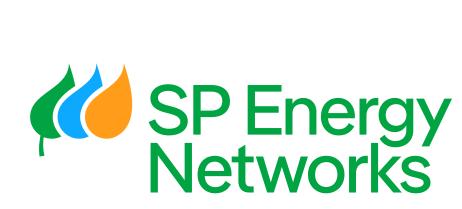
SP Energy Networks

# Stakeholder Engagement Strategy 2024





## Our journey

We first published our stakeholder engagement strategy back in 2013 and since then have continually built upon this, focusing on our strengths and identifying our weaknesses to deliver best-inclass engagement.

We have enhanced our stakeholder engagement strategy, improving our robust mechanism for proactive engagement – delivering positive outcomes for our customers and stakeholders.

Engagement with our customers and stakeholders is an ongoing, iterative process. All of our engagement centres around implementing insight in to our decision making, at all levels of the business.

We focus on delivering value for money services, ensuring everything we do delivers the best social value for our customers and stakeholders.

We have confidence in our strategy as highlighted through a wealth of performance metrics and independent recommendations - adopting global areas of best practice to deliver world leading engagement.

Our strategy is aligned with the AA1000 Accountability Stakeholder Engagement Standard. The standard is an internationally accepted, principles-based framework and guidance that we use to identify, prioritise and respond to sustainability challenges to improve long-term performance. It is founded on the principles of:

,
People should have a say in the decisions that impact them.
<b>-</b> 1.
<b>1</b>

Inclusivity

## Materiality

Decision makers should identify and be clear about the sustainability topics that matter.

## Responsiveness

Organisations should act transparently on material sustainability topics and their related impacts.

## **Impact**

Organisations should monitor, measure and be accountable for how their actions affect their broader ecosystems.



## Our track record

We have a strong track record of delivering high quality engagement across our Transmission and Distribution businesses.

Each year we ask AccountAbility, owners of the global AA1000SE standard for Stakeholder Engagement to conduct a Healthcheck of our performance against this standard. In 2022, we achieved a score of 89%, up from 85% the year prior. This represents the highest level of AccountAbility's 'Advanced' classification and is one of the highest scores ever achieved by any company globally.

We have a comprehensive Stakeholder Engagement Strategy built from years of our own experience, feedback from industry experts and robust benchmarking against industry peers.



## Our Stakeholder Engagement Strategy

To deliver engagement activities across our business, we have a clear and concise strategy, structured in four key pillars.

1

Laying out our ambition – what we want to achieve.

## Our mission statement

"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."

This strategy is 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.

2

Explaining how we engage – what do we want to be known for.

## Our principles of engagement

We have defined five principles that will drive our engagement efforts and underpin delivery of our mission statement. These principles are derived from how we currently operate, and how we want to operate in the future, allowing us to be responsive to stakeholder needs and look to better our approach.

## 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 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 to prioritise high value/low cost activities, striving to maximise the overall customer benefit.

### Innovative:

We aim to better our approach each year, continually looking for new and innovative methods to improve how we engage with our customers and stakeholders to best deliver against their needs.

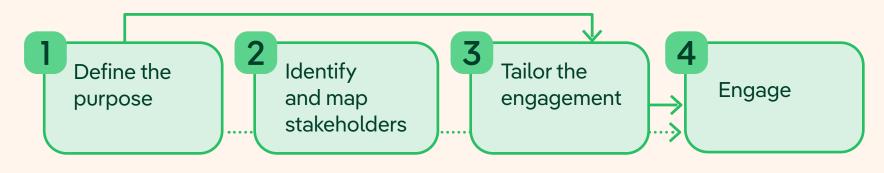
A so

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

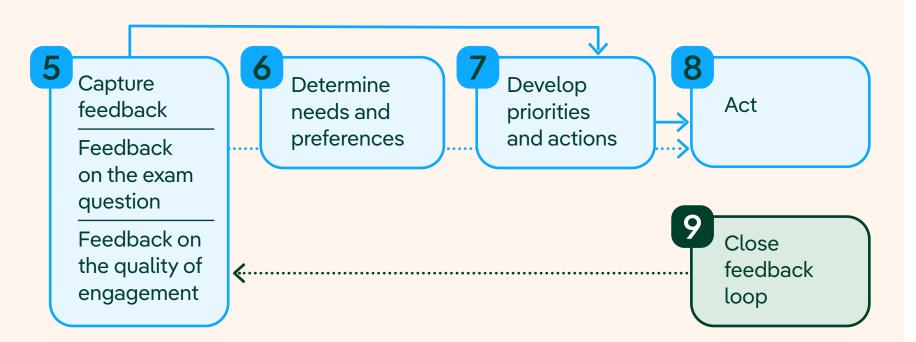
## Our approach to engagement

With our mission statement setting out our ambition and our principles stating the underlying characteristics of our activities, we have a defined, nine-step approach to engagement. These steps provide a roadmap of how we plan, review and close engagement activities. The 9 steps of our engagement approach:

## Planning our engagement



## Reviewing our engagement

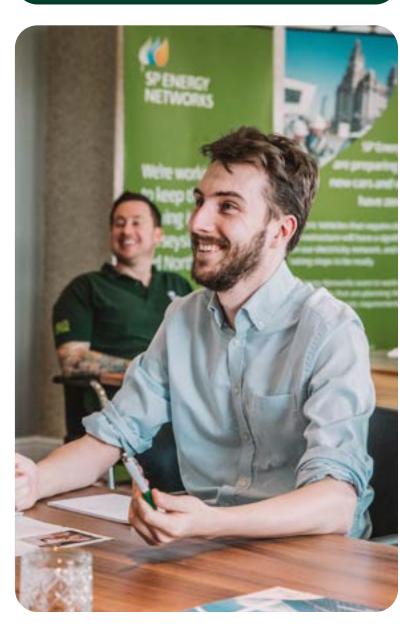


4



# Supporting tools & processes

Structured and consistent tools and processes that support our approach, ultimately delivering engagement activities aligned with our principles, and our mission statement.



# Planning our engagement

## Step 1 - Define the purpose

Engagement planning starts with a clear purpose. It's important all of our engagement aligns with the areas our customers and stakeholders have told us to focus on.

This purpose, or objective, is clearly defined, understood and recorded for each event and acts as the foundation of all the following steps. With a clearly defined objective, we can effectively tailor our engagement to deliver the best results. This will maximise the value of our efforts, but also minimise our costs by applying only the most effective solution – focusing on the value for money we can deliver.

## How we plan engagement

Our focus on a definitive purpose is evident throughout our approach to engagement planning.

We operate with one business-wide engagement plan, split by strategic topic. Based on best practice methods learned throughout our experience of delivering high quality stakeholder engagement, we have developed stronger links between engagement activities and business objectives.

For example, we continually align our strategic topics of engagement with our strategic pillars established through extensive consultation with customers and stakeholders on our business priorities. This helps us clearly define the purpose of our engagements before planning.

Each strategic topic is owned by a member of our Executive Team, who has accountability for the

engagement plan. At lest one senior manager is responsibile for the delivery of each engagement plan. In turn, our Central Stakeholder Engagement Team co-ordinates these plans. This ensures engagement runs through all levels of the organisation, demonstrating senior level buy-in to engagement - from boardroom to operational level.

Our approach to planning provides a central view of engagement. It ensures managers can minimise duplication, reduces instances of stakeholder fatigue through better targeting our engagement and identifying gaps early in the planning process, whilst also maintaining a locally driven aspect to engagement. Our strategic engagement topics are reviewed on an ongoing basis to ensure they are fit for purpose in delivering against the priorities of our customers and stakeholders.

With any engagement event, there is a potential downside of not 'having the right people in the room', for example, engagement taking place without the participation or knowledge of key SP Energy Networks employees.

This approach to planning mitigates this risk by organising engagements on a topic basis, ensuring all staff relevant for each topic are identified and are aware of engagements planned across the business.

## Our Strategic Pillars



Develop a safe, secure and resilient network that's ready for Net Zero

Network investment & development

Security of supply

Supporting decarbonisation



Be the trusted partner for our customers, communities and stakeholders

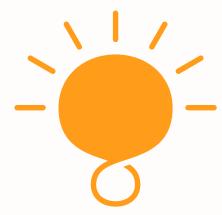
Customer service



Vulnerability

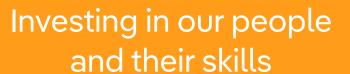


Work with our communities and stakeholders



Innovate to ready our business for a digital and sustainable future

> Data & digitalisation



Sustainability

## **Supporting tools** & processes



Stakeholder Engagement Strategy

We continue to build on the strength of our Stakeholder Engagement management system – Tractivity – and have updated its capabilities to provide us with a platform with greater flexibility on which to manage all of our engagement.

We have invested in improving the quality of the data within our platform through a significant data cleanse, alongside this business areas are continuously reviewing and amending their stakeholders. Through Mapolitical we have added all of political stakeholders across both of our operational geography.

We have increased our Tractivity users to cover more business areas to support the increased engagement required to deliver our innovative business plans. Within each strategy plan we have a dedicated champion who supports all of the objectives and activity reporting to ensure we effectively track the project information and feedback from our stakeholders to strengthen the service we provide.

## Tractivity framing the engagement process

Tractivity provides us with one central location for all our stakeholder engagement activity from the planning process through to gathering feedback to influence the next iteration of our plans.

## 1. Strategy Planning

Each of our strategic plans and topic specific plans are added to Tractivity with clearly defined purpose and objectives. Each objective provides a clear point of engagement for its business owner.

From these plans we can identify objectives to provide a clear direction for engagement and can sit across multiple business areas and owners providing flexibility while maintaining a clear overview.

## 2. Stakeholder Mapping

Using our database of over 14,000 contacts and 5,000 organisations we identify the stakeholders we believe are the right fit for each topic and any potential new stakeholders identified in the development of the plan.

For each of our strategic topics we map the identified stakeholders using up to four attributes (Knowledge/Impacted/Influence/ Interest) these help us engage with the right stakeholders for our topic and seek out where we have gaps.

We will re-map our stakeholders as projects develop to ensure we reach the right people at every stage.



## 3. Activity

Each strategic plan will have a unique engagement activity plan that reflects the needs of both the topic and the stakeholder. These will range from mailshots through to conference events and 1-2-1 meetings to technical consultations. Each activity is logged and can be connected to a strategic plan and objective.

# right fit for each topic

4. Feedback

Using our database of over

14,000 contacts and 5,000

organisations we identify the

stakeholders we believe are the

Listening to and responding to the opinions and information provided by our stakeholders during all of our activities is essential. Through Tractivity we can do this in a number of ways - via Surveys, event feedback, meeting notes etc, and this feedback can then be linked directly to each of our objectives and strategy plans making it easy to review and respond to.







## Step 2 - Identify and map stakeholders

With a clear purpose defined, we then identify key stakeholders who are best placed to provide informed feedback that can help us achieve our objective.

To do this, we conduct a robust stakeholder mapping exercise which ensures breadth and inclusivity, highlighting any gaps in our engagement. We use Tractivity, an industryleading system, which has over 6,500 stakeholders registered. Tractivity helps us identify stakeholders' specialist expertise and knowledge levels. We then segment that list further by stakeholder categories, levels of knowledge and interest on a topic, and geography.

As our network and stakeholder needs evolve at pace, we continuously update our definition of stakeholders to ensure it remains relevant and in line with industry changes. Our robust mapping approach takes into account not only the changing energy landscape but also accounts for the stakeholder landscape, which could change dramatically as we journey towards Net Zero.

For each of our engagements, we carry out the following steps to expand on our initial segmented lists from Tractivity.

- We use PESTLE Political, Economic, Socio-cultural, Technological, Legal and Environmental) analysis to understand the macro-environmental factors of areas we are working and detail for consideration in our business decisions.
- Categorising initial list of stakeholders according to the STEER (Social, Technological, Economic, Environmental and Regulatory) method.
- Review stakeholder categories, ensuring relevant sectors of stakeholder groups are represented.
- Segmenting stakeholders by interest/influence and by knowledge level on a particular topic.
- Geographical spread for representation across Scotland, England and Wales.
- Identifying hard-to-reach stakeholders including, but not limited to, geography, access to technology, language, health factors, lack of awareness and regionality.

We continually update our stakeholder database to ensure we hold relevant and up to date stakeholder information. This is done through regular data cleansing with strategic engagement topic owners.

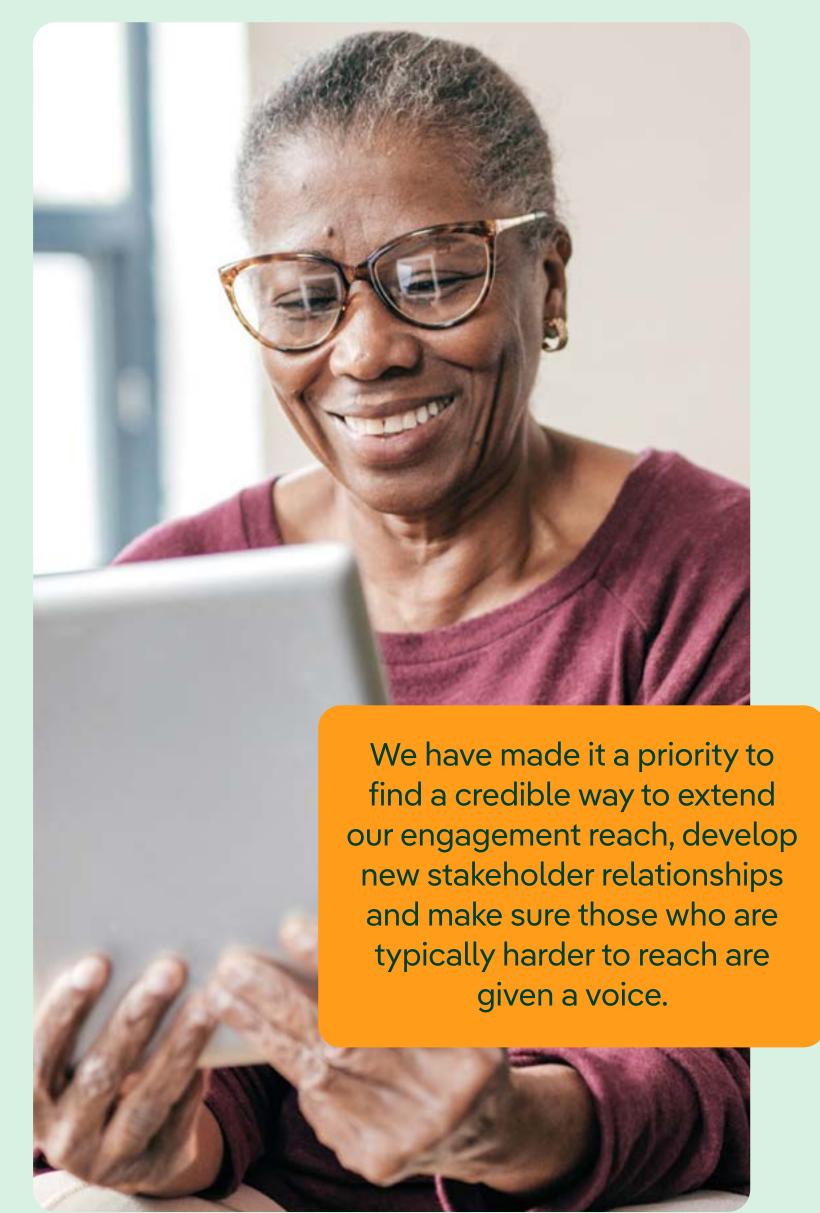
## Historically excluded stakeholders

We have made it a priority to find a credible way to extend our engagement reach, develop new stakeholder relationships and make sure those who are typically harder to reach are given a voice.

We have measures in place to ensure our teams are committed to creating and maintaining relationships with hard-to-reach stakeholders to deliver real benefits. In line with our central approach to identifying and mapping stakeholders, we employ a range of enhanced methods to reach out and seek new relationships, both for those we know about and those we don't. These methods include, but are not limited to:

- Regularly reviewing our relationships with stakeholders to identify new partnerships, adding value and informing our decision making.
- Utilising strong links with key stakeholders who represent the voice of large hard-to-reach groups to highlight gaps in our engagement.
- Seeking alternative perspectives from challenging and historically excluded groups.
- Tailoring our engagement methods to target historically excluded groups.

Through adopting best practice methods from our current price control period, we have formalised our approach to targeting and engaging hard to reach stakeholders into an overarching tramework. This was informed by our Strategic Stakeholder Panels, industry peers and hard-to-reach representative organisations.



6,500

Stakeholders registered to Tractivity

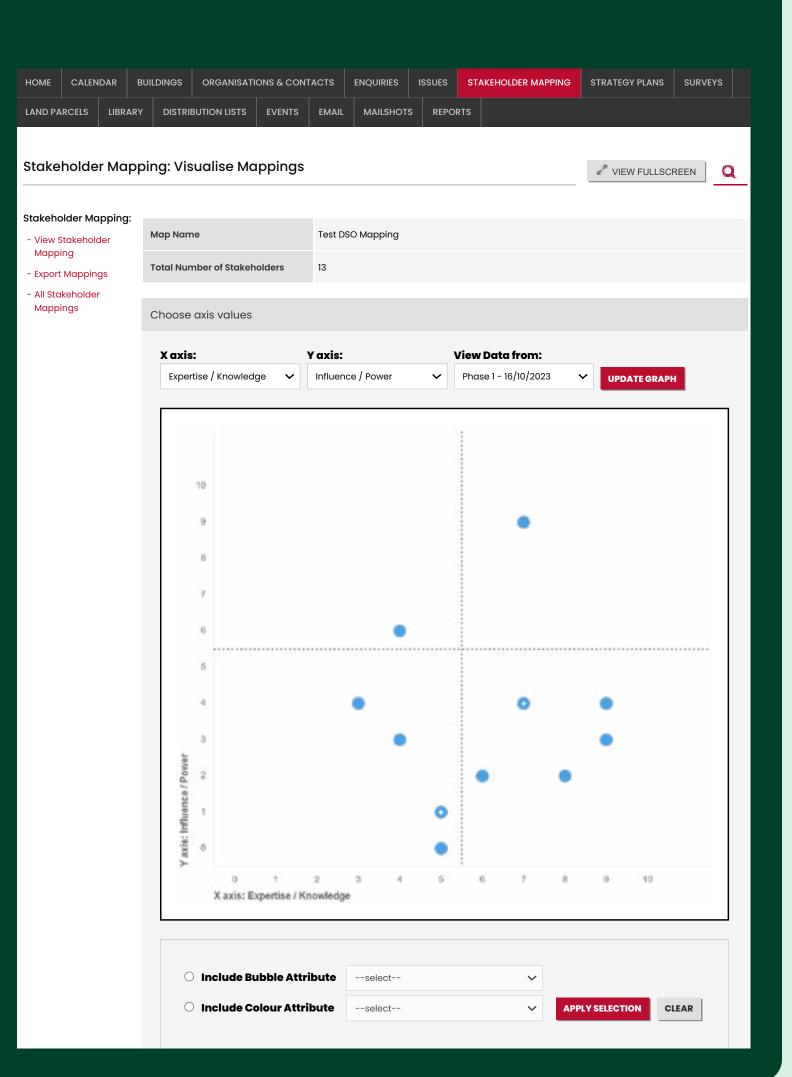


# **Supporting tools** & processes

## Visualisation

Using Tractivity when our stakeholders are mapped using our multiple metrics, we can create a view that will clearly indicate where our strength and depth in stakeholders lies, but also where we need to look further.

By extending the attributes beyond the traditional power and knowledge to include impacted and interest, we can better identify gaps of those who could have been historically excluded or not had their voices heard.



## **Step 3 – Tailor the engagement**

Based on the purpose of the engagement, and stakeholders involved, we develop a clear profile of the level of knowledge on the topic at hand.

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

## Tailored content - before, during, and after the event

Depending on the objective of the engagement, we will either be educating and informing our stakeholders, or gathering information from them. To communicate effectively. the information presented, and questions asked, should be pitched at the most appropriate level for the specific audience.

For example, when discussing a particular topic with expert knowledge stakeholders at a small workshop, the level of detail provided would vary substantially, than if we were to discuss the same topic at a broader SP Energy Networks Conference covering a wider range of topics.

The issue still needs to be addressed. but the content should be tailored to suit the knowledge level of each audience.

## Tailored methods, to reach a wide and varied stakeholder base

Just as our stakeholders' level of knowledge determines the content we provide, their profile also drives the ideal method we would use to engage.

To provide structure for this step, we have provided a 'spectrum of engagement types', identifying the various methods and channels that are most appropriate for each level of knowledge.

## Tailored communication, invitations, briefings, outputs and next steps

We invite and brief stakeholders with information tailored to their knowledge level. This will include key information including:

- The purpose of the engagement
- What stakeholders are expected to contribute
- Logistical information about the event

All communication will be made available to stakeholders in good time, taking into account any language, disability or literacy issues to ensure our engagement is as inclusive as possible.

## Step 4 - Engage

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, SP Energy Networks has taken guidance from the AA1000SES accreditation on the formal identification and management of risks.

The owners of each engagement event will, based on the profile of stakeholders involved, assess potential risk, and 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.

The owners of each engagement will 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.

In order to mitigate the associated risks, SP Energy Networks employees will be aware of what information can and cannot be shared in public and take appropriate steps to ensure this is enforced (e.g. confidentiality agreements).

## Potential engagement risks

## Stakeholder risks

- Unwillingness to engage
- Stakeholder fatigue
- Lack of balance between weak and strong stakeholders
- Uninformed stakeholders
- Technical barriers
- Impediments to a stakeholder's attendance or participation in an event (e.g. travel, language)

## Organisational risks

- Damage to reputation
- Loss of control of issues
- Strong criticism
- Creation of conflicts of interest
- Internal disagreement
- Non-compliance with internal policies

# **Supporting tools** & processes



We have a standard process for managing risks. The owner of each engagement will:

## 1. Identify risks

Identify risks associated with the engagement by conducting brainstorming sessions and interviewing project team members.

## 2. Analyse risks

Determine the likelihood and consequences of each risk.

## 3. Mitigate risks

Plan to mitigate risks that are highly impactful and/or likely.

## 4. Review and assess

After the engagement, review risks, mitigations, and identify any lessons learned.

For 2024, a new Stakeholder Engagement Risk Matrix template is now available for teams to use via the Employee Portal.

## **Risk Matrix Inputs**

## **Risk Type**

## Risk Description

## Risk Severity

Risk Likelihood

**Impact** 

Trigger

Responsible Party

Mitigation

## **Risk Rating Key**

Low - OK to Proceed

Medium - Take Mitigation Efforts

High - Seek Support

Extreme – Place on Hold

# Reviewing our Engagements

Step 5 – Capture feedback (exam question & quality of engagement)

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.

We have made improvements to the process of how we capture this feedback, and record in our internal stakeholder database, Tractivity.

The basis for our changes around capturing feedback was not that our previous process was limited in the detail collected, but rather that, due to the structure of Tractivity, it was a time-consuming process for users to undertake. Therefore, we have developed a 'quick-entry' screen, allowing users to quickly enter multiple pieces of feedback and required actions on one screen in minutes.



# **Supporting tools** & processes

## Quick Access

The upgraded platform allows us to quickly log an engagement including the purpose and follow-up action.

These engagements can be supplemented by more detailed activities, these can also include email, minutes or image attachments.

The platform is mobile supported providing flexibility for our staff who carry out engagement face-to-face in our districts.

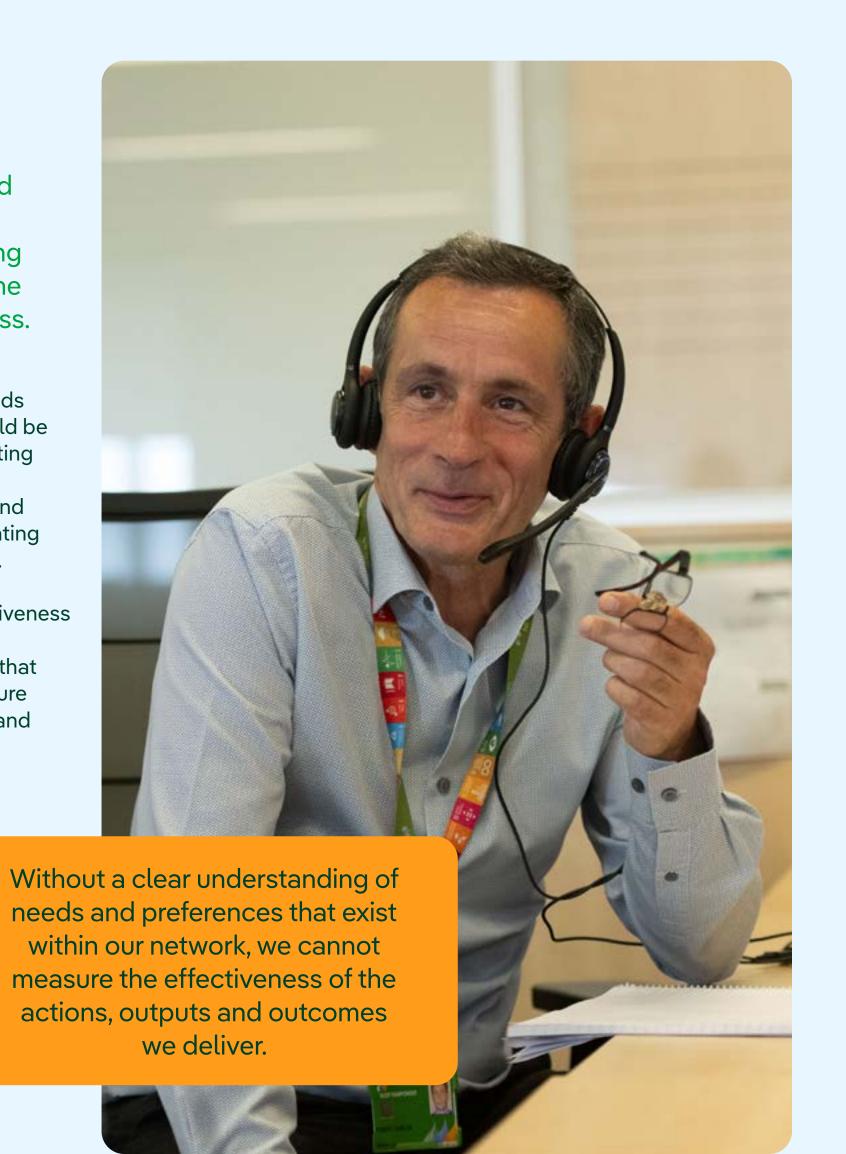
Enquiries: Add Enquiry								
Contact:	Enquiry Title *							
- View Contact Search:	Contact Name	Routh, Tanner						
- Enquiries	Associated Organisation *	SP Energy Networks (SPEN)						
- Organisations & Contacts	Enquiry Status *	Live						
	Stakeholder Category *	select ✓						
	Enquiry Received *	06/12/2023 (DD/MM/YYYY)						
	Account Handler *	Routh, Tanner						
	Account Group	select						
	Enquiry Reason	select						
	Enquiry Feedback Type	select						
	Purpose of Engagement							

## Step 6 - Determine needs and preferences

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

Analysing this feedback to determine needs that have not been met, services that could be improved, or potential for improved targeting of resources, we can focus on the actions for business change that our customers and stakeholders care most about, demonstrating the importance of authentic engagement.

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



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

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



# **Supporting tools** & processes

## **Quick Access**

One of the principles at the heart of our business is value for money. To achieve this commitment, we have introduced a Social Return on Investment (SROI) tool that allows us to quantify and forecast the costs and benefits of initiatives over time. The tool allows us to demonstrate, for each pound that we spend on a service, the net benefit created for our customers.

This tool models the financial costs and benefits used in a traditional Cost Benefit Analysis, while also including 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, NHS etc). This ensures that the assumptions we make are as accurate as possible and verified with our customers.

We were the first DNO to consistently apply a Social Return on Investment (SROI) methodology – providing a level of insight into the value of our activities like never before. This tool has now been further evolved and adopted by all fourteen network operators – providing a new level of consistency to our reporting.

## The tool allows us to:

- Quantify and forecast the costs and benefits of projects over time.
- Demonstrate the net benefit created for customers by every pound we spend on a service.
- Prioritise projects with a greater SROI.
- Justify projects with a positive social return on investment.

Ultimately, using this tool will allow us to consistently identify which services are the most efficient at creating value for our customers and supports our decisions on how to act on feedback collected through our engagement activities.

We have introduced a Social Return on Investment (SROI) tool that allows us to quantify and forecast the costs and benefits of initiatives over time.

## How the tool works:

1. Number of stakeholders impacted

2. Duration

3. Cost of labour

4. Cost of materials

5. Financial benefits

## 6. Societal benefits

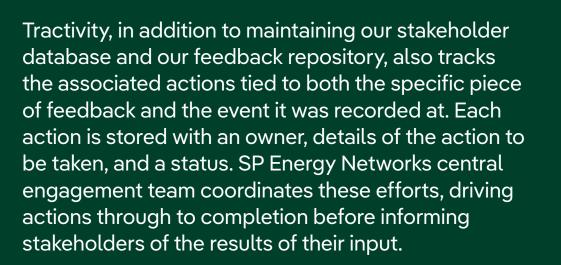
Outcome, Monetary proxy, Quantity, Scale of impact values (% success rate)

Social return on investment

While feedback is the output of the Planning phase, Actions are the output of the Reviewing phase. Each step, from capturing feedback, determining needs and preferences, to developing and prioritising actions leads to a list of actions for the business to complete that will make the services we offer better.

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

# **Supporting tools** & processes



## **Example actions**

Strategic pillar	Stakeholder feedback	Engagement method	What we did to act on stakeholder feedback	Measurable outcomes	5-Year SROI
Develop a safe, secure and resilient network that's ready for Net Zero	Stakeholders advised us to collaborate with installers to support the installation of heat pumps.	Bilaterals and consultation meetings.	Launched project Re-HEAT, a collaboration with SSEN, E.ON, Daikin and Sunamp, that subsidised the costs of installing 150 heat pumps and home heat battery storage systems.	Average estimated annual savings for heat currently tracking at £1,800, representing a reduction of 45%. Insights on household recruitment.	£3.46
Sol Net Zelo	Stakeholders have stressed the need for us to evaluate the impact of integrating renewable technologies in new housing developments on network capacity.	Consultation meetings, strategic panels and stakeholder workshops.	During phase two of the project we embedded the ADMD calculator into BAU practice and expanded its use following successful trials.	Allowed us to scope viability of three locations for new developments by quantifying all non-Net Zero and Net Zero loads on the grid.	£4.66
Be the trusted partner for our customers, communities and stakeholders	Industrial and commercial customers in the North West want us to help facilitate their electrification plans towards low carbon ambitions.	Bilaterals, consultation meeting and external stakeholder workshops.	As a partner of the Net Zero North West Cluster Plan, SPEN is leading the planning and assessment of network needs and consulting on projects' feasibility based on available network capacity.	Deliver the world's first Net Zero region by 2040.  • Safeguard and create 34,500 green jobs in the near term, with 660,000 green jobs overall.  • Save 46mt of CO <sub>2</sub> .	£2.20
	Governments have called on us to support the development and trial of local area energy plans.	Bilaterals and consultation meetings.	We trialled local area energy plans in the Fife and Conwy local authorities. We also provided advice and optioneering based on Future Energy Scenarios.	We expect resource and delivery time to be reduced significantly for both local authorities and SPEN, saving potentially thousands of work hours.	£0.43
Innovate to ready our business for a digital and sustainable future	Stakeholders believe we should prioritise and invest in grid monitoring to improve network efficiency.	Consultation meetings.	Introduced the LV Support Room in Glasgow, a system which provides realtime data produced by smart meters and substations across Scotland to pinpoint where faults are occurring.	Ability to detect faults before impacting customers, saving thousands in maintenance costs and protecting customers security of supply.	£0.56
	Stakeholders have asked us to spearhead efforts that could support supply chain partners in taking control of their impact on the environment.	Bilaterals and working groups.	Launched tools to support suppliers achieve their carbon reduction goals, including SmartWaste and the Climate Action Hub.	These tools are being embedded in our contracts to actively enable and challenge our suppliers to keep pace as we work towards Net Zero.	£7.96

## Step 9 - Closing the feedback loop

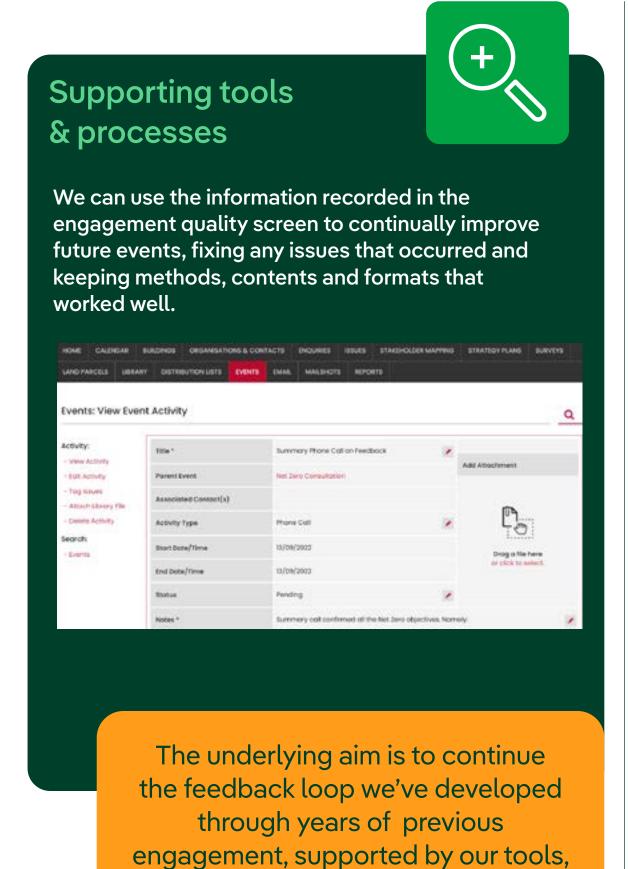
With our engagement complete, our feedback collected, and our actions taken, the final step of approach is to close the feedback loop. This step consists of two parts:

## Measure the success of actions taken

- For all major initiatives delivered, or services improved, we will retrospectively review performance, measuring the costs and benefits of actions taken to determine whether projects have delivered their expected benefits.
- This approach will help us to justify, both internally and externally, which projects to scale up or close down, demonstrably maximising the value for money we deliver for our customers.

## Identify how and where we can improve ourengagement approach

- To 'close the loop', we will review this feedback, whether improving our understanding of our stakeholders, or improving our tailoring, and build it into our approach. This review will be completed within a month of major engagements, with any feedback and resulting actions recorded in Tractivity.
- The underlying 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.

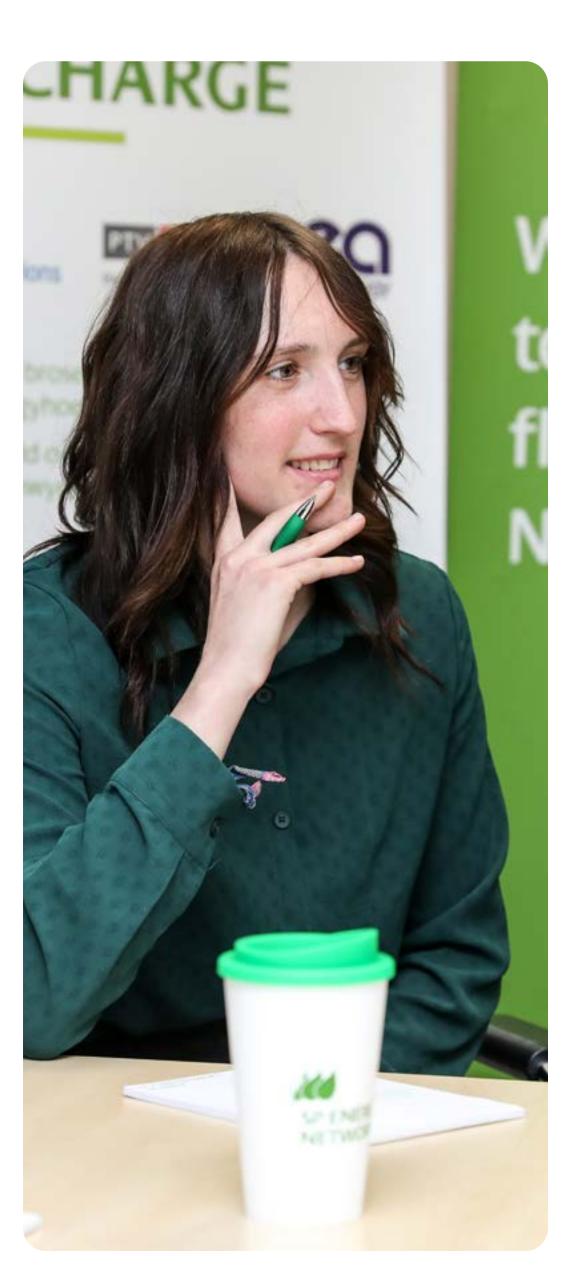


processes and recent updates to

our approach.

# Reporting

While the steps described previously are the core of our stakeholder engagement strategy, it is important that metrics and objectives related to stakeholder engagement are defined and owned by SP Energy Networks staff. These will be regularly updated, focusing on the metrics that we believe will support our overall vision and mission. To this end, we have improved our monthly reporting process to enhance the visibility of engagement that has taken place and highlight its importance within the business.



Stakeholder Engagement Strategy 2024

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