement places our stakeholders and customers at the centre of what we do. With a tailored and locally focused approach, we will prioritise their wants and needs in a consistent manner across our business. We will deliver safe, reliable services, sustainable value, and a better future, quicker.'

Our New Stakeholder Engagement Strategy

Our Principles

Inclusive
We engage all customers and stakeholders impacted through our work, with a specific focus to ensure those who may be hard to reach are given a voice.

Authentic
Our engagement works to understand the significant issues affecting our customers and stakeholders, before acting on them in a meaningful way.

Tailored
The approach we take to engagement ensures that each initiative is planned and delivered in the most appropriate way for the specific purpose and stakeholders in question.

Value-for-money
An inherent focus, we ensure efficient spending on engagement activities, aiming to maximise the overall customer benefit.

Innovative
We aim to better our approach each year, continually looking for new methods to improve how we engage and deliver against wants and needs.

Examples

INCLUSIVE ☑ Young Energy Force panels conducted to ensure future bill payers influence the company's sustainability plan.

AUTHENTIC ☑ Supporting report research through roundtable engagement on making sure our network is resilient and ready for renewable energy.

TAILORED ☑ Step 3 of our new approach specifically ensures all engagement is tailored to a specific purpose and set of stakeholders.

VALUE-FOR-MONEY ☑ Introduction of new hybrid measurement tool, which helps the business to prioritise initiatives based on value.

INNOVATIVE ☑ New 'quick-entry' screens added to Tractivity, Stakeholder Management System to make it easier for users to record feedback and actions.

Our Approach

With our mission statement showing our ambition and our principles setting out the underlying characteristics of our activities, we have built on our existing pillars and processes to define a new, 9-step approach to engagement.

The approach consists of a series of sequential steps that detail how we plan, review and close all our engagement activities. Our new approach ensures we identify stakeholders and customers wants and needs and that everything we do is value for money.

Plan

Step 1. Define the purpose

Step 2. Identify and map stakeholders

Step 3. Tailor the engagement

Step 4. Engage

Review

Step 5. Capture feedback
- Feedback on the exam question
- Feedback on the quality of engagement

Step 6. Determine wants and needs

Step 7. Develop and prioritise actions

Step 8. Act

Step 9. Close feedback loop

Our New Stakeholder Engagement Strategy

> "There has been a great improvement in the diversity of stakeholders that (they) engage with. This is helping to remove barriers around fair access to energy, with organisations representing disadvantaged citizens given a voice in shaping (their) organisational strategy."
>
> *David Flynn, Director of Smart Systems, Heriot-Watt University*

Planning our Engagements

Our strategy starts with a clear purpose and a clearly defined objective, we can then effectively tailor our engagement to deliver the best results for that specific requirement.

STEP 1

Define the Purpose of Engagement

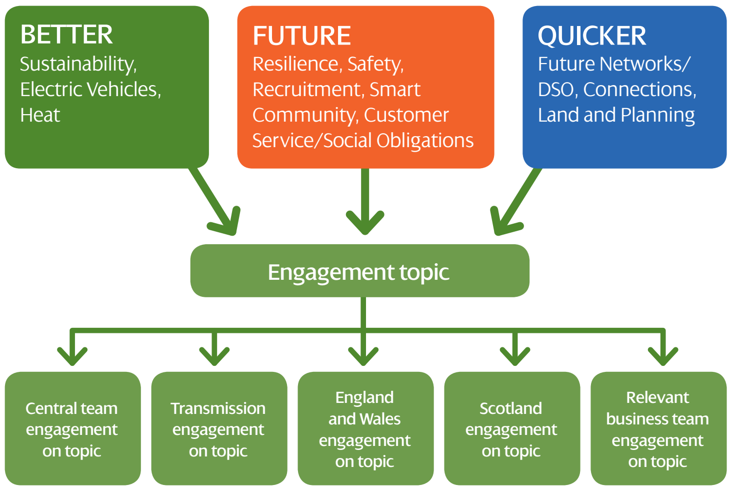
Our focus on a definitive purpose is evident in our approach to engagement planning. We operate with one business-wide engagement plan under our three themes, with nine clear topics.

Each topic is owned by a senior manager, responsible for engagement across the whole business including executive team, senior management, centralised departments and local teams.

This approach provides a central view of engagement. It ensures we minimise duplication and identify gaps early in the planning process.

The new planning approach also mitigates the risk of engagement taking place without the participation and knowledge of the key staff. By organising engagements on a topic by topic basis, we can ensure that all relevant staff are identified and are aware of engagements planned across the whole business.

Engagement broken down by topic:



STEP 2

Identifying and Mapping our Stakeholders

With a clear purpose defined, we need to identify the key stakeholders who are best placed to provide the insight required and help us achieve our objective. To do this, we need an understanding of the knowledge levels of our stakeholders on the particular topics we are engaging with them on.

With a database of **over 3,800 stakeholders**, which are categorised into 15 groups and 56 sub groups to give us an understanding of what their specialist subjects are. This was completed by assigning knowledge levels of each of our nine strategic topics for every stakeholder. This understanding is developed and updated on an ongoing basis. For example, we have been able to identify a low number of stakeholders with an expert knowledge of resilience, which is now a target for improvement.

Group	Sub-group
Academic Institutions	Universities
Academic Institutions	Schools
Academic Institutions	Colleges
Connected customers	Distribution demand
Connected customers	Distribution generation
Connected customers	Domestic customers
Connected customers	Transmission
Connections	Distribution demand
Connections	Distribution generation

SPEN Stakeholders' Level of Knowledge

This method of segmentation helps us engage and gather informed feedback from all parties involved and affected by any given situation. We carry out a gap analysis on our portfolio of stakeholders contacts, as part of our engagement planning process. We are then able to identify gaps of hard to reach stakeholders who are affected by the topic we are engaging. When we have identified a gap, we employ a range of methods to find and establish relationships with those hard to reach stakeholders.

These include but are not limited to:

- Seeking referrals from existing stakeholders.
- Attending relevant community events (e.g. townhalls in rural communities).
- Reviewing government's database of national charities and non-profits, particularly useful in identifying trusted third parties that can speak on behalf of some harder-to-reach groups.
- Performing on-line research and making direct contact through local SPEN teams.

Our New Stakeholder Engagement Strategy

STEP 3

Tailoring the Engagement

To ensure maximum value is gained from each event, we tailor two distinct aspects of the engagement:

1. Tailored content, before, during, and after the event
   Whether we are educating and informing our stakeholders, or gathering information from them, to communicate effectively, the information presented, and questions asked, must be pitched at the most appropriate level for the particular stakeholders.

2. Tailored methods, to reach a wide and varied stakeholder base
   Just as our stakeholders' level of knowledge impacts the content we provide them, their profile also drives the ideal method which we engage.

   We have developed a Matrix tool to empower staff to make the right decision.

Example methods of engagement

No knowledge	Some knowledge	Good knowledge	Expert knowledge
Emails Social media	Focus groups Surveys	Conferences Exhibitions	Panel meetings Partnerships

Total Number of Events in 2018/19
310

Total Number of Stakeholders Engaged in 2018/19
7,121

STEP 4

Engagement

The result of our planning phase is an inclusive, tailored and value for money engagement event, ready to be delivered.

To ensure that our engagements are facilitated well and deliver the intended results, we have taken guidance from the AA1000SES accreditation on the formal identification and management of risks.

The owners of each engagement event, based on the profile of the stakeholders attending the event, assess the potential of each risk, and follow our processes to address it accordingly before and during the engagement. These risks can be either stakeholder-centric or organisational, however they are identified and addressed in the same manner.

Potential Engagement Risks

Stakeholder risks	Organisational risks
Unwillingness to engage	Damage to reputation
Stakeholder fatigue	Loss of control of issues
Lack of balance between weak and strong stakeholders	Strong criticism
Uninformed stakeholders	Creation of conflicts of interest
Technical barriers	Internal disagreement
Impediments to a stakeholder's attendance or participation in an event (e.g. travel, language)	Non-compliance with internal policies

The owners of each engagement pay particular attention to the disclosure of information associated with each event. For example, certain information shared by SP Energy Networks or stakeholders during an event may be confidential, and should not be shared outside of the engagement. In order to mitigate the associated risks, our teams are aware of what information can and cannot be shared in public and take appropriate steps to ensure this is enforced (e.g. confidentiality agreements).

Tailored Methods of Engagement – Across the Whole Business

Method	No of Events per Year	Example Feedback from Events	Example Actions	Example Benefits Delivered
Dialogue e.g. face to face meetings, panels, partnerships	82	**Sustainability Stakeholder Working Group** "Demonstrate vision and ambition to become a leader in sustainability".	First network operator to adopt Planet Mark, a recognised certification. Two executive level engagement workshops with Planet mark to help define actions to reduce CO_2.	29% reduction in business carbon footprint against our 2013/14 baseline. Staff domestic air travel was reduced by 26% and business miles reduced by 10%.
Consultation e.g. workshops, public meetings, formal consultations	66	**Smaller Generators Workshop** "We could play a part in restoring the system, in the event of a Black Start (system shutdown) event."	Launched project with system operator to enable smaller generators to provide Black Start services. This will open a new market and help maintain adequate system restoration provision.	Enabling new and alternative providers of Black Start services will widen the pool of providers which will enhance flexibility and resilience in the network.
Information Gathering e.g. Focus groups, customer research	7	**Young Energy Force Group 2018** "Prioritise jobs and employment opportunities for young people, ensuring a skilled workforce for the future."	Partnerships were formed with Heriot Watt University to develop the SP Energy Networks engineering scholarship to inspire the electrical engineers of the future.	Students are supported financially through their studies and offered mentoring by somebody in the business to inspire and give them real insights. They also complete a 10 week summer placement working across different departments.
Information Giving e.g. face to face, awards, conference	155	**Community Events** "You could take a lead in sharing information with local communities to increase knowledge levels and awareness."	Created new community initiative 'Teccy Bites', where our teams engage elderly customers on the latest projects and engineering behind our work.	Created strong local advocates who now have the knowledge to be able to explain the rationale behind new developments. Increased education through learning amongst peers and SPEN experts.

Our New Stakeholder Engagement Strategy

STEP 5

Capturing Feedback

Our engagement process, and subsequent business decision making, continues to be driven by the feedback we receive. This feedback remains crucial in designing and delivering services that are right for those affected by any area of our business. This year, we have built on the foundation of our approach to data – Tractivity, our Stakeholder Management System and used internal learnings and feedback to make improvements to both the suggested content of feedback to collect, and the means with which our users can record this feedback in the system.

To improve our process of capturing all our engagements centrally, and make it less time consuming, we have developed a 'quick-entry' screen to make it easier for users to enter multiple pieces of feedback and actions required in one screen in minutes.

Supporting Tools & Processes

Quick entry screen:

Full details	Feedback quick entry	Engagement quality	Invited contacts	Associated feedback	Issues / Sub-issues	Activities	Attachments
Feedback title		Feedback notes		Issue	Stakeholder (attendee or anonymous)		Activity?
							☐
							☐

We have ensured that by concentrating on the key outputs (feedback items recorded, and actions identified), we have minimised the data entry required, increasing the volume and value of information recorded for engagement across the board.

STEP 6

Determine Wants and Needs

Once feedback has been recorded against an event, we review the output, updating our understanding of the wants and needs of the individuals affected by our business.

By analysing this feedback to identify areas of service improvement, instances where needs are not currently being met and potential areas for targeting our resources, we focus our actions on the business change our customers and stakeholders care about most. This demonstrates our belief in the importance of authentic engagement.

This step is short but central to the effectiveness of the overall strategy. Without a clear understanding of wants and needs that exist within our network, we cannot measure the effectiveness of the actions, outputs and outcomes we deliver.

STEP 7

Develop and Prioritise Actions

We aim to provide value for money through all services – a principle that lies at the heart of everything the business delivers. Demonstrating this value rests on our ability to measure potential outputs and prioritise accordingly.

Whilst this is something we have always inherently done, we have recently focused on adding structure to our approach. This better justifies where and why we have acted, for our stakeholders.

STEP 8

Act

Each of these actions is recorded and monitored, providing visibility of the full process from engagement conducted, to feedback collected, to action taken. This action is the sum of all work to this point, improving our approach across whichever topic is the subject of the engagement.

STEP 9

Close feedback loop

Our final step of approach is to close the feedback loop.

Measure the success of actions taken

Review performance, measuring the costs and benefits of actions taken to determine whether projects have delivered their expected benefits. This approach allows us to justify, both internally and externally, which projects to scale up or close down, maximising the value for money we deliver for our customers.

Identify how and where we can improve our engagement approach

We have a new mechanism to record feedback specific to the quality of the delivered engagement. To 'close the loop', we review this feedback, whether improving our understanding of our stakeholders, or improving our tailoring, and build it into our approach going forward.

The aim is to continue the feedback loop we've developed through years of previous engagement, supported by our tools, processes and recent updates to our approach. We use our new measurement tool to assess the impact of our actions and prove value for money.

Supporting Tools & Processes – Engagement quality screen:

Full details	Feedback quick entry	Engagement quality	Invited contacts	Associated feedback	Issues / Sub-issues	Activities	Attachments
Objective achieved (yes/no)		Correct Stakeholders chosen?		Stakeholders knowledge level correct?	Appropriate method content?	Activity?	
						☐	
						☐	

Reporting

We have improved our monthly reporting process to enhance the visibility of engagement that has taken place to our CEO and executive team. Furthermore, we are now sharing summarised reports externally to ensure we report back to stakeholders on the action we have taken.

Breadth of Core Engagement

"Excellent event with a clear approach of societal service and transparency of approach".
Stakeholder Conference Attendee

"Great forum, very open and honest reflection on the current challenges SPEN and customers face".
Stakeholder Conference Attendee

Strategic Stakeholder Panels

We hold six strategic stakeholder panels each year, attended by Directors and senior managers.

- Diverse group of independent and knowledgeable stakeholders in attendance.
- Stakeholders include representatives from many different sectors for example, local authorities, government, academics, industry players and businesses, charities and consumer representatives.

This year, we have been engaging on topics such as active network management, infrastructure upgrades to facilitate future energy scenarios and our new stakeholder engagement strategies.

We have pride ourselves on the authenticity of our panels. We use them to invite real challenge and to hear fresh ideas. They have become fundamental to out approach, as we gather valuable feedback to help strengthen services.

Example of Output from Stakeholder Panel Feedback

	Feedback	Actions	Benefits
Better	Users of the sector wanted to connect quicker and easier.	Agreed a number of complex work streams with the system operator in order to roll out our innovative active network management systems.	Generators of all sizes being able to connect, means that smaller enterprises will be able to access new markets which will increase the potential for greater local benefit from local renewables resources.
Future	Security and safety of supply must remain stable and a high priority within the energy industry.	Analysis was conducted in collaboration with system operators which allows future installations and essential network services to be provided.	Increases system security which helps reduce power cuts. Will reduce the electricity network operating costs which effectively will financially benefit the customers. Our carbon footprint will also reduce by saving just over 62k tonnes of carbon.
Quicker	Ensure understanding take up of low carbon technologies to inform future business plans.	Commissioned and developed our own future energy scenarios to accommodate all supply and demand customers and help work towards decarbonisation objectives.	Best practises have been shared with other transmission operators which has spread the knowledge across the industry to help prepare for the future.

Stakeholder Conferences

Each year we hold a stakeholder conference, which was attended by over 90 stakeholders. Our conferences are open to a wide range of stakeholders, reinforcing our aim of inclusiveness to ensure we are educating those stakeholders of network challenges and our business activities and how they are affected by our operations.

Our conferences are attended by out CEO and entire executive team. They include open Q&A sessions. We have introduced new technologies at our panels to capture live feedback and voting. This year 100% of attendees in Glasgow wanted to attend similar events, scoring the conference 4.4 out of 5.

Topics discussed this year included preparation for RIIO business planning and Smarter Communities.

Example of Output from Stakeholder Conferences Feedback

	Feedback	Actions	Benefits
Better	Wider promotion of our Green Economy Fund to partners.	Help inform our promotion of our phase two approach. This was done by promoting the fund through our The Energy Saving Trust and our partners, such as Chambers of Commerce.	Received 99 expressed interest in round two which was three times higher than the amount of round one. Allowing local communities access to funding to support low carbon initiatives.
Future	More information regarding RIIO-T2 on our website to improve transparency.	An entire RIIO-T2 section was added to our website and had sections on governance, minutes and members.	Improved transparency of users of the system. Ensured user groups have a strong opportunity to influence in business decisions.
Quicker	Sharing more technical knowledge and to increase information levels to help aid business decisions.	A webinar and an online consultation about our future innovation strategy for transmission launched.	38 stakeholders watched our webinar, providing opportunity to influence our future transmission strategy.

Our core engagement complements our comprehensive programme of 310 including Young Energy Force panels, online communities, customer focus groups, conferences and community engagements.

Giving consumers and users a stronger voice

NEW: Customer co-creation workshop

We know that electricity transmission can be complex to explain to domestic customers. We were determined to find a way to help members of the public understand what we do and how much it costs.

Recognising best practice from Northumbrian Water, we decided to hold an independently-run customer workshop with a wide-range of representative customers, including a table of future bill payers. We brought along our regulatory finance team to engage first hand with customers on our key messages.

We used the session to co-create a way for us to describe who we are, what we do and how we make money. Customers explained what language helped them to understand the different concepts.

The workshop resulted in 13 recommendations for future customer communications in transmission, which will be fully implemented.

NEW: Transmission User Group

We appointed former Energy Minister Rt Hon Charles Hendry as independent Chair of our Transmission User Group.

The purpose of the independent RIIO-T2 User Group is to provide formal challenge and input to SP Energy Networks' RIIO-2 Transmission Business Plan. The group are there to represent the wide-ranging needs and requirements of our multiple network users, customers and stakeholders via their 'access-all-areas' pass to our Transmission business.

The User Group also bring in external representatives and advisors from organisations, such as Citizens Advice Scotland, Citizens Advice England and Wales and the Scottish Government, to inform their feedback and challenges.

We use a monthly satisfaction survey to ensure we remain responsive to members.

NEW: Collaboration with other Transmission operators on customer research

We have worked with the other three electricity and gas transmission operators, via the TO Best Practice Group, to conduct a wide-ranging joint customer Willingness to Payexercise.

Following a competitive tender process, experts in their field Explain Market Research and NERA Economic Consulting were jointly awarded the contract to conduct the studies and report back findings.

Qualitative focus groups were set up in various locations in the UK to test language and feedback from these panels was then used to develop a quantitative survey. This study estimated domestic and non-domestic customers' willingness to pay for our services. Four stated preference surveys were carried out using a mix of face-to-face and online methods.

The survey instrument performed well, providing a base estimate for our societal valuations to aid business planning decisions. We are also using the results as an additional input to our new hybrid measurement tool for stakeholder initiatives.

We found that respondents appeared to engage well with the instrument, and that an overwhelming majority reported that they were able to understand the attributes and make choices between the options presented to them.

Measuring Benefits – Developing and Prioritising Actions

Value for money is an important principle of the way we conduct our engagement. This rests on our ability to measure the value of the benefits we deliver and prioritise accordingly.

Whilst we feel this is something we always inherently do, this year we have developed a ground-breaking industry-first tool to improve the robustness of our assessment.

Our new Social Return on Investment (SROI) tool allows us to quantify and forecast the costs and benefits of initiatives over time. The tool allows us to demonstrate, for each pound we spend on a service, the net benefit created for our customers. It models financial costs and benefits used in a traditional Cost Benefit Analysis but also includes the estimated financial value of qualitative 'social' benefits that we've delivered.

We estimate the value of social benefits by using industry-standard proxy data (from respected sources such as HSE, Social Value Bank etc). The tool is designed to utilise the results of willingness to pay studies, when proxies are not available. This ensures that the assumptions we make are as accurate as possible and verified with our customers. We have provided more information and detail in **Part 2, page 3**.

1. Number of stakeholders impacted
2. Duration
3. Cost of labour
4. Cost of materials
5. Financial benefits
6. Societal benefits
   - Type
   - Attribution rate
   - Quantity
   - Drop off rate
   - Success rate

=

Social return on investment

How will SPEN use this tool?

Before a piece of work is started, we are able to use this tool to compare the value of the service with alternatives that are under consideration, allowing us to proceed with the most efficient service.

Afterwards, the SROI can be used to understand the actual value generated from the initiative, informing our decision on how our work should evolve; whether to scale up, change, or discontinue services so as to continually deliver the most value for money possible.

We can consistently identify which services are most efficient at creating value for money for our customers and supports our decisions on how to act on feedback collected through our engagement activities.

Collaboration with other TOs

explain market research

NERA ECONOMIC CONSULTING

We collaborated with other TOs to conduct joint **Willingness to Pay** research with Explain and NERA, to establish a series of social values.

These values have been used as inputs to our tool, alongside other social values from financial proxies and from our partners.

Stakeholder Feedback Not Taken Forward

Stakeholder feedback is critical to our business and shapes all of our business decisions, however, there have been occasions when we have taken the decision not to follow through with the recommendations from our stakeholders.

These decisions are taken at a senior level within the business when we don't believe the actions would be in the interest of our wider customer base. In this instance, we communicate our decision to our stakeholders. For example:

Feedback	Reason for Decision
You should embrace social media and invest resource in to this channel for future business planning.	It was felt on review that social media was only appropriate for information giving, for example we use LinkedIn to share information about our RIIO-T2 plan, using the hashtag #ChallengeOurPlan. However for information gathering, it was decided that other digital platforms were more appropriate for this such as our online community and webinars.
Video conferencing to be considered for user groups instead of face to face meetings.	Although this may reduce the need for apologies, face to face meetings ensure maximum effectiveness and understanding and minimises the impact of any technical difficulties. Instead we are seeking to maximise online discussions between meetings. This allows stakeholders who are not able to attend to share their feedback.

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