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Introduction

I am pleased to present Scottish and Southern Energy Power Distribution’s 2015/16 Submission in relation to Ofgem’s Stakeholder Engagement Incentive Scheme.

This first year of our RIIO-ED1 Price Control has been transformational for us in many ways. From establishing a Regional set-up which allows us to act more quickly and in a more tailored way to stakeholder feedback, to the big changes we are making to how we bring stakeholders into our decision-making and the way we support vulnerable consumers, SSEPD is a very different place compared to this time last year.

Learning from panel feedback

Last year, the independent panel appointed by Ofgem concluded that we merited a score of five out of ten for our stakeholder engagement performance, reflective of ‘average’ performance.

Listening closely to the panel’s feedback on our performance, we realised that while we had brought the views of stakeholders into our decision making in a number of ways, we had been focusing too much on engagement in relation to the operational side of our business. We had not worked enough to bring stakeholder views into the more strategic decisions we make.

So, this year, as the Stakeholder Engagement Incentive has expanded to incorporate a reward for the work we do to support vulnerable consumers, we set about doing things very differently.

Aligning engagement with priorities and organisational design

We created an annual stakeholder engagement plan based on a foundation of materiality – what matters to stakeholders, how much can we do about it, and is now the right time to act? That approach led us to focus on engaging on six key issues: safety, network investment, undergrounding of overhead lines, submarine cables in the Scottish Hydro Electric Power Distribution area, social obligations and connections.

We structured our engagement on three levels – strategic, organisational and operational – tailored as appropriate for the issue.

Approaching engagement on three levels aligns with our business’s new regionalised structure which has been established to help us deliver our RIIO-ED1 commitments. The table on page 2 shows our outline stakeholder engagement structure which will form the basis of all our future engagement. It sets out where engagement responsibilities lie within our organisation and makes clear that the responsibility for engagement is one that is shared across all levels of SSEPD.

This year we have also introduced a number of ways of working together with our sister company Scottish Hydro Electric Transmission to ensure that stakeholders benefit from our close business relationship.

Better serving our vulnerable consumers

Another big change this year is our achievement of British Standard 18477:2010 on Inclusive Service Provision. The Standard sets guidelines to help organisations provide a fair, flexible service that can be used by all consumers equally, regardless of their health, age or personal circumstances. It sets the standards expected of all my team members to help meet the needs of vulnerable consumers.

Achieving the British Standard is a foundation for a huge range of additional activities that are helping make sure we deliver a socially responsible service.

By again taking a three-level approach, we are embedding activities that help support vulnerable consumers. We are making strategic decisions that place the needs of vulnerable consumers at the heart of our decisions on investments; working with other organisations to develop a shared approach to customer and community support; and engaging at community level to deliver local services that consider the needs of vulnerable consumers.

Measuring the benefits of engagement

Finally, I’d like to highlight the work we’ve done to value engagement. We know that engagement is only useful if it results in beneficial change and this year we have worked with gas distributor SGN, a member of the wider SSE plc group, to adopt its tested and proven approach to Cost Benefit Analysis to suit our business. We are finding it very useful, not only to be able to demonstrate the value of ongoing work but also as a decision-making tool which will help shape our portfolio of engagement initiatives in future.

I hope you’ll see from the rest of this report how our approach to stakeholder engagement is evolving to match the needs of our customers, and delivering measurable benefits to our stakeholders in the north and south of Great Britain.

Colin Nicoll, Managing Director, Networks

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**Information on page**

<table>
<thead>
<tr>
<th>Key stakeholder engagement and consumer vulnerability activities this year</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieved British Standard 18477:2010 on Inclusive Service Provision</td>
<td>8</td>
</tr>
<tr>
<td>Stakeholder engagement processes confirmed as compliant with ISO9001 standards</td>
<td>9</td>
</tr>
<tr>
<td>Embedded our ‘Strategic-Organisational-Operational’ approach to engagement</td>
<td>7</td>
</tr>
<tr>
<td>Adopted a consistent approach to Cost Benefit Analysis</td>
<td>10</td>
</tr>
<tr>
<td>SSEPD Board approval to introduce an Advisory Panel to advise and challenge on Business Plan delivery</td>
<td>6</td>
</tr>
</tbody>
</table>

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Scottish and Southern Energy Power Distribution

Overview of Evidence 2015/16
Stakeholder Engagement: our robust approach

We categorise our engagement as either Strategic, Organisational or Operational. This allows us to be more confident that our business is benefiting from input at all levels, and that we are playing our part in supporting the interests of a wide and inclusive range of stakeholders.

Our Engagement Values
We undertake engagement with our stakeholders in line with a set of six Engagement Values which are based on the ‘SSE SET’ Values of the SSE plc Group. Our service value was publicly redefined in October 2015 to emphasise that: "We put the current and future needs of customers at the heart of everything we do.”

Our Chief Executive Alistair Phillips-Davies describes the change as follows:

“Over the last three years, the SSE group has been re-shaped. We now have defined Retail and Enterprise businesses focusing on meeting the needs of customers. Our Networks businesses are much more explicitly centred on customers; and policy and regulation within the Wholesale businesses are very customer-focused as well.

“For this reason we have redefined our Service value to emphasise the central role of customers across all SSE’s businesses. It’s now characterised as: We put the current and future needs of customers at the heart of everything we do. This replaces the previous value which was: We give our customers service we are proud of and make commitments that we deliver.

“The new definition is clear and simply-stated, and puts the onus on all of us in SSE to make sure the current and future needs of customers are at the centre of our business.”

In 2015/16 we focused our engagement activities on six key priorities

- Safety
- Network investment
- Undergrounding of overhead lines
- Submarine cables in the Scottish Hydro Electric Power Distribution area
- Social obligations
- Connections*

*Ensuring activities are rewarded only once

The activities we have undertaken in relation to each of these areas are described in more detail in part 2 of our submission, with the exception of our activity relating to connections, on which we report in our submissions relating to the Incentive on Connections Engagement (ICE).

We report separately on these issues as we are conscious that we should not seek recognition through the Stakeholder Engagement and Consumer Vulnerability Reward for activity that is rewarded through other mechanisms. That issue of 'double counting' is considered throughout our submission documents. Where we refer to results that may be rewarded through other mechanisms – for example improvements to customer satisfaction levels may be quoted to demonstrate the effectiveness of an initiative – we make that clear.

Our Stakeholder Engagement Policy
Our Board-approved Stakeholder Engagement Policy (our Policy) sets out our high level objectives for stakeholder engagement and establishes the values and core principles that shape the design of our stakeholder engagement activities.

In our Policy, we set out what we want to achieve through our stakeholder engagement activity: quite simply, we wish to ensure stakeholders are at the heart of our business.

Consequently, a key objective of our Stakeholder Engagement Policy is to create the necessary conditions for the capture, recording, analysis, application and feedback of a representative range of customer views on an equitable, accessible and sustainable basis. In our Policy, we commit to undertaking our engagement with stakeholders in a way that is in line with the values of our parent company, SSE plc.

Our Distribution and Transmission businesses share the same Stakeholder Engagement Policy.
Our Stakeholder Engagement Strategy

Our Stakeholder Engagement Strategy helps us to actively solicit the views and ideas of a broad range of stakeholders, and to do so in a timely manner that enables us to reach swift and effective decisions.

Strategy point 1: Identifying our stakeholders

We have developed a list of stakeholders who we felt could add particular insight into our day-to-day business and RIIO-ED1 and RIIO-T1 business planning processes.

We have created a centralised stakeholder contact and record management system to enable us to actively manage engagement across the business. This is managed in accordance with our Data Protection Policy and ISO 9001:2008.

Our database is regularly reviewed as new relationships are formed, existing relationships are strengthened or where individuals have moved jobs and no longer have a relationship with SSEPD.

Moving to a more sophisticated database system

Our existing database is fit for the purposes of managing our contact list and recording engagement activity, including ensuring all actions raised through engagement activities are completed.

However evidence to support decision making has to be collated manually and the system is not intuitive, meaning that use was limited to a small team who uploaded information on behalf of colleagues from across SSEPD.

In 2015/16 we decided to move to a proprietary stakeholder engagement system, Vuelio, which we have had customised to meet our specific needs.

As at April 2016, our Vuelio system is being user tested prior to full implementation by summer 2016. In addition to allowing better use to be made of the stakeholder information and views held on the system, the system is simpler to use and thus can be used by a wider range of colleagues, supporting the embedding of stakeholder engagement within SSEPD’s way of doing business.

Strategy point 2: Understanding our relationship with our stakeholders

We have categorised our stakeholders based upon our existing relationships with them; the level of influence they have over our business plan and processes; and their interest in helping us shape it.

To date, we have categorised our stakeholders based upon our existing relationships with them (e.g. public and private sector organisations, trusted intermediaries and customers affected by our network investment plans); the level of influence they have over our business plan and processes; and their interest in helping us shape it.

Improving categorisation

This year we have reviewed our stakeholder categorisation as we develop Vuelio, our new stakeholder engagement database. Vuelio has the advantage of allowing stakeholders to be identified as having several interests and can be easily updated to reflect the dynamic nature of an individual’s interests. It also allows us to communicate with stakeholders in a more targeted manner.

Engaging with the right people

When we embark on an engagement initiative we will typically begin by considering which stakeholders might be interested in the initiative, or its subject matter, and develop a stakeholder matrix based on the levels of interest and the amount of influence the stakeholder or stakeholder group may have.

By doing this we can ensure that we engage in the most appropriate way with each stakeholder group. We are conscious that as engagement progresses, stakeholders may move between two or more groups and we will review the stakeholder matrix as appropriate to reflect that.

Applying our strategy

When planning our engagement in relation to the potential effects of new legislation relating to how submarine cables are protected, our stakeholder mapping exercise resulted in this map:

Example: Submarine cables consultation

<table>
<thead>
<tr>
<th>A. Low Influence/Low Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
</tr>
<tr>
<td>These stakeholders are affected by our business plan. We will keep these stakeholders informed.</td>
</tr>
<tr>
<td>If the context changes, and they become more interested, they could move to Quadrant B.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Low Influence/High Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
</tr>
<tr>
<td>These stakeholders are very interested in what we are doing. We will keep these stakeholders informed and start building relationships with them now.</td>
</tr>
<tr>
<td>If the context changes, this group could move to Quadrant D.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C. High Influence/Low Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Accident Investigation Board, Northern Lighthouse Board, Health and Safety Executive, SHEPD, domestic and business customers, Scottish Natural Heritage, Scottish Environment Protection Agency</td>
</tr>
<tr>
<td>These stakeholders may be temporarily less interested in our service (e.g. due to workload or other more pressing responsibilities). We will keep these stakeholders informed.</td>
</tr>
<tr>
<td>If the context changes, and they become more interested, they could move to Quadrant D.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>D. High Influence/High Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific Community, Environmental NGO, Scottish Government, Marine Scotland, Ofgem, Fishing Industry, Marine Industry, Harbour Authorities, Royal National Lifeboat Institute, local authority (planning, environment, marine, economic development departments), elected members</td>
</tr>
<tr>
<td>These stakeholders are the key players. We will actively seek to engage them.</td>
</tr>
</tbody>
</table>

Consistency for our stakeholders

We decided it was important for our stakeholders, many of whom have an interest in both our Transmission and Distribution businesses, to have consistency when engaging with us where possible. To reflect this, we now have a single common six point Stakeholder Engagement Strategy which applies to both parts of our business.
Our Stakeholder Engagement Strategy continued

**Strategy point 3: Actively engaging our stakeholders**

We offer a range of ways to engage with us which may include: interviewer administered surveys; written consultation documents; focus groups; deliberative events; on-line surveys; structured interviews with stakeholders; stakeholder meetings, events, fora and workshops; and customer voice groups.

With our stakeholders in mind, we will continually monitor and evaluate our mechanisms of engagement to ensure they sustain constructive engagement.

**Applying our strategy: how we have engaged in a range of ways**

<table>
<thead>
<tr>
<th>Engagement method</th>
<th>Example of initiative</th>
<th>Why the method was appropriate</th>
<th>Examples of stakeholders engaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewer administered surveys</td>
<td>Informing investment decisions</td>
<td>Large scale information gathering to achieve statistically robust data</td>
<td>Demographically representative survey of almost 3,000 customers. Sample consisted of: Age 16-29=20% 30-44=26% 45-64=32% 65+=23% Social Class ABC1=51% C2DE=49%</td>
</tr>
<tr>
<td>Written consultation documents</td>
<td>Engaging on marine legislation to keep bills down</td>
<td>To set out a complex issue in an understandable way and make it accessible to all stakeholders</td>
<td>Technical experts, environmental specialists, fishing industry, fuel poverty campaigners, local authorities, scientific community, SHEPD customers</td>
</tr>
<tr>
<td>Focus groups</td>
<td>Building a new brand</td>
<td>To gain insight into the views of a range of customers</td>
<td>Customers</td>
</tr>
<tr>
<td>Deliberative event</td>
<td>Engaging on marine legislation to keep bills down</td>
<td>To allow a thorough exploration of a complex issue with key stakeholders</td>
<td>Scientific, environmental and NGO communities, marine users and local authorities</td>
</tr>
<tr>
<td>On-line surveys</td>
<td>Engaging on marine legislation to keep bills down</td>
<td>To set out a complex issue in an understandable way and make it accessible to all stakeholders</td>
<td>Scientific, environmental and NGO communities, marine users, local authorities and statutory consultees</td>
</tr>
<tr>
<td>Stakeholder meetings</td>
<td>Delivering better community engagement</td>
<td>To trial a new approach on a ‘live’ issue</td>
<td>Community and elected representatives and customers</td>
</tr>
<tr>
<td>Stakeholder events</td>
<td>Partnering on a Portsmouth Winter Warm-up</td>
<td>To engage with hard-to-reach vulnerable consumers</td>
<td>Emergency responders, resilience and health professionals, voluntary organisations and vulnerable consumers</td>
</tr>
<tr>
<td>Workshops</td>
<td>Supporting independent care homes</td>
<td>To bring together subject matter experts and stakeholders to develop action plans</td>
<td>Independent care homes, NHS Highland and Scottish Care</td>
</tr>
<tr>
<td>Customer Voice Groups</td>
<td>Level 1-2-3: Identifying cost-effective project support</td>
<td>To gain a range of perspectives from well-informed consumer, community and business representatives</td>
<td>Academic community, voluntary sector, fuel poverty specialists, customer representatives</td>
</tr>
</tbody>
</table>

**Strategy point 4: Informing our stakeholders**

We will produce and regularly update our stakeholder engagement and communication plan which will provide stakeholders with enough information, and in a format they want, to enable them to participate in key debates.

**Our interactive engagement plan**

This year we presented our Annual Engagement Plan in a new interactive format, using the design platform on which we base the award-winning OpenLines Transmission Newsletter. Every page of the plan invites stakeholders to engage with us directly, by phone, email or letter. It includes videos to help stakeholders understand some of the key issues on which we wish to hear stakeholder views.

In line with recommendations made by Citizens Advice in its ‘Beginning to see the light’ report which advises that documents should be accessible in ‘two clicks as a maximum and one as best practice’, our Annual Engagement Plan can be found with just two clicks from the SSEPD homepage.

As in previous years our Annual Engagement plan has been reviewed and approved by our Customer Voice Groups. It sets out the areas on which we are focusing our engagement activity and highlights the related activities that will take place.

The 2015/16 plan covers:

- Safety
- Network Investment
- Undergrounding for Visual Amenity
- SHEPD Subsea Cables
- Social Obligations
- Connections*

The plan considers engagement at Strategic, Organisational and Operational levels.

* We report separately on our engagement in relation to connections, which is incentivised under ICE (Incentive on Connections Engagement)
Our Stakeholder Engagement Strategy continued

Strategy point 5: Listening and responding to stakeholders

We will publish key themes arising from our stakeholder consultation processes and our response to them so that our stakeholders know what action we will be taking both to improve our internal processes and how it has informed our business plan.

Principles of Written Consultation

In line with our commitment to stakeholders having consistency when engaging with us where possible our Distribution and Transmission businesses now have a common approach to engaging with stakeholders via a formal written process: Our Principles of Written Consultation.

Our Principles of Written Consultation, which were originally reviewed and approved by the Scottish and Southern Energy Power Distribution Board for use in relation to our Transmission consultations, are now applicable across our Networks business.

In summary, our Principles of Written Consultation commit us to:

1. Using written consultation only where it is the best approach
2. Ensuring timescales are appropriate
3. Encouraging participation
4. Presenting our consultations consistently
5. Making our consultations easy to understand
6. Reporting back

The application of our Principles of Written Consultation is helping to ensure that our engagement is open and accessible and that stakeholders can be confident that their views are properly considered.

Example of consultation:
Submarine Electricity Cables Consultation: What you need to know

Example of stakeholder feedback document:
Submarine Electricity Cables Consultation: Cost Benefit Analysis Methodology Statement

Strategy point 6: Being accessible to our stakeholders

We are committed to being open and easy to talk to.

We recognise that the way in which people want to engage with us changes over time. In recognition of that, we made the following commitment in our RIIO-ED1 proposals:

"You’ll be able to contact us in more and more ways that suit you. By Twitter, Facebook or however you want to talk to us."

Following expansion of our digital and website teams, in 2015/16:

• We were mentioned over 11,000 times (34% increase) on Twitter
• We gained over 4,000 followers on Twitter
• We reached more than 2.2 million Facebook users since January 2015
• We had customers ‘Like’ our page 8,765 times

Improving communication with consumers in vulnerable positions

This year we successfully met our aim of achieving certification under the BS 18477:2010 for Inclusive Service Provision. BS 18477 specifies the critical procedures to ensure inclusive services are available and accessible to all consumers equally, regardless of their personal circumstances (see page 8).

Communication is a key aspect of the Standard. In relation to this, the British Standards Institute assessor stated:

“SSEPD have proactively engaged outside agencies to review and provide comment on their printed and electronic literature to ensure it meets the needs of as many vulnerable people as possible. The latest initiative regarding communication has seen the adoption of a third party language translation service.”

Engaging inclusively

By working with Trisha McAuley OBE, an expert in consumer vulnerability, we have learned about the reasons why many people affected by our business may find it difficult to contribute to discussions on how we do things.

Consumer vulnerability can exist in many forms, especially because our two distribution networks have distinct social, economic and environmental characteristics. To understand the challenges facing consumers in vulnerable positions, we’ve produced a Consumer Vulnerability Strategy and are undertaking a comprehensive mapping study of vulnerability in our areas to ensure we offer a service suited to individual needs.

In response, we:

• agreed that mapping consumer vulnerability data would inform both their and our activities
• critically evaluated our Consumer Vulnerability Strategy, Training programme and written communication we send our PSR customers
• helped us to bring the impacts of vulnerability on our customers to life through awareness days

Learning from our Expert Panel on Consumer Vulnerability

Our Expert Panel has been in place since late 2014. This year, in relation to being accessible to our stakeholders, the Panel:

• developed our Consumer Vulnerability Strategy, Training programme and written communication we send our PSR customers
• critically evaluated our Consumer Vulnerability Strategy, Training programme and written communication we send our PSR customers
• helped us to bring the impacts of vulnerability on our customers to life through awareness days

Our five strategic priorities

1. Ensure that addressing customer vulnerability is at the heart of our business strategy, our culture, our policies and all of our services.
2. Identify and respond to customer vulnerability timeously and with empathy.
3. Keep the distribution costs of our customers’ electricity bills as low as possible.
4. Deliver an accessible and empathetic service to our Priority Services Register (PSR) customers.
5. Support those who become temporarily vulnerable during a power cut.
Continually improving our approach to engagement

Evolving our Process

In the first few years of establishing stakeholder engagement as a key part of our decision-making process, we introduced a process aimed at promoting the value of engagement throughout our business. A feature of that process was the setting of an internal target to present a certain number of stakeholder-influenced change proposals to the SSEPD Board each year – this was our Key Performance Indicator. This helped establish stakeholder engagement as an integral part of how we do business and raised the profile of that approach amongst SSEPD’s highest level of management.

Whilst this approach had the benefit of increasing awareness and appreciation of stakeholder engagement, its success was tempered by the fact that many of the initiatives presented to the Board were of relatively low value, far below the level that would otherwise have merited a Board decision. This was in danger of devaluing stakeholder engagement.

In 2015/16 we moved to a new way of structuring stakeholder engagement – our three level ‘Strategic-Organisational-Operational’ approach – which involves our most senior managers, including the SSEPD Board in a more meaningful way with stakeholder engagement. Analysis of our activity at each level of engagement has led us to commit to some very significant changes to the way in which we work with our stakeholders.

Committing to a Stakeholder Advisory Panel

A revolutionary change to the way we engage with our stakeholders was approved by the SSEPD Board in April 2016. We will in 2016/17 establish an Advisory Panel, the role of which will be to:

- Review SSEPD’s annual plans for delivery in relation to the publicly stated business plan commitments of Scottish Hydro Electric Transmission plc, and of Scottish Hydro Electric Power Distribution and Southern Electric Power Distribution
- Monitor performance in relation to the business plan commitments by reviewing half year performance statements
- Review end of year performance in relation to the business plan commitments
- Provide an annual report to the SSEPD Board setting out the Stakeholder Advisory Panel’s views on how effectively SSEPD has delivered on its business plan commitments each year

Increasing diversity on the SSEPD Board

The SSEPD Board comprises of people with very similar business and life experience, with engineering and financial backgrounds being dominant. We want our top-level decision makers to be more representative of the communities we serve and we have now committed to making changes to the Board so that there is greater representation of stakeholder views. The intention of the change is to help ensure we deliver a consumer focused, socially responsible and sustainable energy service. We aim to make a new appointment to the SSEPD Board in 2016 to achieve that.

Committing to class-leading reporting

We have committed to reporting on delivery of our RIIO-ED1 Business Plan in line with reporting recommendations set out in Citizens Advice’s ‘Beginning to see the Light’ Report. The reports will be:

- Non-whitewash: we’ll report both the good and the bad
- Findable: the reports will be easy to locate
- Simple: we’ll use easy to understand language and keep things concise
- Comparable: we’ll work with other DNOs and TOs to help stakeholders compare performance
- Timely: we’ll report frequently and without unnecessary delay

Giving back to stakeholders

We believe that the value of stakeholder engagement extends far beyond the rewards available from the Stakeholder Engagement and Consumer Vulnerability Reward. We also know that investing directly in the communities we serve – beyond our commitments to invest in our networks – is hugely beneficial both for the people we serve and for our organisation, not least in relation to building trust.

Considering these matters, we have decided to donate a third of our income from the Distribution and Transmission Stakeholder Incentives to our communities, through our existing and well-respected Community Resilience Funds. The funds (there is one for each of our two Distribution areas) support communities to prepare for emergency weather events and are particularly focused on projects which help vulnerable or isolated people living in the SSEPD area.
Adapting engagement to complement organisational change

As SSEPD has moved into the RIIO-ED1 Price Control Period, we have implemented sweeping changes to the way our business is structured. The overarching intention of these changes is to support SSEPD’s transition to a truly customer-focused organisation.

One of the most significant changes to our organisational structure is the establishment of seven semi-autonomous Regions, three in our SHEPD area, and four in our SEPD area. Each Region is led by a newly-appointed Head of Region who, in short, is responsible for everything that takes place in that area. They have particular responsibility for making sure that the service they provide in their Region is tailored to the needs of their local stakeholders.

In line with these changes and with our commitment to a three-level approach to engagement, we are introducing a more structured approach which will help ensure that stakeholder views are being considered at all levels of SSEPD decision making.

Understanding vulnerability
Consumer vulnerability can exist in many forms, especially because our two distribution networks have distinct social, economic and environmental characteristics. To understand the challenges facing consumers in vulnerable positions, we’ve produced a consumer vulnerability strategy and are undertaking a comprehensive mapping study of vulnerability in our areas to ensure we offer a service suited to individual needs.

New reporting lines
As part of the organisational change being implemented in SSEPD, a new Directorate has been created. Headed by Lisa Doogan, the new Customer Relationship Management Directorate, of which the Stakeholder Engagement Team is a member, works to ensure that the way SSEPD does business is focused on the needs of our stakeholders, including customers, with a particular focus on supporting vulnerable consumers.

The Director of Customer Relationship Management, Lisa Doogan, reports into the Managing Director of Networks, Colin Nicol, reflecting the increasingly integrated nature of SSEPD’s Networks Business.

Our People
To deliver an effective programme of stakeholder engagement, ensuring that stakeholder views are integrated into our decision making, we have established a multi-disciplinary team that provides a strong mix of communication skills, project management experience, stakeholder engagement expertise and change management skills.

<table>
<thead>
<tr>
<th>Level of engagement</th>
<th>Our means of engagement</th>
<th>Status</th>
<th>Delivered by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>SSEPD Stakeholder Advisory Panel (due in 2016) • review and challenge in relation to RIIO-ED1 delivery</td>
<td>Due in 2016</td>
<td>SSEPD Board Stakeholder Engagement Team</td>
</tr>
<tr>
<td></td>
<td>Bilateral and multilateral activities • engagement with Scottish and UK governments and with the European parliament, and on issues involving high level multi-organisation groups</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>Organisational</td>
<td>Distribution Customer Voice Groups (ongoing) • working with SSEPD on its programme of stakeholder engagement to establish what our stakeholders’ priorities are around safety, customer service, supply reliability, connections, social obligations and the environment</td>
<td>Ongoing</td>
<td>Networks Leadership Team Subject matter experts Stakeholder Engagement Team</td>
</tr>
<tr>
<td></td>
<td>Issue-based engagement (ongoing) • engagement with national organisations and regional bodies such as local authorities</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>Operational</td>
<td>Regional events (due in 2016) • focused on ensuring services are tailored to the needs of local communities, including agreeing local priorities Local issue-based engagement (ongoing) • activities involve a wide range of stakeholders; our focus here is to engage effectively with communities, customers and contractors</td>
<td>Due in 2016</td>
<td>Heads of Regions Customer and Community Advisers (with support from the Stakeholder Engagement Team)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ongoing</td>
<td></td>
</tr>
</tbody>
</table>

Developing our stakeholder engagement team
Our stakeholder engagement team is now headed up by Jennifer McGregor, who, having previously led Stakeholder Engagement for Scottish Hydro Electric Transmission, brings almost 20 years of industry experience to lead an engagement for both Distribution and Transmission.

Jennifer leads a team who work together to deliver effective engagement for SSEPD’s Transmission and Distribution businesses. New to the team are a communications and public affairs specialist who focuses on ensuring that stakeholder publications are in line with best practice and will lead on key Transmission activities; and a co-ordinator who provides support to all team members.

Developing engagement skills throughout our business
In early 2016 we ran a series of training events to help colleagues with customer or stakeholder facing roles to understand the principles of effective stakeholder engagement and to increase awareness of our responsibilities in relation to vulnerable consumers.

Following the training events, understanding of stakeholder engagement amongst the 95 attendees increased from 65% to 92%, and 80% of participants reported an improvement in their understanding of customer vulnerability.

Our next steps will involve working with our Heads of Regions and key colleagues in their teams to develop a plan of local engagement, shaped by a combination of SSEPD’s priorities and, more importantly, the needs of their local stakeholders.
Achieving the British Standard in Inclusive Service Provision

British Standard 18477:2010
Inclusive service provision
In 2014, we decided to achieve British Standard 18477 to identify vulnerability and adapt the way we operate services as well as providing assurance that our services are inclusive and accessible to all.

BS 18477 defines consumer vulnerability as “the condition in which a consumer is at greater risk of mis-selling, exploitation or being put at a disadvantage in terms of accessing or using a service, or in seeking redress”. The Standard maintains that vulnerability is a dynamic and relative condition, and it suggests that “a consumer’s needs and abilities can change with time and circumstance, especially if the consumer is faced with a particularly urgent or complex issue”. It recommends that all business systems should be designed to ensure that they identify and provide for vulnerability, and advocates an approach to the identification of vulnerability that uses risk factors and behavioural triggers.

Between spring 2014 and summer 2015 we implemented a range of improvements to ensure that we comply with both the letter and in the spirit of the Standard. In late summer and autumn 2015 we underwent a full independent audit, carried out by the British Standards Institute, to assess our compliance with BS 18477.

BS 18477:2010 Audit Conclusions
In BSI’s opinion the audit scope of activities demonstrate that SSEPD complies with the requirements of BS 18477:2010.

In addition, BSI noted there is evidence to demonstrate that SSEPD has made considerable progress on achieving our goal of being a customer focused organisation.

The auditor noted that SSEPD is moving from an engineering-focused organisation to a customer service focused business, commenting in particular on four aspects of our commitment to addressing vulnerability:

• Protecting vulnerable people
• Focusing on individual customers
• Increasing positive feedback relating to their activities
• Providing community champions

Positive observations
The audit report also noted SSEPD’s top management commitment to addressing vulnerability and the extent of funding relating to the programme and initiatives to support vulnerable customers.

Reflecting SSEPD’s holistic approach to supporting vulnerable consumers, the report praised the drive, motivation and enthusiasm from the sampled employees at all of the sites assessed to implement the processes and initiatives aimed at protecting vulnerable consumers.

SSEPD’s approach to consulting experts in vulnerability, particularly through its Expert Panel on Consumer Vulnerability was noted as a positive contributor to developing effective documentation.

Delivering BS 18477 recommendations
The British Standards Institute Audit Report made a number of recommendations to help further develop our work in this area.

Here we highlight some improvements we have delivered in response to the recommendations:

<table>
<thead>
<tr>
<th>Examples of British Standards Institute recommendations</th>
<th>Our action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration could be given to including Scotland Representatives in the South Consumer Voice Groups and vice versa</td>
<td>We held our first joint North/South Customer Voice Group in January 2016 and with the members’ agreement we have now committed to one of the groups’ quarterly meetings being a North/South joint event each year.</td>
</tr>
<tr>
<td>Customer Complaints are managed effectively with a strong focus on closure, however there is a little or no root cause investigation of the issues</td>
<td>We now analyse the root cause of all complaints. High level complaints are reported immediately to senior management and we undertake a full investigation into all such complaints. Lessons learned are noted and communicated to all managers across our business.</td>
</tr>
<tr>
<td>Consideration could be given to promoting local community emergency plans that have been developed from Scottish Government Emergency Plan into the South regions</td>
<td>Our stakeholder engagement activity planned for 2016/17 includes our colleagues who have worked with communities in the North of Scotland to develop resilience plans focusing on sharing their learning with their colleagues in the South. This includes developing workpacks to help South colleagues work with communities in a similar way.</td>
</tr>
</tbody>
</table>

“In BSI’s opinion the audit scope of activities demonstrate that SSEPD comply with the requirements of BS 18477:2010.” British Standards Institute
Audit and accreditation

Internal assurance

In March 2016, SSEPD’s Business Assurance team undertook an audit of Distribution Stakeholder Management.

The audit was completed in accordance with the requirements of the SSE procedure for auditing, and Ofgem’s Data Assurance Guidance (DAG) document.

The audit aimed to make observations relating to good practice and any areas for potential improvement and to facilitate continual improvement of the operation and processes audited.

The audit concluded that “the overall control environment for Distribution Stakeholder Management, is effective and the process and controls in place are sufficient to provide the necessary assurance relating to SSEPD’s engagement activities.”

ISO 9001


A successful management system certification audit was carried out by an external accreditation organisation, SGS, to ensure that the stakeholder engagement processes for our Distribution and Transmission businesses are compliant with the ISO 9001:2008 Quality Management System. This demonstrates our commitment to working effectively to meet the needs of customers and other stakeholders while simultaneously meeting the following relevant statutory and regulatory requirements relating to our activities. The objectives of the audit were to confirm that our:

- Management system conforms with all the requirements of the audit standard
- Organisation has effectively implemented the planned management system
- Management system is capable of achieving our organisation’s policy objectives

This audit covered our quality management processes including Board level commitment and Senior Management involvement in the approach that we have taken, the benefits and outcomes for customers and communities, the allocation of budget and resources in a cost effective manner, and the documented procedures and processes of our engagement.

The audit concluded that “the organisation has established and maintained its management system in line with the requirements of the ISO 9001:2008 Standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organisation’s policy and objectives.”

One observation was recorded, which related to the need to ensure that due dates relating to actions in relation to stakeholder activities are kept up to date. We have made a change to our process to make sure this happens.

AA1000: The next step

Aiming for compliance with AA1000

We have decided to work towards compliance with the AA1000 Stakeholder Engagement Standard (AA1000SES) which is a framework for assessing, designing, implementing and communicating stakeholder engagement.

Attaining this Standard will help us to demonstrate that our stakeholder engagement activities are carried out to the highest standards:

- Engaging with stakeholders to understand their expectations about governance, policies, strategies, practices and performance
- Transparently accounting to stakeholders on performance and on the issues that matter to them
- Developing innovative and sustainable responses to issues that matter, presently and in the future

In order to implement the AA1000 Standard and to ensure continued compliance with the range of regulatory and legal requirements relating to our stakeholder engagement activities, including Data Protection responsibilities and Ofgem Data Assurance Guidance, we are working to recruit a dedicated Stakeholder Engagement Quality Manager. The Quality Manager will work with colleagues in the stakeholder engagement team to make sure that the relevant systems, processes and procedures are in place and that the team work in line with the relevant standards.

SSEPD Submission Document Part 1:
Overview of Evidence 2015/16
Delivering positive outcomes for stakeholders

The preceding pages of this document set out the ways in which we have brought the views of stakeholders into our decision making and how we have worked to make sure that we give particular consideration to the needs of our vulnerable consumers.

In order that we make the right decisions about how we invest and the changes we implement, it is important that we have a clear understanding of the outcomes the initiative will deliver for our stakeholders, and for our own business. Last year we asked a professional services firm to help us develop a mechanism to assess the benefits of potential changes inspired by our engagement with stakeholders. However we did not feel the mechanism it developed was an effective way of assessing value and we chose not to pursue it. Instead we have learned from industry colleagues Scotia Gas Networks, a fellow member of the SSE Group and we are adopting its assessment methodology.

That methodology – set out in the structure of a Stakeholder Initiative Assessment Form – has been applied throughout our Paper 2 and Paper 3 submissions and is the basis on which the benefits reported below have been assessed.

We define a Beyond Business as Usual initiative as being outside of our core regulated activities. Our stakeholder engagement submissions include initiatives that are considered as going beyond what we are expected to deliver as part of our operating licence.

<table>
<thead>
<tr>
<th>Assessing the value of going Beyond Business as Usual</th>
<th>Cost</th>
<th>Outcome of engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Submarine cables</strong> Working to develop a sustainable approach to subsea cable investment</td>
<td>£300,000</td>
<td>We heard Fuel poverty is a major problem for SHEPD customers</td>
</tr>
<tr>
<td><strong>Undergrounding for visual amenity</strong> We aim to underground around 90km of overhead lines in areas of natural sensitivity</td>
<td>£20,800 per year</td>
<td>We heard People living next to our network wanted to suggest sections for undergrounding</td>
</tr>
<tr>
<td><strong>Engaging on network investment</strong> Prioritising our investment activities and minimising the impact of planned works on customers</td>
<td>£44,537</td>
<td>We heard We needed to strike a balance between investment and reliability of supply and the impact on customer bills</td>
</tr>
<tr>
<td><strong>Social obligations</strong> Funding and developing community resilience</td>
<td>Over £480,000</td>
<td>We heard Communities need financial help to support community resilience projects</td>
</tr>
<tr>
<td><strong>Engaging on safety</strong> Reducing safety incidents and supporting customers during prolonged power cuts</td>
<td>Over £300,000</td>
<td>We heard A large number of customers told us they didn’t know what to do in the event of a power cut</td>
</tr>
</tbody>
</table>

1 In agreement with Ofgem following the Christmas storms of 2013, we set up a £1.3million fund to help build community resilience.

Our resilience funds have been so successful that we have now committed to supplementing the funds through the Stakeholder Engagement Reward incentives.