

YOUR GAS NETWORK



December 2019

Appendix 07.00.00

An Introduction to our Output Cases

Contents

1. Introduction	2
2. Output Cases – a Reading Guide	2
3. Output development – a systematic approach	3
4. Aligning Our Outputs with Ofgem Guidance	5
5. Output cases and the “Golden thread”	6
6. Summary of our Output Commitments	7
A. Delivering a Resilient Network to Keep the Energy Flowing Safely and Reliably	7
B. Providing a Quality Experience to all of our Customers, Stakeholders and Communities	10
C. Tackling Climate Change and Improving the Environment	20
D. Trusted to act for our Communities	25

1. Introduction

Over the past year we have conducted an intensive customer engagement programme, to enable us to develop a RIIO-2 Business Plan which truly reflects the needs of our customers and stakeholders.

This involved consultation with customers and stakeholders to define their needs, assess the standards they desire from us and to consider their willingness to pay for bespoke activities.

This engagement has helped us to confirm four key outcome areas, that customers and stakeholders wish us to progress:

- Delivering a resilient network to keep the energy flowing safely and reliably.
- Providing a quality experience to all of our customers, stakeholders and communities.;
- Tackling climate change and improving the environment.
- Trusted to act for our communities.

For each outcome area, our insight has identified some key priorities for action during RIIO-2 and for which we have developed more detailed commitments.

For our first three outcomes these commitments take the form of Output commitments which are explained in detail in this appendix.

As a result of our continued consultation process over the RIIO-2 Business Plan development process we have chosen not to design output cases for our final, bespoke outcome, 'trusted to act for our communities'. This decision is a direct result of the guidance we received from our customers and our CEG.

Instead our commitments to deliver our 'trusted to act for our communities' outcome are set out in our Trust Charter, Appendix 07.05.00.

2. Output Cases – a Reading Guide

Chapter 7 of our Business Plan summarises the commitments we intend to deliver for our customers, the rationale for each commitment and the engagement undertaken in their development.

These commitments have been developed after gathering a vast array of customer insights and translating customers needs' and aspirations into our four outcome areas and related priorities.

In order to adequately address the needs and aspirations of our customers we defined priorities related to each outcome and further developed those priorities in a suite of related outputs.

Each output case can be read as a standalone document which outlines our commitment to a specific delivery area. Some of the outputs directly relate to Ofgem RIIO-2 output requirements but many are bespoke outputs developed at our customers' request.

Every output relates directly to one of our customers' priority areas and are categorised as such. The priority areas, in turn, relate to our overarching outcomes for RIIO-2.

In developing the Output Cases we have taken inspiration from Ofgem's requirements relating to investment cases and applied them to outputs and uncertainty not covered by investment cases. In doing so we have set ourselves a high bar for Output Case development.

3. Output development – a systematic approach

We have undertaken a robust customer focused approach to developing our commitments. This approach enabled us to understand our customers' needs and set ambitious targets on their behalf.

While our overarching approach has remained in place throughout the process, our engagement with our customers lead to innovations within our engagement practices and a deepening in our understanding of the needs and wants of our customers. This evolution is best described by comparing the schematic diagrams we used in our July and December plans and highlighting the areas of significant evolution.

Figure 1 Cadent systematic approach to defining RIIO-2 outputs – Final Business Plan Submission

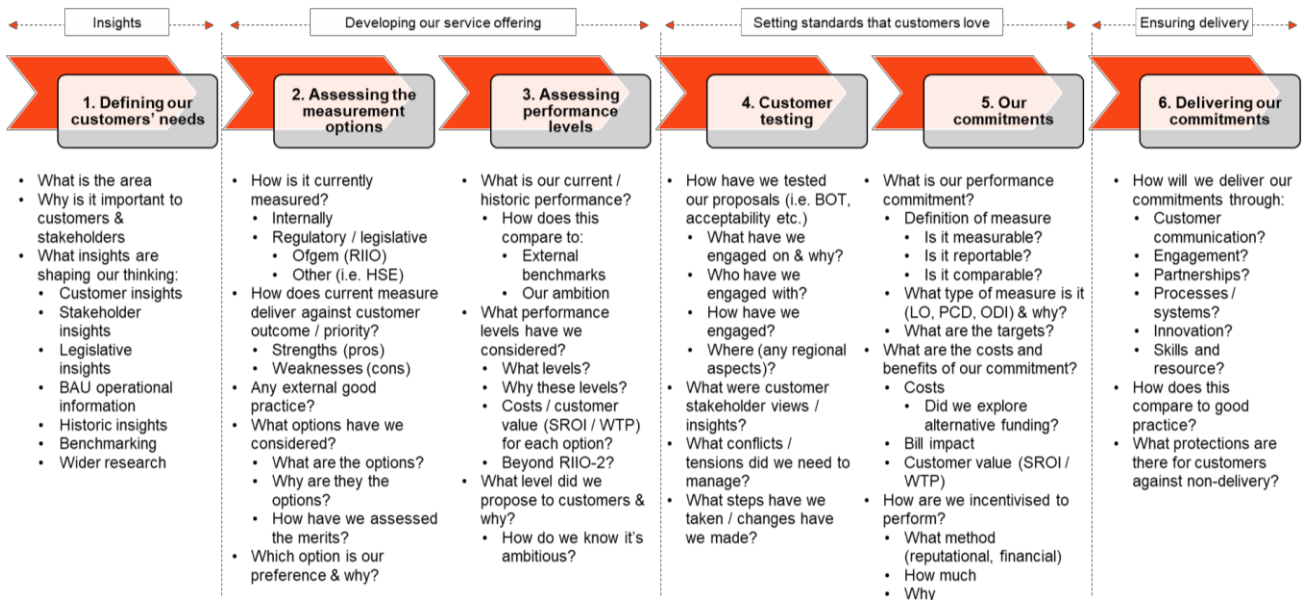
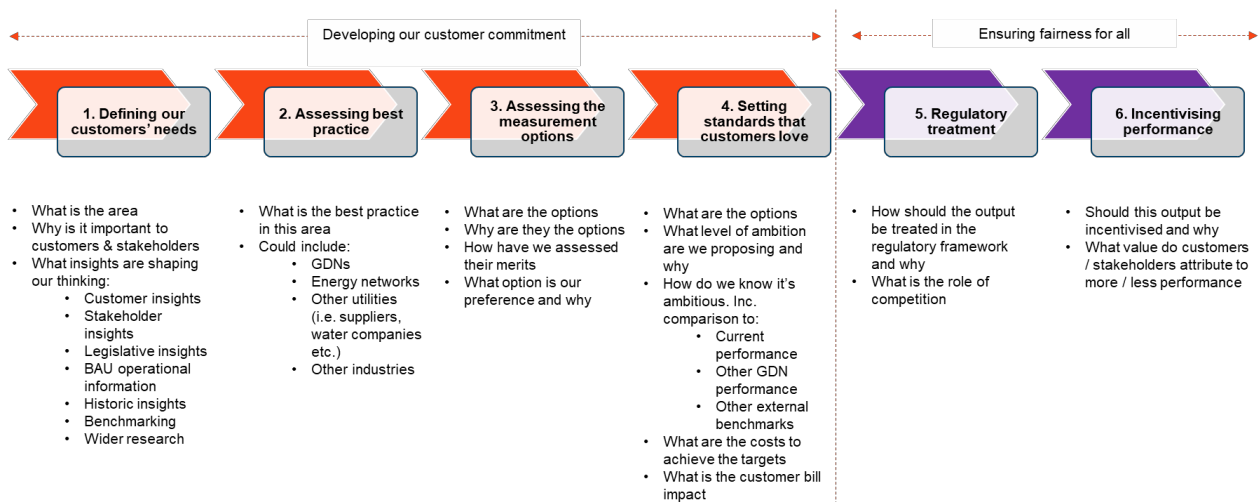


Figure 2 Cadent systematic approach to defining RIIO-2 outputs – Draft Submission, July 2019



1. Defining our customers' needs

We began our engagement with customers and stakeholders by seeking to define their needs. This was undertaken via a process of consideration of business as usual insights alongside initial customer and stakeholder engagement.

Assessing best practice

We then undertook an assessment of best practice based on extensive analysis of the services and standards provided by others within and outside the utilities industry. While this assessment is no longer included in our headline process steps and has instead been subsumed into the wider category "assessing the measurement options" in our final plan, the importance of this step was not diminished during the process. Rather, best practice insights are still included in each output case and the lessons we took from that assessment assisted us in the development of the cases and to direct customer engagement.

2. Assessing the measurement options

Throughout our business plan development, we have undertaken a process to ensure we have adequately considered a wide range of options that could benefit our customers. We based these on the feedback we received from customers and stakeholders and through the best practice benchmark analysis described above. In developing these options, we considered the likely social return on investment (SROI).

3. Assessing performance levels

Through engagement with our CEG and customers we noted the importance of providing clarity over performance targets and deliver mechanisms. For that reason, each of our final output cases include detailed assessment of performance levels. The proposed performance levels have been tested through our enhanced engagement process with customers, stakeholders and employees, which included customers providing feedback on their willingness to pay for each proposal.

Setting standards that customers love

To ensure our engagement process truly set standards that our customers loved, our engagement activities evolved and deepened as our business plan development progressed. We explicitly explored what it would take for customers to love the standards that we set.

4. Customer testing

This involved the incorporation of detailed testing of our proposals with customers, known as Business Options Testing (BOT) and a process of "triangulation" where we considered the wide range of feedback we received from customers and stakeholders and applying weighting criteria to determine our ultimate proposals where conflicts were noted.

5. Our commitments

We then defined our performance commitments, setting measurable, reportable and comparable targets. This process included detailed cost assessment of the costs related to each commitment and the involvement of our Board in the assurance of each Output Case.

Regulatory treatment

This process also included the consideration of the most appropriate regulatory treatment for each proposed Output. While this consideration of regulatory treatment was subsumed into our process of setting standards customers love in our December Plan, this does downplay the work we have undertaken to weigh up the most appropriate treatment. Rather, this consideration assisted our understanding of the most appropriate means to serve our customers.



The final step in our process was to put in place protections to ensure we will deliver our commitments during RIIO-2. Following feedback from our CEG and the Ofgem RIIO-2 challenge group, and demand from our customers during engagement, we placed a more detailed focus on this stage of the process than initially envisaged in our July plan while continuing to consider how we best incentivise performance.

4. Aligning Our Outputs with Ofgem Guidance

In developing our Outputs in the manner described above, we have taken care to follow the guidance provided by Ofgem in relation to Bespoke Output Development.

Table 1 Our approach aligned to Ofgem guidance

Ofgem Guidance	Cadent Outputs
Proposals for bespoke outputs should:	
reflect the network services that existing and future consumers/network users and/or wider stakeholders require	Section 1 of each Cadent Output case details our customers' requirements that have been collected through detailed engagement
be as complete as possible in capturing the activities and costs of the company	Our output cases outline the options available before confirming our planned activities
be measurable and reportable	Section 3 & 5 of each Cadent Output case sets out clear performance measures
allow comparison of performance across companies, where there is sufficient commonality	Our clear performance targets provide opportunities for benchmarking
where relevant, capture the long-term nature of outputs	Where possible, we have set timescales for Output Delivery
set stretching targets which are well-evidenced and deliver clear outcomes/outputs	Section 3, 4 & 5 of our output cases sets out targets set via customer engagement
deliver clear consumer value	Customer value has been assessed via customer willingness to pay analysis and social return on investment
The Company should address the following to justify any proposals for bespoke outputs:	
whether the activity in question is best dealt with through the price control, rather than through a government body responsible for the public interest in that area (e.g. Highways Authorities for matters relating to the occupation of the highway)	Section 5 of each of our output cases consider the most appropriate regulatory treatment to enable delivery
whether proposals are backed by robust evidence and justification (such as cost-benefit analyses) and demonstrate value for money for existing and future consumers	Our Output cases describes the options and costs assessments we have undertaken and (where applicable) the findings of willingness to pay analysis or options testing undertaken with our customers.
the value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome	Each of our output cases sets out a proposed regulatory treatment and (where applicable) the associated Customer Value proposition
the extent to which an independent measure of the existing level of service that consumers receive is	Each of our Output Cases considers whether there are existing measures in place to consider performance against

Ofgem Guidance	Cadent Outputs
available and the degree to which the target level being proposed represents an improvement on this	
the level of service provided by other companies/comparators (where available)	Section 2 of our output cases considers industry best practice where available
the activities (and indicative cost) associated with achieving the targeted level of service	Sections 3 and 4 of our output cases outlines associated activities and costs
proposals for licence conditions and/or penalties if performance falls below existing service levels	Section 5 of each of our output cases consider the most appropriate regulatory treatment to enable delivery

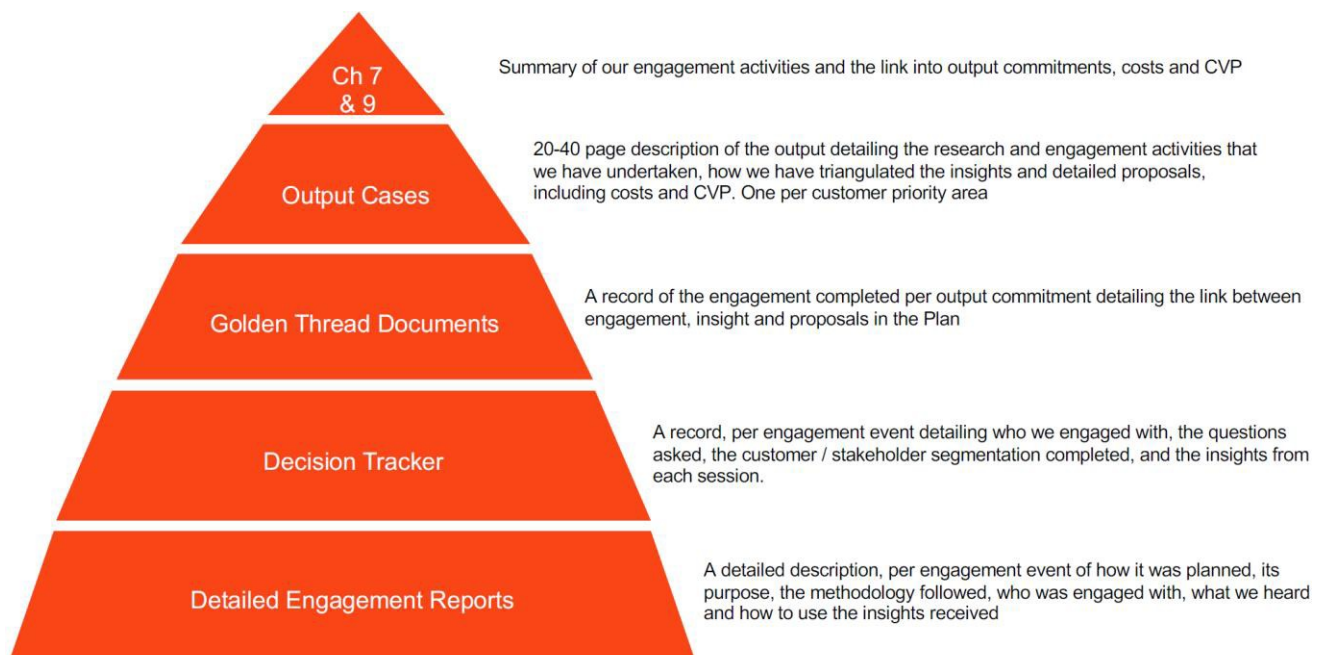
5. Output cases and the “Golden thread”

We have set out a golden thread that links the engagement activities we have undertaken to insights and ultimately commitments in both our output cases and our Plan.

Each Output Case contains a full record of all relevant engagement undertaken on the subject, an overview of who the engagement was with and the topics covered and a description of how we have interpreted the feedback received in the customer engagement process.

The path of engagement from the detailed methodology, the record of the golden thread and ultimately the commitments contained within our Plan is illustrated in the diagram below.

Figure 3 Our layers of engagement evidence



6. Summary of our Output Commitments

In following our process, we have developed the output commitments which we will deliver for our customers in RIIO-2 against four identified outcome areas and against the priorities we have gathered from our insight in each one. We set out in the next section:

1. The priority areas under each outcome area.
2. A high-level summary of the output commitments under each theme including whether they are common or bespoke, whether they have an incremental cost and whether they are part of our Consumer Value Proposition for going above and beyond business as usual and where the more detailed evidence can be found on each output.
3. More details of the proposals and signposting of links between the costs and outputs Chapters.

A. Outcome Area 1: Delivering a Resilient Network to Keep the Energy Flowing Safely and Reliably

The key priority areas for our commitments under this outcome are:

- Managing network asset risk for now and the future (see commitments in the table below)
- Managing non-network asset risk:
 - Business IT security plan (see **Appendix 07.02.00**)
 - Cyber resilience plan (see **Appendix 07.02.01**)
 - Data and digitalisation strategy (see **Appendix 07.02.02**)
 - Workforce resilience (see **Appendix 07.02.03**)
 - Physical security
 - Category 2a National security upgrades (see **Appendix 09.12**)
 - Category 3 mandated National security upgrades (see **Appendix 09.17**)

Output	Common / Bespoke	Output type	Incremental Costs?	Part of our CVP?	Appendix evidence
DELIVERING A RESILIENT NETWORK TO KEEP THE ENERGY FLOWING SAFELY AND RELIABLY					
Managing network asset risk for now and the future					
Delivering metallic mains replacement – iron mains replacement	Common	PCD	N	N	09.02 Distribution Mains and Associated Services (Iron, PE, Steel & Other)
Delivering metallic mains replacement – high risk steel replacement	Bespoke	PCD	N	N	
Network Asset Risk Measure	Common	ODI(F-) (NARMS)	N	N	09.00 Overview of Investment
High Rise Building plans	Bespoke	ODI(R)	N	N	09.04 Transforming the Experience for Multiple Occupancy

Output	Common / Bespoke	Output type	Incremental Costs?	Part of our CVP?	Appendix evidence
					Building Customers - Risers
Regional specific schemes – e.g. London Medium Pressure Programme	Bespoke	PCD	N	N	09.06 London Medium Pressure
Emergency Call Handling	Common	LO	N	N	n/a
Emergency response – Uncontrolled 1 hour Controlled 2 hour	Common	LO	N	N	n/a

Table 2 Managing network asset risk for now and the future

		Managing network asset risk for now and the future							
Priority		This priority area relates to how we deliver a safe, reliable and resilient network and an affordable service for our customers. We must meet legislative requirements and mitigate the risk of deteriorating assets. This will be supported by a 24/7 emergency call handling and response service.							
Outcome		Delivering metallic mains replacement - iron mains replacement	Delivering metallic mains replacement – High Risk steel and larger diameter iron replacement	Network Asset Risk Measures	High Rise Building plans	Regional specific schemes - e.g. London Medium Pressure Programme	Emergency call handling	Emergency response	
Detailed material covered in Chapter 7	Outputs	Type	Common PCD	Bespoke PCD	Common ODI	Bespoke ODI	Bespoke PCD	Common LO	Common LO
		Incentive	Totex Incentive Mechanism	Totex Incentive Mechanism	Financial Penalty only	Reputational	Totex Incentive Mechanism (15%)	Totex Incentive Mechanism	Totex Incentive Mechanism
		Baseline target	1,557km average per year	67km average per year	Monetised risk held flat for non-mains and services assets	Enhanced engagement with building owners to create a building by building plan for all high-rise assets by the end of RIIO-2	2.6km average per year	>90% response within 30 seconds	>97% response within 1 hour (uncontrolled) >97% response within 2 hours (controlled)
		Comparison with GD1	Average of 1,583km per year replaced	New output	Monetised risk held flat in RIIO-1	Plans for asset category but not building by building	3.1km average per year	Target level the same as RIIO-1	Target level the same as RIIO-1
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	£1,680m (Base plan totex) Includes cost for associated services and <=2" steel	£214m (Base plan totex) Includes cost for high risk steel and Tier 2 and 3 iron mains and associated services	Baseline cost covers repex, capex and non-routine maintenance costs	£11.5m (Base plan totex)	£79.8m (Base plan totex)	Part of our base plan opex programme	Part of our base plan opex programme
		Description of works	Replace Tier 1 iron mains to meet our Iron Mains Risk reduction programme ('IMRRP') and drive improvements in service.	Replace the highest risk steel pipes and high risk Tier 2 and 3 iron mains above the defined risk threshold (ref section 9.7.2)	Ongoing maintenance and interventions to manage asset health of major assets such as mains, services, governors, the LTS, offtakes and risers	Enhanced engagement with local authorities and building owners to create building by building plans for high rise customers.	Deliver specific regional strategies to target key infrastructure needs e.g. London Medium Pressure.	Operate the emergency call handling call centre for all Gas transporters and despatch activities.	First Call emergency response operatives with despatch and supervision, repair crews and support.
		Cost comparison with GD1	Changes to workload, unit cost and efficiency assumptions £2,521 (8 year figure)	No dedicated programme	Changes to workload, unit costs and efficiency assumptions	n/a	Higher workload in RIIO-1 and updated unit costs £33m (8 year figure)	Lower due to updated workload and efficiency assumptions	Lower due to updated workload and efficiency assumptions
		Impact on customer bill	Combined impact contributes c. £50 to the annual bill						
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Criteria	Business as usual so not included	Business as usual so not included	Business as usual so not included	Business as usual so not included	Business as usual so not included	Business as usual so not included	Business as usual so not included
		Benefit / Value	n/a	n/a	n/a	n/a	n/a	n/a	n/a

B. Outcome area 2: Providing a Quality Experience to all of our Customers, Stakeholders and Communities

The output commitments we have set out under this outcome fall into seven key priority areas:

- Delivering a quality experience for all of our customers, stakeholders and communities
- Keeping the energy flowing to our customers and communities
- Minimising disruption from our works
- Supporting customers in vulnerable situations
 - Identifying your needs
 - Raising Carbon Monoxide awareness
 - Tackling affordability and fuel poverty
 - Going beyond to never leave a customer vulnerable without gas

The output commitments and links to further evidence are set out for each priority area below:

Output	Common / Bespoke	Output type	Incremental Costs?	Part of our CVP?	Appendix evidence
DELIVERING A QUALITY EXPERIENCE FOR ALL OF OUR CUSTOMERS, STAKEHOLDERS & COMMUNITIES					
Setting standards that all of our customers and stakeholders love					
Establishing and raising the bar for all of our customer and stakeholder experiences	Bespoke	ODI (R)	N	Y	07.03.01 Establishing and raising the bar for all our customer and stakeholder experiences (part 1 - overview)
Guaranteed Minimum Standards	Common	LO	N	N	
Customer Satisfaction Targets (RIIO-1 service measures)	Common	ODI (F+/-)	N	N	
Stakeholder measures	Bespoke	ODI (R)	N	Y	
MOBs Balanced Scorecard	Bespoke	ODI (R)	N	Y	
Responsive to your complaints	Common	ODI (F-)	N	N	07.03.03 Rapid response to your enquiries and complaints
Responding to your enquiries	Bespoke	ODI (R)	N	N	
Measuring and enhancing accessibility and inclusivity	Bespoke	ODI (R)	N	Y	07.03.05 Measuring and enhancing accessibility and inclusivity

Output	Common / Bespoke	Output type	Incremental Costs?	Part of our CVP?	Appendix evidence
Improving our household connections service	Bespoke	ODI (R)	N	Y	07.03.04 Improving our household connections service

Keeping the energy flowing to our customers and communities

Guaranteed Standards ('GSOP1')	Common	LO	N	N	07.03.06 Getting our customers back on gas
Unplanned interruptions (minimum standard) for NW, WM and EoE	Common	ODI (F-)	N	N	
Unplanned interruptions (minimum standard) London	Common & Bespoke (Lon)	ODI (F-)	N	N	
Unplanned interruptions (targeted likely levels)	Bespoke	ODI (R)	N	N	
Providing time-bound appointments	Bespoke	ODI (R)	N	Y	07.03.07 Providing time-bound appointments

Minimising disruption from our works

Guaranteed Minimum Standards ('GSOP2')	Common	LO	N	N	07.03.08 Minimising disruption from our works
Private reinstatement timeliness	Bespoke	ODI (R)	N	Y	
Better roadworks information	Bespoke	ODI (R)	N	Y	
Coordinating with others	Bespoke	ODI (R)	N	Y	

Supporting customers in vulnerable situations — Identifying your needs

Principle based licence condition to treat customers fairly	Common	LO	N	N	07.03.09 Identifying your needs and joining up support services
Needs identification	Bespoke	PCD	Y	Y	
Annual showcase event and report	Common	ODI(R)	N	N	

Supporting customers in vulnerable situations — Raising carbon monoxide awareness

Carbon Monoxide awareness action business as usual	Common	PCD	N	N	07.03.10 CO awareness
Enhanced Carbon Monoxide awareness	Bespoke	PCD	Y	Y	

Output	Common / Bespoke	Output type	Incremental Costs?	Part of our CVP?	Appendix evidence
--------	------------------	-------------	--------------------	------------------	-------------------

Supporting customers in vulnerable situations — Tackling affordability and fuel poverty

Fuel poor network gas extensions	Common	PCD	N	N	07.03.11 Tackling affordability and fuel poverty
Additional fuel poverty interventions	Bespoke	PCD	Y	Y	
Income and energy efficiency advice	Bespoke	PCD	Y	Y	
Pioneering new funding model trial	Bespoke	ODI (R)	N	Y	
Targeting customers in fuel poverty	Bespoke	ODI (R)	N	N	

Guaranteed Minimum Standards ('GSOP3') alternative welfare provisions	Common	ODI (F-)	N	N	07.03.12 Going beyond to never leave a customer vulnerable without gas
Personalising welfare facilities	Bespoke	PCD	N	Y	
Service beyond the meter	Bespoke	PCD	Y	Y	

Table 3 Carbon monoxide awareness

		Carbon Monoxide (CO) awareness					
Priority		We aim to keep our customers warm, independent and safe in their homes. Therefore, we must continue to raise awareness of the dangers of CO poisoning, and intervene to prevent the risks from, this colourless, odourless toxic gas that can escape from poorly maintained flues and appliances. Around 50 people living in our regions die every year from CO poisoning, 4000 people go to Accident and Emergency and 200 are hospitalised. We have explored how to leverage our existing work to expand our reach in raising the awareness of the dangers of CO through targeted education, improved partnerships and increasing CO alarm ownership. In addition, for those most vulnerable there is an opportunity to provide additional services to repair or replace unsafe appliances to ensure these customers are able to use their gas supply when they need to.					
Outcome		Education	Alarms (base level)	Alarms (incremental)	Partnerships	Repair or replace appliances (condemned following CO incident)	
Detailed material covered in Chapter 7	Outputs	Type	Common PCD	Common PCD	Bespoke PCD	Bespoke PCD	Bespoke PCD
		Incentive	Price Control Deliverable	Price Control Deliverable	Price Control Deliverable	Price Control Deliverable	Price Control Deliverable
		Baseline target	200,000 people educated across our networks	100,000 alarms to be issued	Additional 2.9m alarms to be issued	100% partnerships with Fire & rescue services, NHS trusts, and Ambulance services	15,000 service, repair or replacement of unsafe appliances (following CO incident)
		Comparison with GD1	Increased scale of education and spreading awareness of CO. Forecasted to educate 44,000 people over the RIIO-1 period	Consistent with level of alarm issue in GD1	Significant increase in the level of alarm issue based on customer need	New output	New output
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	£2.1m incremental costs	£0.8m incremental costs	£22.2m incremental costs	£0.4m incremental costs	£8.6m incremental costs
		Description of works	Using a range of innovative methods to educate at risk groups on the dangers, signs and symptoms of CO	Issuing CO alarms to the most vulnerable to help protect them from the dangers of CO	Issuing an additional 2.9m CO alarms customers that don't have one via emergency visits and through partnership working	Developing partnerships with trusted organisations to spread CO awareness messaging and issue alarms	Offer CIVS an appliance repair or replacement if an appliance is condemned following a CO visit through development of expert partnerships
		Cost comparison with GD1	New output	Average £0.13 p.a.	New output	New output	New output
		Impact on consumer bill	£0.03	£0	£0.33	£0	£0.13
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Ofgem guidance category	2,3,7,8,9	N/A as this is a common output	2,3,7,8,9	2,3,7,8,9	
		Benefit / Net Value	Greater awareness of the dangers of CO should result in fewer incidents and reduced hospital emissions (CVP of -£0.9m but positive over RIIO-3)	N/A	Alarms issued to all customers for use in the home to protect them and their families from the dangers of CO (Net CVP of -£5m but positive over RIIO-3)	Additional services to CIVS, allowing them to stay safe in their homes (Net CVP of £28.5m)	

Table 4 Tackling affordability and fuel poverty

		Tackling affordability and fuel poverty					
Priority		Fuel poverty remains a significant problem in Great Britain and is a government priority. There are 1.5 million homes in our network in fuel poverty, representing 58% of the total fuel poor households in the UK. We have assessed how best to provide whole house solutions to tackle and reduce fuel poverty. Although fuel poor gas network extensions have some impact in lifting customers out of fuel poverty, they alone do not take customer out of fuel poverty. Whole house solutions have the greatest impact. That could be through a gas connection for those off the gas network, in-house interventions for customers on and off the gas network and improving affordability by offering energy and income advice and support to ensure that they benefit from it. We will take 36,500 households out of fuel; poverty through a programme of tailored interventions.					
Outcome		Fuel poor gas network extensions	Fuel poor in-house interventions	Income and energy advice offered	Targeting of customers in fuel poverty	Pioneering new funding model trial	
Detailed material covered in Chapter 7	Outputs	Type	Common PCD	Bespoke PCD	Bespoke PCD	Bespoke ODI	Bespoke ODI
		Incentive	Price Control Deliverable (Baseline plan)	Price Control Deliverable	Price Control Deliverable	Reputational	Reputational
		Baseline target	6,250 fuel poor gas connections delivered	5,000 fuel poor in-house interventions delivered	25,250 customers offered income and energy advice	Robust baseline to be established to enable targeted improvement	Trial to take place in Staffordshire within our West Midlands network
		Comparison with GD1	36,616 - Reduced target levels based on updated criteria	New output	New output	New output	New output
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	£15.1m (base plan)	£28.8m incremental costs	£3.8m incremental costs	No incremental costs	No incremental costs
		Description of works	Providing new gas connections for fuel poor customers that can contribute to lifting a household out of fuel poverty	Offering in-house interventions such as boiler installation or improving household insulation to lift customers out of fuel poverty	Trained surveyors will visit households and undertake surveys identifying ways a customer could improve their energy efficiency and maximise income	Continue to innovate and use data in developing methods to better target those that should qualify for support	A new funding approach would see alignment of all schemes and funding ensuring that solutions target those most in need
		Cost comparison with GD1	Average £9.3m p.a.	New output	New output	New output	New output
		Impact on consumer bill	£0.03 (RIIO-2 average)	£0.43	£0.05	£0	£0
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Ofgem guidance category	N/A	2,3,7,8,9	1,2,3,7,8	1,2,3,7,8,9	2,3,6,7,8,9
		Benefit / Net Value	N/A	Whole-house interventions can contribute significantly lifting households out of fuel poverty (Net CVP of £13.2m)	Supports customers in income maximisation (including benefits eligibility) and improve their energy efficiency to reduce their energy costs (Net CVP of £48.1m)	N/A	A transformational approach that will align funding schemes and ensure there are no barriers for fuel customers to receive the right level of support

Table 5 Setting standards that all of our customers and stakeholders love

		Setting standards that all of our customers and stakeholders love									
Priority		This outcome is about delighting our customers and setting standards to measure experiences across all the service we deliver. This includes enhancing our existing obligations, including our minimum standards, CSAT and complaints. We want to go beyond this and measure performance across all our services to improve the experience of our customers and stakeholders, and to ensure our services are accessible and inclusive to all.									
Outcome		Guaranteed minimum standards	Customer Satisfaction Targets (RIIO-1 service measures)	Responsive to your complaints	Responding to your enquiries	Measuring and enhancing accessibility and inclusivity	Establishing and raising the bar for all of our customer and stakeholder experiences	Improving our household connections service	Stakeholder measures	MOBs Balanced Scorecard	
Detailed material covered in Chapter 7	Outputs	Type	Common LO	Common ODI (F+/-)	Common ODI (F-)	Bespoke ODI	Bespoke ODI	Bespoke ODI	Bespoke ODI	Bespoke ODI	
		Incentive	Compensation for failure	Financial incentive (up to 0.5% reward/penalty)	Financial incentive (up to 0.5% penalty)	Reputational	Reputational	Reputational before financial incentive once data baseline established	Reputational	Reputational before financial incentive once data baseline established	Reputational before financial incentive once data baseline established
		Baseline target	Enhance current min. standards defined in licence across Interruptions, Connections & Customer communications	Re-baselined benchmark and financial incentive	Baseline set in line with RIIO-1 performance.	Measure enquiries using a similar metric to complaints	Become BSI 18477 certified and establish an index which measures the transparency, accessibility and inclusivity of our communications.	Establish measures for all our key service areas allowing for targeted improvements	Deliver household connections quotes within 15 mins (90% target) and site visit within 3 days following quote acceptance (85% target)	Establish a stakeholder satisfaction measure in order to understand how satisfied our stakeholders are with our services and drive improvements	Establish a scorecard of customer measures related to improving the experience for customers living in MOBs including a MOBs specific CSAT measure.
		Comparison with GD1	Enhanced standard, increased payment, automatic payments, and uncapped GS1	No incremental costs	No incremental costs	No incremental costs	New output	New output	New output	New output	New output
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	£10.4m estimated efficient level of cost across all GSOP (GS1-14)	Costs embedded within customer management and business as usual operations	Costs embedded within customer management and business as usual operations	Part of our IS investment costs - BPDT 3.06 Other Capex: IT & Related Telecom: Individual Projects	£4.9m - no additional funding required, efficiency challenge into our overall cost base. See Chapter 9, table 09.09	Part of our IS investment costs - BPDT 3.06 Other Capex: IT & Related Telecom: Individual Projects	Costs embedded within our connections programme	Costs embedded within customer management and business as usual operations	Costs embedded within customer management and business as usual operations
		Description of works	Efficient level of costs accounting for service level improvements	Enhance the current CSAT measure through improved customer friendly questions and offer multiple response channels.	Enhance our customer teams' capability to provide a rapid response to complaints	Enhance our customer teams' capability to provide a rapid response to enquiries	Establish a robust and transparent measure of accessibility and inclusivity	System investment required to establish measures for all our key service areas allowing for targeted improvements	IS and resources costs to improve household connection service capability and continuation of household connections team	Establish a robust measure of stakeholder satisfaction	Establish and report measures within MOBs scorecard
		Cost comparison with GD1	Average 2.7m p.a. across all GSOP (GS1-14)	Costs embedded within customer management and BAU operations	Costs embedded within customer management and BAU operations	New output	New output	New output	New output	New output	New output
		Impact on consumer bill	£0	£0	£0	£0	£0	£0	£0	£0	£0
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Ofgem guidance category	N/A as this is a common output	N/A as this is a common output	N/A as this is a common output	N/A	N/A	1,2,3,8	2,6,8	N/A	1,2,3,8
		Benefit / Net Value	N/A	N/A	N/A	N/A	N/A	Established benchmarks for all of our services with improving service levels delivered over RIIO2	Easier to achieve a gas connection, high levels of customer satisfaction and more convenient and tailored service standards	N/A	Enhanced service levels

Table 6 Keeping the energy flowing

		We will keep the energy flowing for our customers and communities					
Priority		We will keep the energy flowing by reducing the likelihood of unplanned interruptions to supply and reducing the time it takes to get our customers back on gas when they do occur. We will make supply restoration to appliances more convenient by offering timebound appointments. We understand that some of our customers experience significant delays in restoration e.g. customers living in multi occupancy buildings (MOBs) and we will transform their experiences and build on the improvements we are already committed to deliver in RIIO-1.					
Outcome		Guaranteed Standards ('GSOP1')	Unplanned interruptions (minimum standard) for NW, WM and EoE	Unplanned interruptions (minimum standard) London	Unplanned interruptions (targeted likely levels)	Providing time-bound appointments	
Detailed material covered in Chapter 7	Outputs	Type	Common LO	Common ODI (F-)	Bespoke for London ODI (F-)	Bespoke ODI	Bespoke ODI
		Incentive	Penalty only	Penalty only	Penalty only	Reputational	Reputational
		Baseline target	Increased compensation payments (in-line with regulatory standards) and uncapped liability	Combined average duration minimum standard set for non-MOBs, MOBs and major incidents	Combined average duration minimum standard set for non-MOBs and major incidents. Separate measure for MOBs	Aspirational targets for average duration. Separate targets set for non-MOBs and MOBs in each network	90% adherence to meeting agreed timeslot with customer
		Comparison with GD1	Increased compensation payment from £30 to £41 (domestic), £50 to £69 (non-domestic) and removal of £1000 cap	Reset baseline and new method of measurement	Reset baseline, new method of measurement, and separate treatment for London MOBs	New output – Reputational targets set for non-MOBs and MOBs in each network	New output
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	£9m estimated efficient level of cost for GSOP1	No incremental cost. Baseline costs embedded within Repair Opex	No incremental cost. Baseline costs embedded within Repair Opex	No incremental cost. Baseline costs embedded within Repair Opex	Covered by our IS investment costs
		Description of works	Efficient level of costs accounting for service level improvements and uncapped compensation to customers when we fail	Adherence to minimum unplanned interruptions average durations	Adherence to minimum unplanned interruptions average durations	Beyond minimum standards to reduce unplanned interruption average durations for MOBS and non-MOBs	Offering 4-hour time-bound appointment slots (and 2-hour for those who want it) for gas supply restoration and connections
		Cost comparison with GD1	Average £1.77m p.a. for GSOP1	Costs were embedded within Repair and Emergency Opex	Costs were embedded within Repair and Emergency Opex	New output	New output
		Impact on consumer bill	£0	£0	£0	£0	£0
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Ofgem guidance category	N/A as this is a common output	N/A as this is a common output	N/A - Minimum standard	1,2,8	2,3,6,8
		Benefit / Net Value	N/A	N/A	N/A	Significant reduction of volumes and durations of interruptions for MOBs customers	Provides greater convenience and less disruption to our customers (Net CVP of £109m)

Table 7 Minimising disruption from our works

		Minimising disruption from our works				
Priority		We recognise the impact that our street works can have on our customers and the communities that we work in, particularly our work in the roadway and within customers' private property. This priority explains how we will minimise disruption by working with other utilities and local authorities to coordinate our works and provide better and tailored roadworks information.				
Outcome		Guaranteed Standards ('GSOP2')	Private reinstatement timeliness	Better roadworks information	Coordinating with others	
Detailed material covered in Chapter 7	Outputs	Type	Common LO	Bespoke ODI	Bespoke	Bespoke
		Incentive	Penalty only	Reputational	Reputational	Reputational
		Baseline target	Complete private reinstatement within 5 working days following completion of engineering works	Complete private reinstatement within an average of 3 working days following completion of engineering works	Provide additional roadworks information on specified jobs based on a defined criteria to decide the level of communication required, accounting for traffic sensitivity, footfall, and impact on local business and tourism.	Coordinate streetworks with other utilities, local authorities and other stakeholders to reduce disruption and work with industry experts to measure coordination and the associated value (e.g. days of congestion saved).
		Comparison with GD1	Increased compensation payment from £50 to £69 (domestic) and £100 to £138 (non-domestic)	New output. Beyond GSOP minimum standard of 5 working days	New output	New output
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	Average £1.3m efficient level of cost across GSOP2-14	No incremental cost	No additional funding required, we will absorb £10.1m as part of our efficiency challenge into our overall cost base. See Chapter 9, table 09.09	No additional funding required, we will absorb £1m as part of our efficiency challenge into our overall cost base. See table 09.09 of RIIO-2 BP
		Description of works	Efficient level of costs accounting for service level improvements	Ensure consistent performance to complete private reinstatement within 3 working days on average	Tailored information on roadworks through digital and non-digital methods	Establish team to identify projects for coordination and engage with other utilities, local authorities and stakeholders
		Cost comparison with GD1	Average 0.94m p.a. across GSOP2-14 Average 0.36m p.a. for GSOP2	New output	New output	New output
		Impact on consumer bill	£0	£0	£0	£0
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Ofgem guidance category	N/A as this is a common output		1,2,8	
		Benefit / Net Value	N/A	A significant priority area for customers. We believe that we will be able to quantify this through additional research into the cost per unit of disruption		

Table 8 Identifying your individual needs and supporting those in vulnerable situations

		Identifying your individual needs and supporting those in vulnerable situations					
Priority		We have a duty and moral responsibility to ensure that the needs of all our customers are understood and acted upon in a respectful and relevant way. The Priority Services Register (PSR) is a powerful mechanism to identify the needs and tailor services according to these needs. However, it is only as effective as the number of people who are registered and for that they must know it exists. We will raise awareness of the PSR to 2 million customers over the period. In addition, we will join up support services and find the easiest and cost-effective way of addressing customer needs. We will also equip our frontline staff with the knowledge and skills to identify and support customers in vulnerable situations (CIVS).					
Outcome		New standard special condition: treating customers fairly	PSR awareness conversations	Partnerships	Annual awareness training	Annual showcase event	
Detailed material covered in Chapter 7	Outputs Commitment in our GD2 baseline plan	Type	Common LO	Bespoke	Bespoke	Bespoke	Common ODI
		Incentive	Licence obligation	Price Control Deliverable	Price Control Deliverable	Price Control Deliverable	Reputational
		Baseline target	Details to be confirmed by Ofgem	2 million direct conversations with customers over the RIIO-2 period	Over 80 strategic, programme and project partnerships to be formed	c.3000 front-line staff trained annually to ensure our people are equipped with the right skills to act on customer vulnerability	Details to be confirmed by Ofgem
		Comparison with GD1	Enhanced, principles based licence obligation	New output	New output	New output	New output
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	No incremental costs	£2m incremental costs	£2m incremental costs	£3.7m incremental costs	No incremental costs
		Description of works	Minimum standards for delivering services to customers in vulnerable situations	Resource, time, and material cost associated with delivering 2m direct PSR conversations	Development of more than 80 strategic, programme and project partnerships	Development and delivery of annual training and costs associated with resource/time for c.3000 front line staff	Annual showcase event for GDNs to share learning. Details to be confirmed by Ofgem
		Cost comparison with GD1	New output	New output	New output	New output	New output
		Impact on consumer bill	£0	£0.03	£0.03	£0.05	£0
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Ofgem guidance category	N/A as this is a common output		1,2,8	N/A as this is a common output	
		Benefit / Net Value	N/A	Raised awareness of additional services and Improved service based on additional awareness (Net CVP of £0.6m)			N/A

Table 9 going beyond to never leave a customer vulnerable without gas

		Going beyond to never leave a customer vulnerable without gas				
Priority		We aim to keep our customers warm, independent and safe in their homes. A gas supply interruption has the real potential to undermine this aim. However, to mitigate the impact of a supply interruption it is essential that we provide alternative heating and energy provisions to customers who find themselves in vulnerable situations (CIVS), to ensure they are able to keep warm and have access to hot food and water. We will also work with expert partners to help repair or replace unsafe appliances where customers find themselves unable to arrange or pay for this themselves to ensure we never leave a customer vulnerable without gas.				
Outcome		Guaranteed Standards ('GSOP3')	Personalised welfare provisions	Service beyond the meter		
Detailed material covered in Chapter 7	Outputs	Type	Common LO	Bespoke	Bespoke	
		Incentive	Penalty only	Price Control Deliverable	Price Control Deliverable	
		Baseline target	Increased compensation payments (in-line with regulatory standards) and automatic payments	Additional personalised and tailored welfare provisions provided to CIVS (not just those registered on the PSR) in the event of a supply interruption	5,000 CIVS supported through appliance repair/replacement. Delivery targets based on National Energy Action scheme roll out across all networks	
		Comparison with GD1	Increased compensation payment from £24 to £33 and automatic payments	New output	New output	
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	Average £1.3m estimated efficient level of cost across GSOP2-14	£16.3m incremental costs	£2.7m incremental costs	
		Description of works	Efficient level of costs accounting for service level improvements and automatic compensation to customers when we fail	Additional provisions such as food vouchers, rechargeable showers, electric kettles, temporary accommodation etc. offered to CIVS in the event of an interruption	Offering CIVS an appliance repair or replacement (based on customer need and eligibility criteria) if found to be unsafe on a gas emergency visit	
		Cost comparison with GD1	Average 0.94m p.a. across GSOP2-14 Average £636 p.a. for GSOP3	New output	New output	
		Impact on consumer bill	£0	£0.24	£0.04	
Detail in Consumer Value Proposition appendix	CVP	Ofgem guidance category	N/A as this is a common output	1,2,8	1,2,3,8	
		Benefit / Net Value	Provide welfare services in the event of an interruption and compensation payment where there has been a service failure	Enhanced welfare to reduce impact of interruptions (Net CVP of 121m)	Enhanced welfare and working with charity partnerships to offer services upstream of the meter (Net CVP of £15m)	

C. Outcome area 3: Tackling Climate Change and Improving the Environment

Our environmental commitments are outlined in our detailed Environmental Action Plan (EAP) which is provided as **Appendix 07.04.00**. The EAP is divided into three parts:

Part 1 - Decarbonising our own operations

Part 2 – Reducing our wider environmental impact

Part 3 – Facilitating the low emissions energy transition

Further detail that addresses our commitments under each of these priority areas are set out below.

Output	Common / Bespoke	Output type	Incremental Costs?	Part of our CVP?	Appendix evidence
TACKLING CLIMATE CHANGE AND IMPROVING THE ENVIRONMENT					
Appendix 07.04.00 covers all of our environmental actions and commitments					
Overall environmental progress					
Annual Environment report	Common	LO	N	N	07.04.00 Detailed environmental action plan
Decarbonising our own operations					
Addressing losses from our network – Shrinkage	Common	ODI (R) ODI (F+/-)	N	N	07.04.00 Detailed environmental action plan
Carbon neutral operations	Bespoke	ODI (R)	Y	Y	07.04.04 A carbon neutral business
Tackling the theft of gas	Bespoke	ODI (F+/-)	N	Y	07.04.05 Tackling theft of gas
Reducing our wider environmental impact					
Zero avoidable waste to landfill	Bespoke	ODI (R)	Y	N	07.04.06 Zero avoidable waste to landfill
Supporting our people to reduce their emissions	Bespoke	ODI (R)	Y	Y	07.04.07 Our people and their Emissions
Facilitating the low emission energy system transition					
Entry capacity enablement-flexible-reinforcement	Bespoke	UM	N	Y	07.04.08 Entry capacity enablement-

Output	Common / Bespoke	Output type	Incremental Costs?	Part of our CVP?	Appendix evidence
Connections standardisation	Bespoke	ODI (R)	N	Y	flexible-reinforcement
Off-grid communities	Bespoke	NIA/SIC	Y	Y	07.04.09 Supporting off-grid communities
HyNet North West Hydrogen scale demonstration project – Strategic Innovation project	Bespoke	SIC or UM	N	N	07.04.00 Detailed environmental action plan
Hydrogen blending roll out – strategic innovation project	Bespoke	SIC or UM	N	N	
Heat Strategy Reopener	Common	UM	N	N	10.04 Heat Policy (including fuel poor network extension scheme)

Table 10 Decarbonising our business

Decarbonising our business						
Priority		The impact of greenhouse gas emissions on our climate is one of the most pressing issues facing society. We have assessed how we might become a net zero certified business and considered the scope to use renewable energy and operate a zero emission emergency service by the end of RIIO-2. We have optimised our plans to reduce network leakage and how we tackle gas theft.				
Outcome		Annual environmental report	Addressing losses from our network - shrinkage	Carbon neutral operations	Tackling theft of gas	
Detailed material covered in Chapter 7	Outputs	Type	Common LO	Common ODI with bespoke targets	Bespoke ODI	Bespoke ODI
		Incentive	Licence obligation	Reputational incentive on overall shrinkage level, symmetrical financial incentive on pressure management and gas conditioning (amount to be consulted on by Ofgem)	Reputational	Financial incentive sharing 60% of funds recovered with customers
		Baseline target	Annual publication	160 - 195 GWh (reduction of 14%-17% over our position at the end of RIIO-1)	Net zero carbon emissions in non-shrinkage footprint across all networks by the end of RIIO-2	Ambition of £8m funds recovered over the RIIO-2 period
	Comparison with GD1	Safety and Sustainability report published in 2019	28% reduction expected over the eight year period of RIIO-1	Increased ambition from 80% reduction	No financial incentive	
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	Not material	Delivered through the repex programme.	£55.6m (incremental cost) largely related to zero emission vehicles	£3.0m (Absorbed and not charged to customers as part of financial incentive)
		Description of works	Publish report detailing progress against our EAP	Continuation of our mains replacement programme, ongoing maintenance and investment in pressure management systems and network control to manage pressures and gas conditioning	Initiatives including purchasing renewable energy to meet our metered energy needs, deliver a zero emissions first responder service through electric or hydrogen vehicles, introducing electric vehicle charging at sites and purchasing offsets	Gas theft investigation costs and follow up of identified theft to recover revenues
		Cost comparison with GD1	n/a	Change in replacement volumes and unit costs due to work mix and increased efficiency assumptions	Covered in Property costs	£0.2m - £1.5m recovered each year
	Impact on customer bill	n/a	TBD	Average of 3p each year over RIIO-2 Rising to 23p average in RIIO-3	Average reduction of 7p each year	
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Criteria	Business as usual so not included	Business as usual so not included	2, 4	2, 4, 8
		Benefit / Value	n/a	n/a	Reduction in CO2 emissions (Net CVP of -£36.3m) but in line with the Government's net zero target ambition and our ambition to tackle climate change in RIIO-2	Amount returned to customers each year and unquantifiable social and environmental benefits (Net CVP of £1.1m)

Table 11 Reducing our wider environmental impact

		Reducing our wider environmental impact		
Priority		We are committed to minimising our environmental footprint by reducing the amount of waste we send to landfill and how to provide guidance and support to our staff to help them reduce their household emissions. We will measure and manage the sustainability and environmental impact of our resource use and generate a positive biodiversity impact.		
Outcome		Zero avoidable waste to landfill	Supporting our people to reduce their emissions	
Detailed material covered in Chapter 7	Outputs	Commitment in our GD2 baseline plan		
		Type	Bespoke ODI	
		Incentive	Reputational	
		Baseline target	<p><5% waste to landfill Reporting on avoidable waste and further actions to reduce this</p> <p><10% first use aggregate in East of England and North West and <5% in North London and West Midlands</p>	
Comparison with GD1	We have reduced our total waste to landfill from 60% in 2012/13 to 14% in 2018/19. Our contract partners are routinely exceeding Ofgem's target of sending less than 10% of waste spoil and excavation arisings to landfill.	5,000 tonnes of CO2 reduction from our employees and their communities per year, by the end of RIIO-2	Smaller scale trials and pilots to demonstrate the difference a small group of committed people can make.	
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	Net saving of £0.7m (Incremental benefit)	£1.0m (Incremental cost)
		Description of works	reducing waste from excavations across our work activities, categorising and reporting. Managing use of aggregate for backfill. Working with supply chain to reduce the carbon intensity of pipes and fittings and reduce the carbon intensity of our suppliers and construction projects.	Provide free, unbiased advice and information, investing in EV charging at office and depot locations, encouraging individuals to participate in our proposed corporate emissions offset scheme and investing in technology, apps, educational material, communities' initiatives and awareness programmes.
		Cost comparison with GD1	Continuation of activities	n/a
		Impact on customer bill	1p reduction	Less than 1p
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Criteria	BAU so not included	2, 4
		Benefit / Value	n/a	Reduction in CO2 emissions (Net CVP of £4.1m)

Table 12 Facilitating the low emission energy system transition

		Facilitating the low emission energy system transition						
Priority		The impact of greenhouse gas emissions on the climate is one of the most pressing issues facing society. Finding a means of facilitating the energy transition, while minimising disruption to domestic and industrial consumers, is a major challenge for the government and energy. For example, Government may choose to facilitate decarbonisation via wholesale electrification of heat. This priority considers how we can continue to play a leading role in bringing energy transition to life, supporting policymakers and customers by developing and enabling solutions to decarbonisation at scale. We assess how our networks can support all future states of the gas grid and ensure that the implications of such radical changes on our customers are fully considered.						
Outcome		Entry capacity enablement - flexible reinforcement	Connections standardisation	Off-grid communities	HyNet North West Hydrogen scale demonstration project (Strategic Innovation Project)	Hydrogen blending roll out (Strategic Innovation Project)	Heat Strategy re-opener	
Detailed material covered in Chapter 7	Outputs	Type	UM	ODI (R)	NIA/SIC	SIC or UM	SIC or UM	UM
		Incentive	n/a	Reputational	n/a	n/a	n/a	n/a
		Baseline target	Flexible funding regime for entry gas reinforcement, with a Reopener to assess reinforcement spend post charging and access review	Establishing a stakeholder forum and voluntary distributed entry gas connection standards and governance process	Establish a managed process for communities connecting to the network and run pilots to connect communities and measure benefits	Deliver the project if approved	Deliver the project if approved	Respond to Government policy change
	Comparison with GD1	Reinforcement costs paid by developers, no UM	No output	No equivalent	Funded by Network Innovation Allowance / Strategic Innovation Competition	NIC project for HyDeploy	No UM	
Detailed material covered in Chapter 9	Annual cost by output	GD2 costs	Range of £61m to £108m with mean of £84m (Determined by UM)	Part of our base plan opex programme	£0.6m for managed process (Incremental) £2.3m for pilots (innovation funding)	Overall £1bn with £250m distribution element, including £50m for hydrogen readiness (Determined by UM)	£25m (Determined by UM)	£0 - £282m with a mean of £162m (Determined by UM) (Costs for HyNet and blending are included in this figure)
		Description of works	Lead an industry review of distributed entry gas commercial arrangements and create and utilise a flexible funding regime for entry gas reinforcements, supported by an uncertainty mechanism.	Establish an Entry Gas Customer and Stakeholder Forum to facilitate knowledge sharing and framework changes. Establish an Entry Gas Connection Standards Methodology and voluntary governance arrangements.	Support off gas grid communities wanting to connect to an increasingly low carbon gas network and run a limited trial to connect communities through the NIA.	Continue to develop and be prepared to deliver and manage the HyNet North West hydrogen transportation network on direction from Government and Ofgem.	Design an effective, efficient and safe rollout of a hydrogen blending operating and billing regime and support Government plans for large scale trials of hydrogen conversion.	Evidence and promote least cost, least disruptive, options for heat decarbonisation. Challenge and provide evidence for the critical assessment of all strategic heat decarbonisation options. Determine an integrated robust decommissioning Plan built upon any confirmed comprehensive delivery programme for non-gas alternatives.
		Cost comparison with GD1	n/a	n/a	n/a	n/a	n/a	n/a
		Impact on consumer bill	TBD by UM	n/a	1p	TBD by UM	TBD by UM	TBD by UM
Detail in Consumer Value Proposition appendix 07.01.01	CVP	Criteria	2, 3, 4, 6, 7, 9		2, 3, 4, 6, 7, 8		n/a	n/a
		Benefit / Value	Charging and access review facilitated through an uncertainty mechanism to change the current arrangements (net CVP of £51.9m) Additional CVP for Network related whole systems thinking for connections standardisation		Reduction in fuel costs for communities and reduction in CO2 emissions (net CVP of £4.4m)		n/a	n/a

D. Outcome area 4: Trusted to act for our Communities

It became clear during interaction with our customers at discovery phase of our engagement that they had expectations of Cadent over and above safety, reliability, service and environmental commitments.

However, unlike the other three outcome areas, where we were engaging on an outcome and themes that are relatively specific to what we do, this is an area quite transferable to our wide range of service provision. As such, we have relied more heavily on customer insights and publicly available research to inform the outputs related to this outcome.

As customer engagement progressed, we also learnt that customers felt the output case framework was not suitable for the consideration of trust issues and we subsequently altered our approach to this outcome. The development path undertaken outlined in greater detail in **Appendix 07.05.00, our Trust Charter**.

TRUSTED TO ACT FOR OUR COMMUNITIES ACTIONS

Appendix 07.05.00 covers all of our trust actions

We will follow our Trust Charter, with its clear and measurable customer commitments, across the RIIO-2 period.

We will engage with customers and communities throughout the delivery of our work, being clear what to expect and delivering what we promise. Additionally, we will engage with our customer forum, online forum and consider other avenues to periodically (at least annually) assess the key measures that are important to customers and build these into our charter.

We will continue to publish our total tax contribution as part of our Tax Strategy and assess opportunities to extend our best practice in this area.

We will invest over 1% of our profits each year into our stakeholder informed community fund.

We will match the contribution to charity of our employees' fund-raising efforts. We anticipate this to total around £0.2m but this could increase to c.£10m if every employee maximised their fundraising efforts.

We will build on our work with Alzheimer's Society by continuing the practice of having a charity partner, making a minimum commitment of £100,000 per year to charity.

We will encourage at least 60% of our employees to participate in volunteering during the RIIO-2 period. (12% per year).

To support an inclusive and diverse workplace, we will:

- Provide unconscious bias training for all managers across the organisation by 2021
- Achieve an increase in Black, Asian and Minority Ethnic (BAME) talent by 2026
- Show a demonstrable increase in the number of BAME senior managers

To support women in the workplace, we will:

- Ensure a 50:50 ratio of male and females being recruited through our graduate development programme
- Increase the proportion of females joining our apprentice scheme
- Increase the number of females in management positions
- Increase the number of females in Director roles
- Review the support provided for flexible working arrangements prior to 2021
- Include flexible working arrangements in all jobs roles by 2021

We will Continue to change lives for the better through EmployAbility and promote its inclusion by other local organisations.

TRUSTED TO ACT FOR OUR COMMUNITIES ACTIONS

We will keep our people safe by achieving long-term reductions in our lost time injury frequency rate (LTIFR)

We will continue to bring in new talent with apprenticeships, graduate schemes and our Engineering Training Programme.

We will deliver fair and transparent reward and recognition by:

- Continuing to benchmark our salaries with recognised third party organisation for all roles
- Paying at least the national real minimum wage to our directly employed employees and agency employees working in our main sites
- Continuing to operate our Cadent Congratulates rewards scheme
- Developing an annual Chairman's Award for all employees to enter
- Maintaining at least market median pay and reward schemes for all employees

We will continue encourage a strong culture of business ethics through our 'doing the right thing' programme. This involves a charter of the behaviours we want to exhibit and online training on aspects such as fraud and bribery training, competition law and General Data Protection Regulations. We operate an independent business ethics support line to allow employees to raise any concerns.

We will support skills and training by:

- Continuing to support our employees with over 24,000 training days per annum
- Running at least 30% of training on-site
- Ensuring all employees have the technical competencies to do their role
- Offering every employee the opportunity to develop a personal development plan, overseen by their management team
- Providing dedicated training centres at such as those at Hitchin and Hollinwood. and satellite centres at Windsor Street and Slough.
- Focusing on STEM enrichment, careers inspiration and work experience.

We will continue to run our employee assistance programme which provides external support and counselling.

We will continue to engage widely with customers and stakeholders and demonstrate how we are turning insight into action. We will:

- Improve the way we use business as usual insights
- Continue Cadent Customer Forums
- Evolve the Customer Insights Forum to add even more value
- Continue to operate Regional Stakeholder Groups
- Commit to a Customer Engagement Group (CEG) throughout RIIO-2
- Evolve stakeholder engagement on whole system thinking
- Develop our online forum

We will report annually on executive pay and how our executive team are incentivised to deliver for customers

We will provide transparent corporate governance through:

- Transparent reporting of shareholder dividends with demonstrable links to meeting customer commitments
- Our Annual Report, which will provide detail regarding our governance that is beyond statutory requirements

Continuing the good practice in the publication of an annual sustainability report

We will provide enhanced data provision to both shippers and customers to aid better customer understanding of the impact we have on their bill

We will publish an annual report detailing progress against our Trust Charter and the measures within it. We will consult with our CEG, customer forum and regional stakeholder groups in developing the report which will be published on our website, to our customer forum and published via social media to ensure transparency across multiple channels.