



Serving the Midlands, South West and Wales

Session 4:

Being a responsible business: Building a social contract

Alison Sleightholm
Resources & External Affairs Director

OUR PURPOSE

WPD provide a vital public service

- We are a regional monopoly that keeps the lights on for 7.9 million customers (and a population over 20 million) in our regions
- As sessions like today demonstrate, we work extensively with customers and stakeholders to define our role and to identify their expectations of us

Building trust

- It is right that we consider: **Is our purpose (to serve customers and wider society) strong enough for WPD to be trusted to continue fulfilling this role?**
- This doesn't just mean delivering great customer service – that's a basic expectation
 - We are accountable for contributing to wider societal wellbeing (including delivering environmental and economic benefits)
 - Its not just *what* we deliver that matters, but *how* we deliver it



ELECTRONIC VOTE 5:

BEFORE WE START – WHO DO YOU TRUST?

Rate the following organisations in order of those you trust, from most to least (*drag & drop into place*):

Most

- A. Your local authority
- B. Your energy supplier (who you pay your bills to)
- C. Western Power Distribution
- D. John Lewis
- E. NHS
- F. RyanAir
- G. Rail companies
- H. Amazon
- I. Your water company

Least



ELECTRONIC VOTE 6:

BEFORE WE START – WHO DO YOU TRUST?

On a scale of 1-10, how much do you trust WPD?



Not at all



**Extremely
highly**

A FEW OF WPD's PRINCIPLES

Our interest today – how does WPD get to the top of that trust list?

- Customers are at the heart of our business:
- Customers pay for everything we do and have a right to influence all aspects of our service
- Our Business Plan is built with stakeholders from the ground up
 - For RIIO-ED2 we intend to publish and consult on two separate drafts of our Business Plan
 - A third and final version will then be submitted to Ofgem
- In RIIO-ED1 we made commitments that were more stretching than targets proposed by Ofgem because it's what our stakeholders wanted

FIRST TIME, EVERY TIME

- Take personal responsibility
- Follow the problem through until the end
- Work with others to find a solution
- Keep the customer informed
- Follow the Golden Rule - treat customers the way you would like to be treated

*We will be recognised by
the actions of our people*

**WESTERN POWER
DISTRIBUTION**
Serving the Midlands, South West and Wales

WHAT IS A SOCIAL CONTRACT?

A framework for the delivery of our purpose, in a way that we can be held to account by our customers and stakeholders

- This hinges on building legitimacy and trust
- And making commitments to do so voluntarily
 - Going beyond the basic requirements of regulation, legislation and traditional corporate social responsibility
- We have heard the message that it is no longer enough to provide a reliable supply at a reasonable price:
 - Customers are taking an ever greater interest in where their money is going
 - They care about payments to shareholders and tax affairs
 - They also want the company to contribute to society and protect the environment



WHAT IS A SOCIAL CONTRACT?

- We believe customers want from their utility providers:

Good service (at a fair price)

Get the basics right (with ongoing feedback from customers)

Excellent corporate behaviours (and governance)

Sustainability and climate change challenges met

Links into (and an understanding of) the community it serves

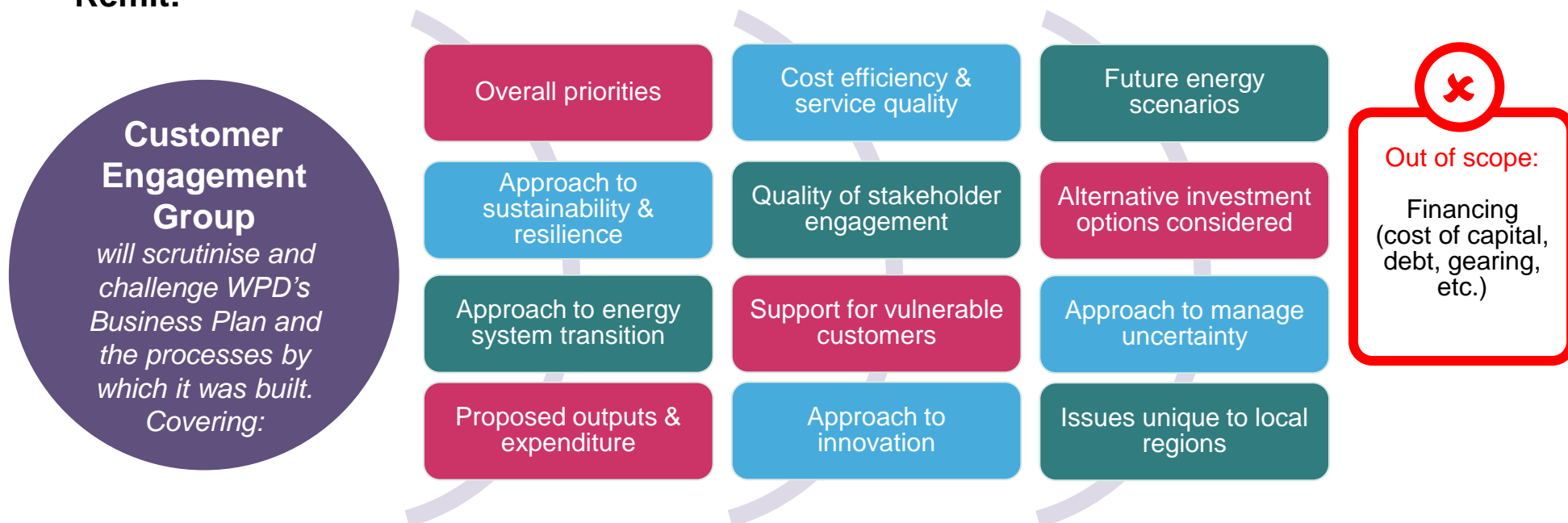
HOW DO WE ENSURE THE BUSINESS PLAN IS A FAIR ONE AND WPD OPERATES AS A GOOD CITIZEN?

- In order to give customers a stronger voice within RIIO-ED2, Ofgem has set out requirements for 'Enhanced Engagement'
- **WPD must create an independent challenge body called a Customer Engagement Group (CEG)**
 - Formed of customer and stakeholder representatives
 - Engages directly with senior management and the Board
 - It will sit above WPD's wider engagement programme (including these workshops and our existing Customer Collaboration Panel)
- Ofgem has established a RIIO-2 Consumer Challenge Group
- Independent reports are required from both new groups
- Open hearings will be held with companies



CUSTOMER ENGAGEMENT GROUP

- **Independence:** 12-14 independent members, Chair & Secretariat. 4-6 meetings a year
- **Expertise:** Wide ranging from customer representation, regional issues and vulnerability, through to future energy systems, low carbon technologies and resilience
- **Full transparency:** everything will be published online
- **Remit:**



- **QUESTION:** Is there a role for the CEG in overseeing WPD's ongoing social contract and the programme of activities it leads to?

WHAT SHOULD WPD's SOCIAL CONTRACT CONTAIN?

- A few examples include, commitments to deliver:

Industry leading performance

Positive outcomes for customers in vulnerable situations

Community and environmental benefits

Fair prices and returns/profits

Local community investment

A framework for engaging local communities

Clarity on tax affairs and dividend payments to shareholders

Responsible and transparent Board governance arrangements

Transparent mechanisms so customers & stakeholders can influence decisions

Excellent environmental performance

Inclusion of methods for measuring the social impact of activities

Innovation to meet societal challenges (not just regulatory / technological ones)

Consequences if we fail to deliver on our social contract?

HOW SHOULD WPD PRESENT IT'S SOCIAL CONTRACT?

Do you think the social contract should be:

- A. **The Business Plan as a whole** – every commitment and output should be seen in this light
- B. **A section contained within the Business Plan**
 - A set of commitments and ways of working that are additional to Ofgem's 3 output types?



- C. **A separate, standalone document.** For example, the Business Plan is what we commit to deliver; the social contract is how we will deliver it?

QUESTION: HOW SHOULD WPD DEMONSTRATE IT IS DELIVERING IT?

- Scrutinised and reported on by WPD's Customer Engagement Group?
- External accreditations – e.g. the Fair Tax Mark?
- External audits?
- Annual WPD reporting of performance against commitments?
- Benchmarking - e.g. UK customer satisfaction index?
- Customer research – are we delivering social value? What have the impacts of our actions been?
- Stakeholder (regional) feedback and surveys?

TABLE DISCUSSION

1. What should WPD's social contract contain?
2. How should WPD present it's social contract?
3. How should WPD demonstrate it is delivering it?



ELECTRONIC VOTE 7:

**How should WPD present it's social contract?
(select one option)**

1. The Business Plan as a whole is the social contract
2. The social contract is a separate section within the Business Plan
3. The social contract is a separate, standalone document



ELECTRONIC VOTE 8:

How should WPD demonstrate it is delivering it's social contract? *(in any order, select your top three)*

1. Scrutinised and reported on by WPD's Customer Engagement Group
2. External accreditations – e.g. the Fair Tax Mark
3. External audits
4. Annual WPD reporting of performance against commitments
5. Benchmarking - e.g. UK customer satisfaction index
6. Customer research
7. Stakeholder (regional) feedback and surveys