



Stakeholder Engagement Strategy

A foreword from Douglas McAdam, member of our Stakeholder Advisory Panel and RIIO-T2 Challenge Group

I am delighted to be able to contribute a short foreword to this Stakeholder Engagement Strategy, an important document that will guide this crucial area of work for SHE Transmission in the future. Recently put out to public consultation, this document has now been updated and finalised incorporating a raft of what was overwhelmingly positive stakeholder input.

The challenges are clear. In the face of a climate emergency, growing pressures on biodiversity, increasing concern regarding fuel poverty and vulnerable customers, changing dynamics of how society and business interact with networks and the fundamental need to decarbonise our energy whilst delivering value to customers and end consumers, never has it been more important for networks companies to put the voice of the stakeholder at the very centre of their business planning and delivery. SHE Transmission are clear that this is their objective and I believe this Stakeholder Engagement Strategy will greatly help deliver this ambition.

The issues at play are now much wider than ever and businesses must respond accordingly to help deliver in the wider public interest. Meaningful stakeholder engagement and relationships are essential foundations to achieving that.

As a member of both SSEN's Stakeholder Advisory Panel and SHE Transmission's RIIO-T2 User Group, I have seen first-hand how SHE Transmission have responded to stakeholder feedback and grasped the challenge of developing a reinvigorated approach to stakeholder engagement. Through our work we have also been able to challenge and support the business to help it better understand their stakeholders – who they are, what are the key concerns and issues, and how to best engage and build relationships with them.

A strategy doesn't stand still and it will be important to keep this strategy document live to keep it relevant and effective, with regular updates on progress to stakeholders and the public.



Introduction from Christianna Logan, Director of Customers and Stakeholders

The publication of this Stakeholder Engagement Strategy is a pivotal moment for SHE Transmission. While stakeholder satisfaction with the service we provide is high, this new strategy recognises there is much more we can do to build meaningful ongoing relationships with stakeholders and deliver best value from engagement.

It sets out how we will build a culture of engagement across our business through our commitment to improve the stakeholder experience, increase consistency in our processes and decisions and further energy transition aims.

To determine the strategy, we spent 18 months getting to know our stakeholders better. Through research, discussions and consultations we actively sought honest views and feedback on our engagement and the stakeholder experience of our business. This identified what stakeholders really want from our business and how our engagement can support those needs. Themes of strategic engagement, shared values, accessibility and collaboration have become defining features of our new strategy.

We're responding to the call from our stakeholders to look outside our sector for true best practice engagement, using this to stretch our ambition and inform our objective design.

This new strategy puts stakeholders at the centre of our business strategy and decision making. This aligns our interests with those of our stakeholders. When we are successful, our stakeholders become advocates of our activities and our business, further supporting the delivery of positive outcomes for all stakeholders. Ensuring this success relies on fully implementing this strategy and embedding a culture of engagement. We have scaled up our team to deliver this and are excited by our early progress.



About us

We are Scottish Hydro Electric Transmission (SHE Transmission), part of the SSE Group, responsible for the electricity transmission network in the north of Scotland.

We operate under the name of Scottish and Southern Electricity Networks, together with our sister companies, Scottish Hydro Electric Power Distribution (SHEPD) and Southern Electric Power Distribution (SEPD), who operate the lower voltage distribution networks in the north of Scotland and central southern England.

As the Transmission Owner (TO) we maintain and invest in the high voltage 132kV, 220kV, 275kV and 400kV electricity transmission network in the north of Scotland. Our network consists of underground and subsea cables, overhead lines on wooden poles and steel towers, and electricity substations, extending over a quarter of the UK's land mass crossing some of its most challenging terrain.

We power our communities by providing a safe and reliable supply of electricity. We do this by taking the electricity from generators and transporting it at high voltages over long distances through our transmission network for onwards distribution to homes and businesses in villages, towns and cities.

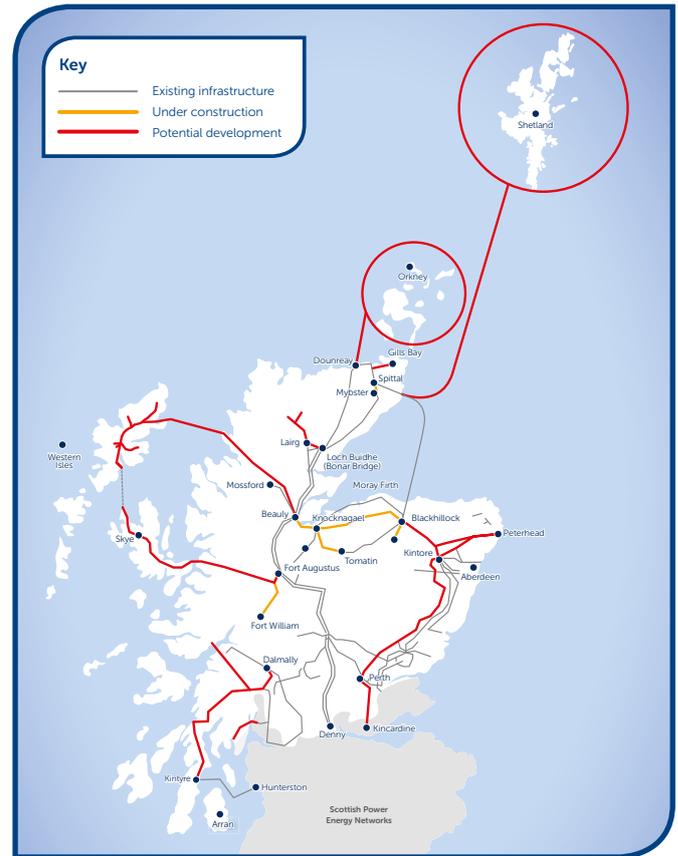


Figure 1: Our existing and (potential) future infrastructure

Our new stakeholder engagement strategy

After recognising that we could improve our stakeholder engagement, we spent 18 months specifically engaging with people and actively listening to their views and opinions on how we interact and involve people in our business activities.

Working with external specialists we have created this new Stakeholder Engagement Strategy which has been built on our stakeholders' input, alongside extensive research into best practice. It includes why we engage, what our ambition is for stakeholder engagement, our new strategic objectives and enhanced principles.

You can also find in this publication information on how we have created this strategy, what we believe success will look like and how we plan to put this strategy into practice.

If you have any questions or would like to provide any comments on this document and the information within it, please contact our Communications Policy Manager, Sarah Dooley via email at sarah.dooley@sse.com or phone on +44 (0)7469411628.

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Why we're updating our strategy

We know from the most successful companies that good performance is inextricably linked to effective engagement. It helps us to understand our place in society; holds us to account; ensures we can adapt to the rapidly changing external environment in which we operate; and ultimately improves the services we offer our stakeholders and the decisions we take on their behalf.

In an era of social, technological and environmental disruption, where new forms of collaboration are emerging and demands for transparency are transforming regulated industries, there are growing calls for companies to find more effective ways to engage with stakeholders.

This rate of change, particularly in the energy industry as we transition to a low carbon economy, is creating a far more complex environment to operate in. Our new Stakeholder Engagement Strategy needs to reflect this changing world.

During RIIO-T1 (our current price control period) we have seen huge changes in the stakeholder engagement landscape. Whilst some areas of our business have responded to this and improved, our stakeholders have highlighted that this has created inconsistencies and challenges. For example, our processes for capturing and reporting on stakeholder feedback are no longer allowing us to meet their needs in a timely manner.

Where our experiences have been positive (such as our activities to identify potential network requirements which included extensive engagement with over 150 stakeholders¹) it has shown us that improved stakeholder engagement can deliver: increased stakeholder satisfaction, better outcomes for consumers and society, and real progress on energy transition aims.

Our stakeholders have vocalised this. Over the past two years we have been working with them to shape our strategic objective for RIIO-T2². A key point they raised was the criticality of engagement with stakeholders and the need for more customer focus. Developing this input further, we agreed that being stakeholder led should be a key strategic theme of our RIIO-T2 Business Plan, ensuring customer needs are the drivers of all our activities.

Being stakeholder-led requires us to assess the value of our stakeholder engagement activities to ensure we are delivering the best outcomes for our stakeholders. By acknowledging how critical stakeholder engagement is to our business we understand the need to set ourselves targets and measure our success against them.

This strategy will help us to improve and develop a culture of engagement that enables us to become stakeholder-led, now and in the future. By reviewing our current processes, evaluating best practice and consulting with our stakeholders, we have created the following pages which demonstrate how we intend to build upon our positive experiences and become leaders in stakeholder engagement.

¹ <https://www.ssen-transmission.co.uk/information-centre/industry-and-regulation/future-energy-scenarios/>

² <https://www.ssen-transmission.co.uk/media/3222/engaging-on-our-strategic-objective.pdf>

Our stakeholders

The picture below highlights our stakeholder groups, which will grow as we transition to meet changing market demands. By developing a full picture of our stakeholders and understanding exactly who they are, we will be able to tailor our engagement with each audience on every activity by level of influence, interest, impact, knowledge and value. This will ensure purposeful, meaningful and accessible dialogue at all stages, and enable us to deliver value for money services that exceed stakeholder expectations.

Definition of a stakeholder

For our strategy we have adopted AccountAbility's definition of stakeholder which is "any individual, group of individuals, or organisations that affect and/or could be affected by [our] activities, products or services, and/or associated performance"³. We recognise this includes, amongst others, our customers, end consumers and members of the public, and new stakeholders who we are currently unaware of.

Defining our customers

As a transmission system owner, our direct customer is National Grid ESO and indirectly the electricity generators, large demand customers and distribution network owners that are directly connected to our network. With a significant proportion of the generation feeding on to our network being directly connected to the distribution network, we also consider these parties to be our customers.

Engaging with the GB end consumer

We are mindful that members of the public are our final consumer and we are rightly under significant scrutiny to ensure we invest bill payers' money in the right way. As the energy market changes our stakeholders are telling us that we need to increase our engagement with end consumers. Whilst we have started doing this during our RII0-T2 engagement, we have now formally included them in our Stakeholder Engagement Strategy.

Reaching out to new stakeholders

In addition to our current stakeholders, the transition to our new flexible, democratised, de-centralised energy future will require us to reach out to new stakeholders in new ways. We will identify those new stakeholders by actively improving how people can contact us and developing mechanisms to encourage involvement (e.g. open innovation awards, research and thought leadership reports, subject webinars). By continuing to leverage our existing stakeholder networks and expanding our use of digital channels, we will drive awareness of opportunities to work with us in a way that is inclusive and accessible to all.

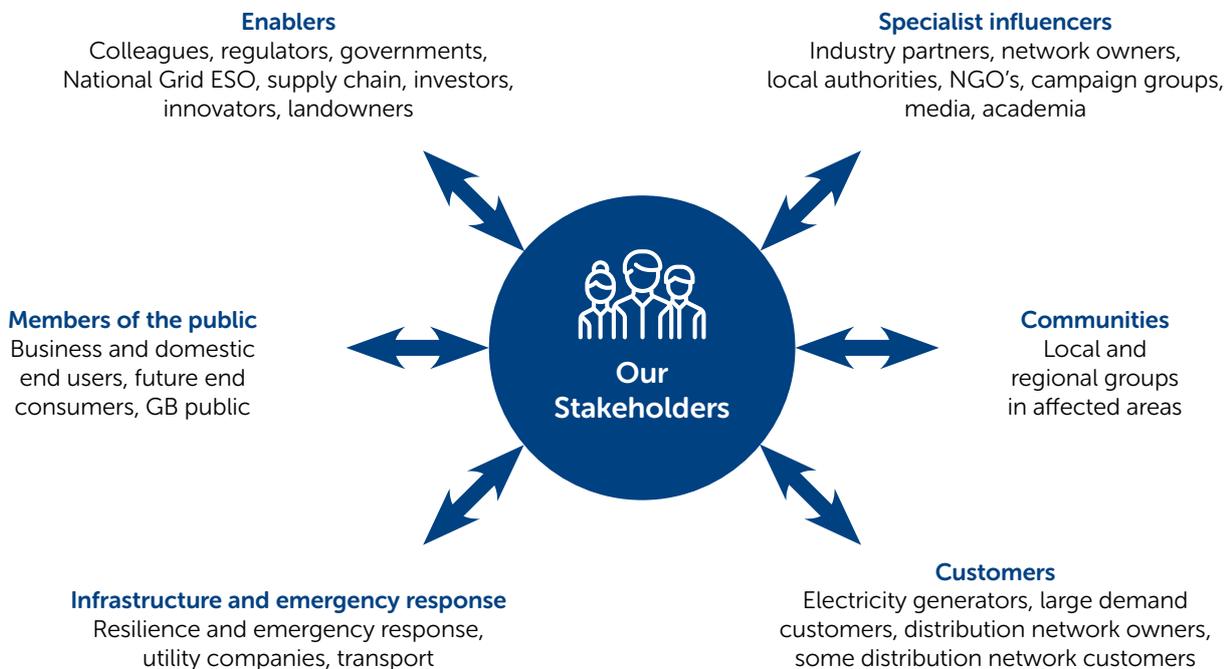


Figure 2: Our stakeholder groups

³ AA1000 Stakeholder Engagement Standard (AccountAbility, 2015) available at: https://www.accountability.org/wp-content/uploads/2016/10/AA1000SES_2015.pdf

Our strategy

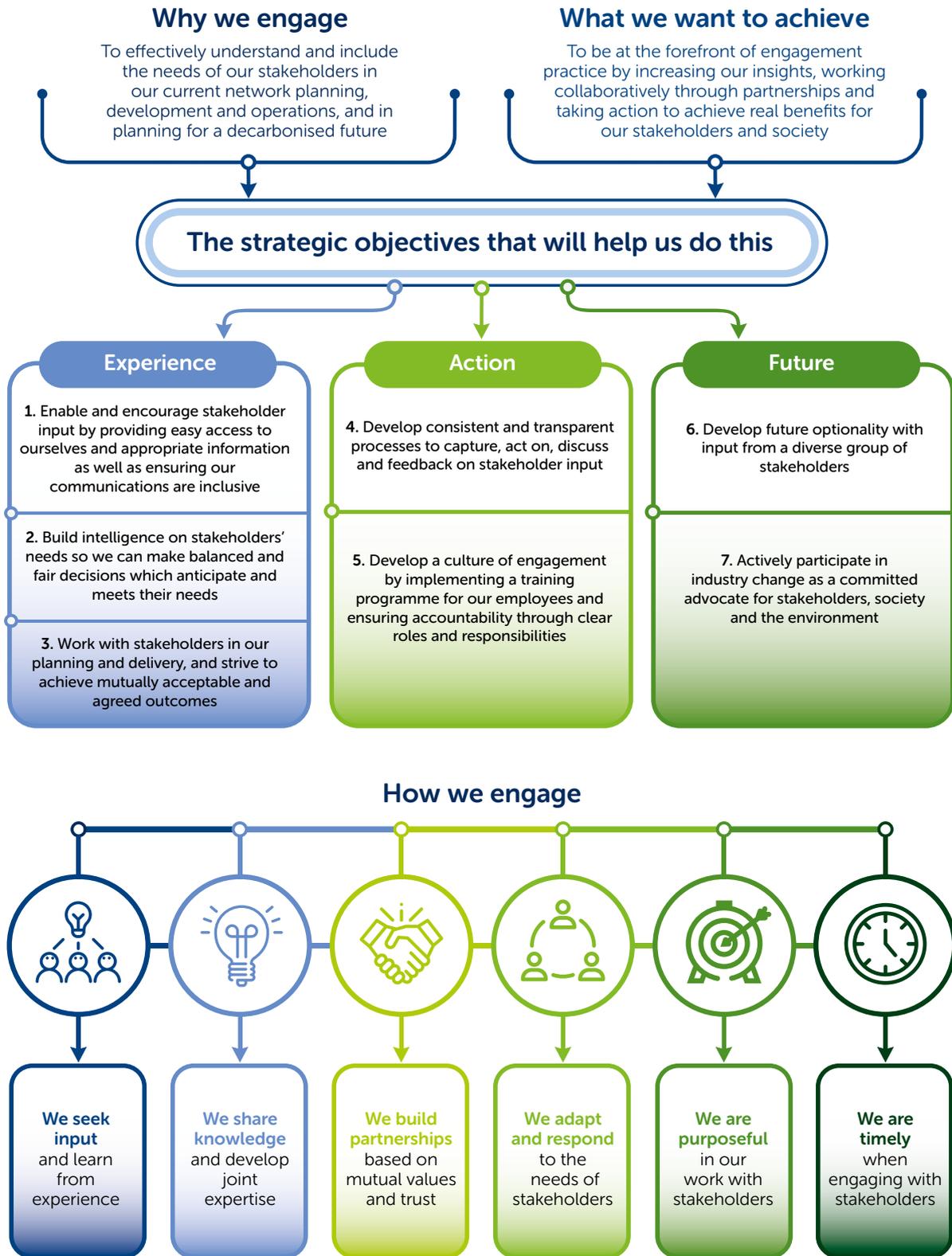


Figure 3: Strategy

Our new strategy has been structured around four connected areas: why we engage with people, what we want to achieve, our objectives, and our principles which define how we engage.

Why we engage

Our research has furthered our understanding of stakeholder engagement including how it benefits all those involved. This information, alongside our stakeholders' input and our desire to improve, has increased our resolve to succeed in this area, which starts with a clear purpose of engagement.

It is only through successfully involving people in our day to day activities and our strategic business activities, that we will be able to develop a comprehensive understanding of our stakeholders and their needs. And it is only with this understanding, that we will be able to conduct our business in way that enables us to meet those needs.

What we want to achieve

We continually strive to achieve ambitious targets for the benefit of our stakeholders and society. This is evident in our approach to sustainability and our rate of delivering new infrastructure for a low carbon economy. This level of ambition is present in our new Stakeholder Engagement Strategy, as we recognise the need to go further than current best practice.

To do this we have set ourselves the ambition to be leaders in stakeholder engagement – in our industry and beyond. We want to be at the forefront of stakeholder engagement practice, ensuring our strategic priorities align with the needs and expectations of our stakeholders. We'll do this by building meaningful stakeholder involvement into all our decision-making and ways of working.

Objectives

When determining our new objectives, we considered three key areas: how we can improve our stakeholders' experience when engaging with us during day-to-day activities and strategic decisions; what signification action we can take to create a step change in our approach to stakeholder engagement; and how we can work with stakeholders to strategically shape a resilient energy future. Our objectives have therefore been grouped under the headings experience, action and future.

We will start implementing and measuring our strategic objectives in 2019 and continue throughout the RIIIO-T2 price control period (2021-2026); because of this the objectives have been considered with the current metrics in mind i.e. the Stakeholder Satisfaction Survey and our Stakeholder KPI's. However, each objective will have specific targets and measures which are still in development and will be defined further in the Stakeholder Engagement Action Plan.

Stakeholder input

"You need to move away from communicating to engaging. Engagement is more: 'we have this issue or opportunity and we think we'll do this, but we'd like your input on how? Is there something we've not thought of?' It's where the audience actually has chance to influence and have a say, and it would be done at an earlier stage."

"I'd like to see an ambitious company who's trying to do things differently. It's not just about ticking boxes and speaking to tons of people. It's actually being clever about the right kind of people."



How we engage

Our principles explain the way we engage with our stakeholders. They help us deliver our ambition by defining the culture we want to develop and the behaviours we want to adopt.

Our previous principles were built upon the Accountability AA1000 Stakeholder Engagement Standard and helped steer our previous improvements in engaging with stakeholders. They encouraged us to be: inclusive, tailored, purposeful, timely, transparent and responsive⁴.

As we reviewed the stakeholder input, we found that these principles are still valid. However, we wanted to build upon them to incorporate the additional improvement, stakeholders asked for.

The intent of our previous principles is captured in our new approach, along with new elements which will steer our colleagues when deciding who, how and when to engage.

Stakeholder input

Most stakeholders acknowledged that we can't always deliver stakeholders requests or change our approach. Where this is the case, they have told us to be transparent and clearly communicate our reasoning so that we can build credibility and trust.

Engagement is resource intensive for our stakeholders and they have asked for us to partner up with other businesses to create joint events.

Both internal and external stakeholders feel we must continuously improve by increasing our use of stakeholder input and best practice research.



Principle 1: We seek input and learn from experience

When we proactively reach out to stakeholders, we achieve more efficient outputs because we are informed by a diverse range of information. This allows us to meet the needs of our stakeholders, increase innovation within the business and develop our continual improvement process.



Principle 2: We share knowledge and develop joint expertise

We recognise to solve the energy challenges we face, we need external expertise, but we also have knowledge that can help our stakeholders. By sharing knowledge, we can speed up the learning process, develop innovative solutions, and improve our stakeholders' satisfaction as it gives them the information they require.



Principle 3: We build partnerships based on mutual values and trust

To deliver whole-system outputs that deliver the most benefit to the end consumer, we need to work as partners. This means we need to develop stronger relationships which enable open and honest discussions and encourages shared responsibility where appropriate.



Principle 4: We adapt and respond to the needs of stakeholders

Energy networks are built and operated to meet the needs of current and future customers. To do this, we sometimes need to make decisions which may not satisfy all stakeholders; particularly where the interests of different parties are in conflict. However, we will adapt where possible and provide clear information on decisions and reasoning.



Principle 5: We are purposeful in our work with stakeholders

We understand that our stakeholders have wider priorities, beyond those that we share. We also acknowledge that they may have resource constraints. Therefore, we will create a culture that drives us to create purposeful engagement opportunities that are focused on achieving beneficial outcomes.



Principle 6: We are timely when engaging with stakeholders.

Our stakeholders have specifically told us to improve our planning as timely engagement is important to them. When we engage too late, issues can arise that are not easily fixed, which wastes time and risks a breakdown in trust.

"I totally agree with the Principals which, whilst concise, I feel would enable stakeholders to be involved in the direction and developments of the network to meet customers' needs and respect their values." – Supply Chain

⁴ AA1000 Stakeholder Engagement Standard (AccountAbility, 2015) available at: https://www.accountability.org/wp-content/uploads/2016/10/AA1000SES_2015.pdf

What success looks like

We want to co-create solutions with stakeholders in a structured, fair and balanced process. We believe success is when our stakeholders trust us and advocate on our behalf. This will be achieved by: understanding all our stakeholders and their needs; being open to stakeholders raising challenge or questions; coming together to determine the most important areas to focus on; working together to develop meaningful outcomes; and maintaining on-going discussions about what can and can't be achieved.

“We’ve worked with you for a long time, so we know you, we know you have experts on your team and trust you to make the right call, so we don’t need to be involved in all of your decision-making.”

Government/government body representative

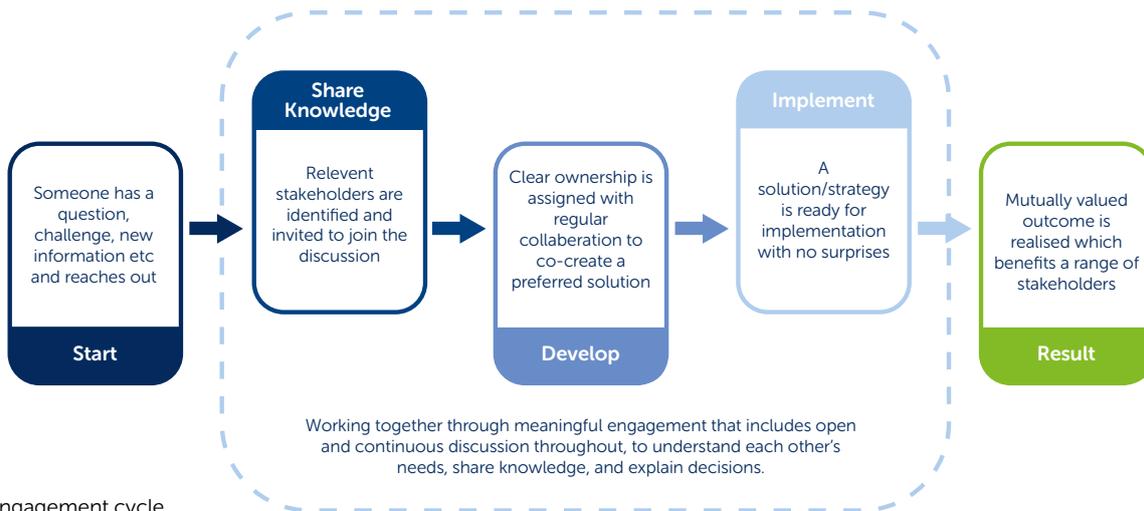


Figure 4: Engagement cycle

Feedback

Our activities require engagement at various stages, including: gathering initial input from a broad range of stakeholders; working with experts during analysis; working with partners to co-create solutions; confirming with impacted stakeholders that we’re doing the right thing; and learning from everyone involved to continuously improve.

Feedback should always be provided to someone who has taken the time and energy to provide input. Whilst developing this strategy stakeholders told us that the level of feedback and method of delivering it should be tailored.

To do this we will: identify those who should/want to be involved; work with them to co-create an engagement plan identifying when, how and what they want to be engaged on; encourage open and continuous discussions; and commit to sharing information that clearly explains how and why decisions are made, including how engagement has been applied.

We know from best practice that to effectively use stakeholder input and deliver meaningful feedback, we need to have processes and systems in place which will enable us to store, search, analyse and retain data. We recognise that we need to improve our current methods, and this will be addressed as part of Objective Four.

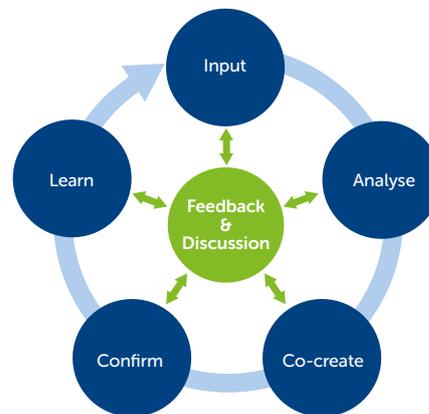


Figure 5: Feedback stages

Stakeholder input

Our RIIO-T2 User Group challenged us to include more information on ‘feedback’ in our strategy. We discussed this critical aspect of stakeholder engagement during our development workshops and external stakeholders were keen to see us tailor our feedback approach, so that we are efficient whilst still being effective.



Objective 1

Enable and encourage stakeholder input by providing easy access to ourselves and appropriate information as well as ensuring our communications are inclusive.

How information is shared plays a large role in stakeholder engagement as it either initiates or develops discussion. This includes: how people contact us; how we determine what information we can and cannot share; and how people receive and understand that information, including people with communication support needs.

Our Stakeholder Advisory Panel and RIIO-T2 User Group have been clear that we should encourage engagement between ourselves and the GB end consumer (either directly or through partnerships), as well as future stakeholders who we are currently unaware of. One of the first steps in reaching new stakeholders is ensuring we are reachable and that people can contact us when they want to start a dialogue.

An example of this, is when people are looking to innovate and develop new services or solutions to keep up with the pace of change. To do this we must be open and transparent with our stakeholders so that together we can develop new ideas. This can only be achieved when the right people can contact each other.

We're also aware that the information we hold could contribute to improved outcomes for our stakeholders. For instance, by providing potential customers with information on current and future connection opportunities, as well as with spatial requirements around our substation, we can help them progress the most optimal connection solution for their own project.

Whether we are providing easy access to ourselves or appropriate information, our communications must be accessible to everyone. Given the large number of people with communication support needs across GB, we need to ensure we do not discriminate or exclude them from the conversation.

By improving our ability in these areas, we will ensure:

- we gain input and value from available sources to enable better decision making;
- we provide the knowledge that helps our customers reach successful outcomes;
- we build a much broader range of partnerships that help us all achieve mutual objectives; and
- everyone can get involved in shaping a resilient energy future.

"We want to see you working with partners more to ensure the end consumer's needs are understood, considered and that you deliver in the highest public interest"

User Group

"I'm pleased to see the strategy is trying to make the journey into your business easier. Currently it can be quite difficult to get hold of the right person"

Government / government body representative

To deliver this objective, we believe it's important:

To start...

challenging ourselves regarding what information can and can't be shared and actively create opportunities to become more open with the information that can. An example of this includes a capacity availability map of our network on our website.

To continue...

to find new ways of providing inclusive communications, such as our 3D modelling (see case study). We will further improve in this area by reviewing, adopting and embedding principles of inclusive communications, such as training employees so that they simplify speech and speak clearly.

Targets we will work towards:

Include increasing the accessibility of our website and providing relevant contact details (which will include details such as areas of expertise) so stakeholders can access the right people. We will also ensure our employees attending events have relevant information from our partners to share with stakeholders, such as highlighting the support people can receive from Distribution when attending local community events.

To measure our progress against this objective, we will monitor:

- the activity on our website including what content is viewed and how people use it to contact us;
- our engagement events to ensure the communications provided are accessible to people with communication support needs;
- requests for information not available; and
- the number of events replicated online with supporting methods of gathering input such as online polls and surveys.

Case study

In 2017, we trialled the use of 3D modelling on one of our projects in Argyll to help stakeholders understand the visual impact of our potential infrastructure on the landscape. This new tool helped a statutory consultee conclude that there was no significant visual effect and that there was no need to underground the cables – the cost of which would have been millions of pounds.

By making our information more accessible (in this instance helping stakeholders visualise and understand the extent of our infrastructure work) it enables and encourages input from our stakeholders. This in turn ensures we make more informed decisions that help us meet the needs of those impacted by our business.

Following the success of 3D modelling in Argyll we are now rolling it out across other projects, delivering value to our stakeholders.



Objective 2

Build intelligence on stakeholders' needs so we can make balanced and fair decisions which anticipate and meets their needs.

The ambition within our stakeholder engagement strategy is to build intelligence on all our stakeholders. This will help us provide customers with a service and solution that is optimal for their project, regardless of its type, size, or what stage of the customer experience they are in; whilst ensuring any decisions made are optimal for the GB end consumer and the communities and environments where we operate.

We have a key role in enabling GB's transition to a low-carbon economy as we provide connections services and a route to market for renewable generators and large-demand customers in the north of Scotland, as well as transmitting power to GB end consumers.

We currently have a relatively high proportion of local and community energy companies in our area. These connecting customers generally have different needs and priorities from larger developers. Supporting the democratisation of energy requires us to meet the needs of all customers and ensure the connection process is as accessible as possible.

Whilst our connecting customers may have different needs from each other, they may also have conflicting needs with other stakeholders such as land owners or communities. For example, each stakeholder group may have different requirements on project timelines. Because of this, we need to increase our intelligence on all our stakeholders, to ensure we can make balanced, fair and informed decisions.

By taking this approach we will be able to:

- develop and nurture stronger partnerships based on trust, respect and openness;
- see commonalities and engage in a timely way to discuss areas of compromise;
- have more meaningful engagement with stakeholders;
- develop stronger business plans and strategies that are closely aligned with our stakeholders and customers;
- improve business as usual activities in real time; and
- tailor our engagement activities to suit our stakeholders' needs.

Stakeholder input

"We should as stakeholders be able to look at everything and see that it's been done with the stakeholder in mind, it's clear they understand that stakeholder group and they have reflected their needs."

"It should be, 'this is what our stakeholders want, this is how we're trying to find new ways of doing things to meet these needs.' It's not a direct, 'the stakeholder wants, the stakeholder gets.'"

"For starters, they should get in our shoes, understand what makes us tick, listen to our needs."



To deliver this objective, we believe it's important:

To start...

building new research and feedback capabilities. This will require new activities which we will build into our Action Plan, for example, providing stakeholders opportunities to self-select interest and priority areas.

To continue...

our successful engagements such as our regional events and external stakeholder groups/panels. We will also increase the scope of our account managers (which is currently tailored to connecting customers) and provide this service to more stakeholder groups.

To stop...

late engagement with stakeholders, by understanding when they would like to get involved and which stages they can provide meaningful input.

Targets we will work towards:

Include increasing the scores of our stakeholder satisfaction. The means of measuring this will be investigated as part of our Action Plan.

To measure our progress against this objective, we will monitor:

- the output from research to ensure we are gathering the right quantity and quality of information to feed into our decision making;
- complaints received to determine if and how our new stakeholder engagement approach is having an effect; and
- social media commentary related to us, as well as material published by key stakeholders.

Case study

When we started working Orkney for the first time, it was critical to engage early with stakeholders to understand their specific needs. Following engagement with the Orkney Islands Council, key statutory consultees, and residents we developed an understanding on their concerns regarding the traditional steel lattice towers used to carry 220 kV lines, as they would significantly impact the landscape.

With this knowledge, we committed to underground the full 14km of line between the landing point at Warebeth and a proposed substation near Finstown. Over the following 2 years we continued to build our knowledge through public events, stakeholder meetings and specific consultation on the substation and overhead lines providing connections for our customers. This resulted in a reduction in visual and heritage impacts through improved design and landscaping at Finstown substation, and a commitment to underground approximately 25% of the proposed 132 kV infrastructure. This is greater than any other comparable project that we have previously undertaken or proposed, but is reflective of the special environments in Orkney.

As a new entity to the people of Orkney, we have sought to establish relationships with all stakeholders; striving to build trust by listening and understanding their needs, and acting on them by revising our designs to achieve acceptable compromise in line with our Operator's licence.



Objective 3

Work with stakeholders in our planning and delivery, and strive to achieve mutually acceptable and agreed outcomes.

We currently involve stakeholders in our construction and business projects. However, we want to improve this. By identifying and engaging with stakeholders earlier, creating opportunities to co-create solutions, and holding regular engagements throughout their involvement with us, we can co-create solutions which our stakeholders consider acceptable.

We have a proven track record of successfully delivering large infrastructure projects in the challenging north Scotland terrain (in terms of its geography and climate). Furthermore, our business is willing to take on large, ambitious projects that use innovative technology to build a more resilient and efficient network. Our success on these challenging projects is down to the relationships we have developed with our stakeholders.

For instance, Caithness-Moray is the largest single investment ever undertaken by the SSE Group and represents the most significant investment in the north of Scotland electricity transmission system since the 1950s. This successful and highly complex project, which included the use of new HVDC (High Voltage Direct Current) technology, required input from our internal experts, contractors, communities, councils, NGOs and a whole host of other stakeholders.

Our approach to engagement has evolved to reflect the lessons learnt on every project from the Public Inquiry for Beaulay to Denny Power Line back in 2006, to Ofgem's recent consultations on Orkney, Shetland and the Western Isles. Going forward we want to take this evolution further as we continue to invest in projects across the north of Scotland and contribute to the low-carbon economy.

By enhancing the way we work with stakeholders when planning and delivering our business activities, we will be able to:

- ensure all stakeholders are given the right information to have informed discussions and reach mutually-acceptable and agreed outcomes;
- ensure everyone has access to subject matter experts;
- engage early whilst there is still opportunity to compromise; and
- build lasting partnerships.

"In general, we feel that we have got to the stage where inclusion and conversation has become the accepted working practice, and if that is taken seriously and continues we are content with the work done so far"

Business representative

To deliver this objective, we believe it's important:

To start...

co-creating engagement plans with stakeholders, so that meaningful opportunities to provide input are agreed. These plans will be shared to encourage input from a wide range of stakeholders. This will ensure stakeholders understand what is happening so that they can hold us accountable, as well as enabling the co-creation of early solutions.

To continue...

to identify and engage with impacted stakeholders. We currently begin engagement with stakeholders when selecting a preferred solution. However, we believe we can start working with stakeholders earlier and we will improve in this area.

We will stop...

anticipating solutions in isolation, instead we will co-create potential solutions. We will also stop the confusion between communicating and engaging, ie we will be honest about when there is and isn't genuine opportunity to affect change.

Targets we will work towards:

include increasing the number of stakeholders we engage with during the earlier stages of a project, as well as striving to complete all projects without official public inquiries. We will aim for 100% of projects and business activities to be accompanied by stakeholder feedback.

To measure our progress against this objective, we will monitor:

- the quality and timings of plans to ensure they have been built with stakeholder input.
- the number of compromises and agreed solutions; and
- the outcomes to ensure they are mutually acceptable.

Case study

In 2011, our Marine Consents team sought pre-application input from Scottish Natural Heritage (SNH) on several power cable landfalls along the Moray Firth's southern coast, including one that would affect a Site of Special Scientific Interest (SSSI) at Spey Bay. SNH advised us that Spey Bay is nationally important for natural features, including coastal processes (with coastal retreat averaging up to 1m/year over recent decades).

It was not possible to avoid the cable landfalls occurring within the SSSI and it was imperative that the cable landfalls were 'future-proofed' for their lifetime. So, we worked with SNH throughout the project life cycle to develop mutually acceptable solutions. From agreeing early on to tunnel the cable under the beach to avoid damaging the SSSI features; to using new Dynamic Coast projections of future erosion to assess local beach dynamics and erosion risk when challenges were identified in 2015.

Finding acceptable solutions to enable installation of the cable involved collaboration between ourselves, SNH and the regulators. In 2017, the future-proofed landfall was successfully installed under the beach, without disturbing the SSSI.



Objective 4

Develop consistent and transparent processes to capture, act on, discuss and feedback on stakeholder input.

Our ambition is to improve our processes by making them consistent and developing them so that they reflect best practice. They will clearly state how, when and who will conduct stakeholder engagement within our business.

Since 2010 our business has grown substantially: we have invested £3 billion to enable new connections for renewable generation by upgrading and growing the transmission network in the north of Scotland. This growth requires us to update our processes so that they reflect the changing world. The feedback received from stakeholders has highlighted this further, pointing to a lack of consistency across our business regarding stakeholder engagement.

Furthermore, our industry has increasing expectations around stakeholder engagement as the energy service aims to become more democratic, with stakeholders playing a larger role in the energy market.

Considering all these points, and the ambitions within this strategy, our current processes require a full review. Currently we have areas of excellent stakeholder engagement practice. Our Sustainability Strategy, our RIIO-T2 engagements, and the planned works and projects across the North East and East Coast have all received excellent feedback. Therefore, we will use these examples, along with the lessons from best practice, to develop agile processes which ensure we continuously improve.

This will enable us to:

- increase value for the GB end consumer by using input from experts to solve problems;
- make more informed decisions that lead to positive action;
- develop a reputation for meeting expectations;
- ensure consistency across our business;
- improve how we feedback to stakeholders on how we have used their input; and
- build partnerships based on trust.

Stakeholder input

"When a proposal is made and we suggest an alternative it would be helpful to get response on what has happened and why it has happened...explain decision...communicate why plans change."

"Sometimes, I don't think that you're sufficiently up front about why decisions have been made. Sometimes, as a stakeholder, you'll receive a report about something, and the reasons given for why something has been done don't quite stack up. You need to be more honest and transparent about these sorts of things."

"A KPI relating to how you identify and respond to issues, such as delays in projects would be helpful."



To deliver this objective, we believe it's important:

To start...

developing a new over-arching process that sets out what must be done regarding stakeholder engagement and how. This process will then be tailored to the need, e.g. project delivery or environmental strategy. Once these processes are in place and employees have been trained, internal audits and assurance will be carried out.

To continue...

using stakeholder engagement templates. However, we will develop this approach further and build a complete toolkit for our employees. This will include direction on how to describe what employees are trying to achieve, which stakeholders can help, and how employees can engage with those stakeholders. Once employees have engaged and captured information, the tool kit will be used to document and respond to stakeholders with feedback on their input and the outcomes of the engagement.

Targets we will work towards:

Include ensuring all stakeholder engagement processes are approved and published by 2021. This will include the toolkit.

To measure our progress against this objective, we will monitor:

- the progress on process development, roll out, and employee training;
- the use of the toolkit, including the number of views/downloads from within the business;
- the quality of feedback issued to stakeholders;
- our Health Check score against the AA1000 Stakeholder Engagement Standard; and
- our progress against the Action Plan.

"It would be reassuring if you could go further and make stakeholders aware that an item of feedback was available and how the issue was resolved."

Local authority representative

"It would not necessarily be useful for people to receive an email saying 'Here is the draft report. Take a look and give me a call if you have any issues', because this approach would be too broad. You need to seek ways to get more targeted feedback instead."

Business representative

"Sometimes by developing relationships, you can be more honest and open; that is the most meaningful way to get feedback, rather than just numbers."

Infrastructure/engineering representative



Objective 5

Develop a culture of engagement by implementing a training programme for our employees and ensuring accountability through clear roles and responsibilities.

Successful, sustainable businesses have stakeholder engagement as a strategic priority and an integral part of their culture. To achieve this, we will build on the existing strengths in our culture, so employees put stakeholders at the centre of our activities.

Over the last five to ten years, we have been heavily focused on the delivery of large capital projects, primarily driven by the rise in renewable generation customers in the north of Scotland seeking access to the GB transmission system.

Our success to date has, in part, been due to establishing and maintaining positive working relationships with our stakeholders. For example, when we've worked with communities on projects such as Orkney, and Knocknagael to Tomatin, or with stakeholders on our sustainability and environment strategies.

While our employees recognised the significant progress made in our approach to stakeholder engagement during this period, they are also aware of the changing environment we operate in and recognise the need to take a more considered approach. As our business and industry transforms, we want to ensure that all areas of our business are focused on engagement and the need to deliver in the interests of our stakeholders, society and the environment.

Going forwards we will provide training to all employees to ensure they have the skills required to engage with all stakeholders. They will have the opportunity to practice and continuously improve these new skills, and we will ensure that there is clear accountability so that our new approach to stakeholder engagement becomes business as usual (BAU).

This will ensure:

- employees understand the value of transparency and create opportunities to discuss compromise with stakeholders;
- stakeholder engagement processes are consistently applied throughout all teams in the business;
- all employees are supported and empowered to engage and advocate for stakeholders within the business – including our subject matter experts; and
- employees listen to stakeholders' points of view and negotiate to agree mutually acceptable outcomes.

"It's a complete culture change you're going for. It has to be driven from the top. Leadership has to take a role; that's a real challenge. Some embrace change, but there are always a few people who it's more difficult to change"

Developer/connections representative

"You have addressed our challenge about how you plan to embed this in the business. You just need to make sure the leadership team are considerate towards the early mistakes which will happen as employees begin to engage more."

User Group

To deliver this objective, we believe it's important:

To start...

activities that will lead to shift in culture, including training and communications. To do this we will carry out a comprehensive Training Needs Analysis and begin working with external training specialists in stakeholder engagement. This will help provide our employees with the knowledge and skills to confidently engage with all stakeholders.

To continue...

the inclusion of stakeholder engagement our HR processes. We will develop this further by reviewing and updating areas such as the induction process and our role profiles, so that they include our new approach to stakeholder engagement and the responsibilities required to support it.

To stop...

inconsistent approaches to stakeholder engagement, by bringing all engagement activities up to the standard of our exemplar areas and identified best practice.

Targets we will work towards:

Include ensuring the training programme is in place with a 100% completion rate over the next two years. We will set dynamic targets on the percentage of employees documenting stakeholder input and supporting engagement activities, this will be developed in more detail in our Action Plan.

To measure our progress against this objective, we will monitor:

- progress on the development and implementation of the training programme;
- progress on the culture change via training feedback forms and culture surveys; and
- the use of stakeholder input throughout the organisation via a reporting process that will use evidence from our systems, tracked decision logs and internal engagements.

Best practice we will replicate

During our research we looked at the UK government communications service (GCS), which is trying to build employee's stakeholder engagement competency. As part of this, they have a dedicated area on their website for self-learning resources. This area includes book suggestions, videos, links to webinars, details on training courses and a tailor-made toolkit for employees⁵. This toolkit includes a clear process to support employee's engagement with stakeholders, equipping them with helpful tools and advice⁶.

⁵ <https://gcs.civilservice.gov.uk/professional-development/aspire-curriculum/strategic-engagement/>

⁶ <https://gcs.civilservice.gov.uk/wp-content/uploads/2017/03/Stakeholder-Toolkit-210316-1.pdf>



Objective 6

Develop future optionality with input from a diverse group of stakeholders.

Our ambition is to bring together a wide range of stakeholders, from experts and influencers, to current and future end users, to share and gather information which will help us define and prepare for potential futures.

The GB energy landscape has undergone significant change in the past decade. Decarbonisation and renewable energy targets have driven a rapid growth in renewable energy generation and overall reductions in electricity and gas demand.

In planning for the future of the north of Scotland's energy system we need to account for the region's unique geographical, topological and socioeconomic features to ensure we can continue to meet customers' needs over the next decade and beyond.

Building different scenarios for how the future could develop, allows us to consider what these needs might be under different outcomes. This will help determine our network development options and the scale of investment required to meet future demand, as well as improving our service to future customers.

To do this we must understand which technologies are likely to impact energy generation and demand, and how energy users might use the network in the future. This requires us to draw on deeper knowledge from a broad range of current and future stakeholders, including government and local authorities, statutory authorities, other Transmission Owners, Distribution Network Operators and the System Operator (to facilitate whole-system planning), as well as our customers and energy innovators.

By gathering and developing this information with stakeholders, it will ensure we:

- stay close to the pace of change by being active in the conversation;
- develop business strategies and plans that are at the forefront of our industry;
- ensure we position ourselves to deliver future customer needs;
- develop partnerships that are built on shared needs and goals; and
- identify stakeholders and develop deep engagement with them to solve future issues.

Stakeholder input

"There are new stakeholders, new technologies, and you've got to connect all those different kind of people who are going to start engaging with the network. It's trying to identify their needs and find a way to meet them. That's, for me, what Stakeholder-led Transmission should be focused on."

"I was involved in one of the workshops discussing the energy future but there hasn't been much engagement following that. I'm very keen to work collaboratively in this area in order to really drive this forward."



To deliver this objective, we believe it's important:

To start...

sharing appropriate data more widely, to encourage a more open source approach to the development of future scenarios and projects within the industry and beyond. We will also start a regular, formal review of relevant industry events and ensure we have a presence at these.

To continue...

our engagement with other Transmission Operators and Distribution Network Operators. We will further develop our engagement in this area so that we can increase the number of joint events we organise and attend, as well as increase the level of our contribution to our stakeholders' scenario development. We will also increase the type of stakeholders we engage with, this could possibly include the food and drink industry, housebuilders, and more organisations which are specifically consumer focused.

Targets we will work towards:

include a set number of stakeholder groups to engage with and partnerships developed, as well as publishing a regular scenarios report with stakeholder engagement clearly demonstrated. Further options and details will be explored and published in our Action Plan.

To measure our progress against this objective, we will monitor:

- the number, scale and quality of input we gain from stakeholders through the evidence logging and feedback material;
- the number of targeted workshops we will run and the range of stakeholders who attend;
- the number of events we present and share knowledge at; and
- the quality of our feedback to stakeholders, this will include the information gathered and the analysis that led to specific outcomes.

"The new National Planning Policy Framework (NPPF) will play a huge role in your operations going forward, so you need to consider that. All the strategies need to be joined up at a national level, so that everything connects together harmoniously."

Local authority representative

"I very much appreciated the opportunity to take part in the Future Energy Scenarios workshop."

Local authority representative



Objective 7

Actively participate in industry change as a committed advocate for stakeholders, society and the environment.

Our stakeholders have requested that we become more active in industry change, highlighting to us the benefits it could bring. Because of this, our ambition is: to ensure our stakeholders are aware of and understand the implications of industry debate; to actively join conversations on change ensuring key decision makers such as regulators and government have given due consideration to the needs of our stakeholders, society and the environment; and where we can, to lead industry change.

Throughout RIIO-T1 we have been operating in an uncertain political and economic environment of changing governments, referendums and policy regimes. This is coupled with increasing technology innovation and the ever-changing energy landscape (for example Ofgem's significant code review on connections charging and the introduction of subsidy availability for on shore islands wind).

Furthermore, as GB's energy system transitions towards a low-carbon economy, there are additional factors to consider such as decarbonisation, decentralisation, democratisation and digitalisation within the industry. The implications of all these changes affect everyone, including our customers and the GB end consumer. Therefore, change needs to be managed effectively and delivered in a fair and efficient way.

During RIIO-T1 we have found that smaller parties such as local community projects were not fully aware of the industry changes or the impacts it could have on them. To help with this we held events to raise awareness of the changes, as well as carrying out standard industry practices (such as securities and liabilities, and Transmission Use of System charges). Other customer engagements on topics such as Ofgem's review of connection charges and the Orkney Alternative Approach (see case study) were valued highly by our stakeholders.

These positive engagements where we sought our stakeholders' views on change and acted upon it has created valued outcomes which we want to continue. We also recognise that industry change can be slow. Therefore, we will actively identify where change is needed (either through our own analysis or at the request of our stakeholders) and advocate for it to be delivered in a timely way.

This approach to change within the industry will ensure we:

- build a resilient energy network that suits current and future generations;
- achieve real benefits for our customers, the GB end consumer and society;
- build partnerships that share ownership and achieve agreed outcomes;
- build trust between ourselves and our stakeholders; and
- create valued relationships where stakeholders advocate for each other.

Stakeholder input

"SHE Transmission should be lobbying more as they are currently being hampered by current government policy which makes it much harder for needs cases to be agreed."

"Instead of being a policy taker all the time you've got to help drive the policy forward much better."



To deliver this objective, we believe it's important:

To start...

creating specific opportunities that help stakeholders understand and develop views on potential and upcoming changes. For example, we aim to establish a new customer advocacy and collaboration service which will include targeted educational events on industry practices.

To continue...

sharing information with our stakeholders to ensure they have the information required to consult. We will also build more structure, including processes and governance, around how and when we advocate for stakeholders.

We will stop...

residual passive behaviour towards industry change, by encouraging all employees in the business to challenge blockers to progress.

Targets we will work towards:

Include our response to an agreed percentage of external consultations, with all responses published on our website. As well as assessing and responding to all requests from stakeholders regarding industry change. These will be developed further in the Action Plan.

To measure our progress against this objective, we will monitor:

- industry-wide decisions, requesting responses to our input and assessing the level of impact our engagement has had; and
- the number of stakeholder requests to initiate or drive industry change, including the scale of change they require.

Case Study

The Islands around Scotland are home to some of Europe's greatest potential renewable energy resources. With significant volumes of potential new renewable generation, developers are trying to find ways to utilise it. Because of this we have been investigating options to help progress transmission connections to the main GB transmission system.

So far, using the 'conventional' industry approach, the changing generation background has made it difficult to demonstrate that reinforcements are needed at any single point in time, despite the need to move to a low carbon future. To overcome this, we decided to look at things differently. By listening to our potential customers, we identified the main barriers to connection which ranged from a lack of government support to regulatory constraints.

Working collaboratively, we proposed an Alternative Approach to address these barriers and help unblock progress. This required working closely with the regulator Ofgem, National Grid ESO and wider industry stakeholders to advocate for changes to industry standard rules.



How we have created our strategy

By working with stakeholders, colleagues and external specialists in market research, communications, and stakeholder engagement, we've been able to co-create our new strategy.

To create a new direction and scope for stakeholder engagement we wanted to start with input from our stakeholders, gathering information on our previous approach and how they would like us to improve. This was complimented with extensive research on our external influences and best practice.

We then formed possible approaches specific to our business by asking further questions based on these findings such as: what 'stakeholder led' truly means, what we should tackle first to achieve it and what outcomes we should seek from engagement. This led to the publication of the draft strategy in June with the aim to develop it further with our stakeholders.

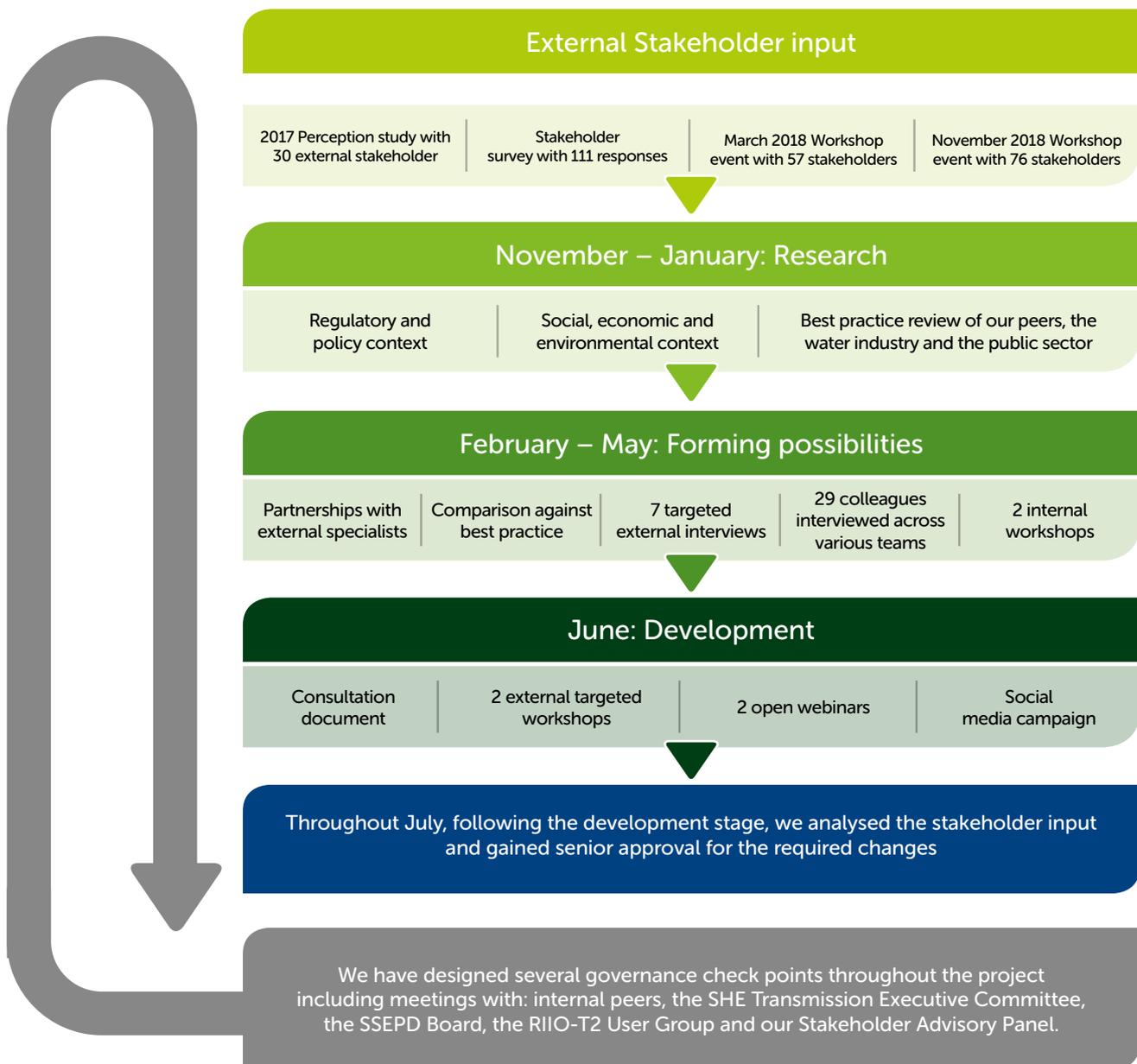


Figure 6: Methodology 2018-2019

Updating the draft strategy

During June we engaged with stakeholders to develop our draft strategy⁷. To do this, we took two approaches:

Targeted engagement with:

- People who responded to the 2017 Perception study;
- Attendees at the March and November (2018) events which discussed stakeholder engagement;
- Those selected for interviews as part of the strategy development;
- Stakeholders previously involved in a strategic piece of work (the North Scotland Future Energy Scenarios); and
- Those recommended by our Customer and Community Manager and Stakeholder Engagement Manager.

We broadened our stakeholder reach by:

- Encouraging everyone involved to share and discuss the draft strategy with their own stakeholders;
- Publishing the strategy online via our website with a link from the home page; and
- Publishing the strategy on social media with direct links to the consultation form and our email address.

We acknowledge that we don't always have a direct link to our stakeholders. By working in partnerships with those that do, such as Citizen's advice, Orkney Renewable Energy Forum, local councils, etc we can build broader engagement which will result in more meaningful outcomes.

The input provided by stakeholders was highly encouraging. Everyone who responded was satisfied with our level of ambition and purpose; and agreed that we were focusing on the right principles and objectives. We feel this positive outcome was achieved through the collaborative approach which started at the beginning, back in 2018.

The comments and discussions with stakeholders throughout June were productive as it showed which details in the strategy needed to be communicated more clearly, and which needed expanding on. For example, stakeholders highlighted objective five needed to include our commitment to create a culture of transparency so that employees are encouraged to be honest, even when they make mistakes. The stakeholder input highlighted throughout this document includes input from all stages of our methodology.

Action plan

To support the Stakeholder Engagement Strategy, a new living document will be created called the Stakeholder Engagement Action Plan. This will explain how we will put this strategy into practice: highlighting the specific initiatives required to deliver our strategic objectives; the measures and targets required for each objective; and who will own the actions within the business to drive them forwards.

By becoming a stakeholder-led business we expect new, positive behaviours and attitudes to develop within our teams. However, we will use the Action Plan to ensure these developments occur in a structured and successful way. To develop this plan, we will follow a similar process of gathering input to create a draft and carrying out further engagements with stakeholders to develop it.

127

people on our targeted stakeholder list

40

people from our targeted stakeholder list responded*

29

organisations represented from various groups

c.33k

people follow our social media channels

133

people directly engage with (liked) our media posts

*Responded includes those who participated in an event, and/or provided input.

⁷ Draft Stakeholder Engagement Strategy Consultation Document (SHE Transmission, 2019) available at: <https://www.ssen-transmission.co.uk/media/3354/shet-stakeholder-engagement-strategy-consultation-document-2.pdf>

Best practice summary

We looked within and beyond our sector for best practice reviewing activity of: other Transmission Owners, new market entrants and Distribution Network Operators; the water industry and their experience of the 2019 Price Review; and the GB public sector such as Zero Waste Scotland and the UK Government Communications Service. From this review it was clear that the businesses leading in stakeholder engagement had several key attributes. These are listed below with references to how we have incorporated them into our new strategy.

Attribute

A clear stakeholder ambition and objectives

Leaders put stakeholder needs at the centre of their business, using the stakeholder voice to drive continuous, measurable improvement aligned to higher-level social needs.

Segmented audiences and tailored engagement

Leaders map stakeholders by knowledge and interest area to tailor engagement to the needs of different groups and ensure it is fit for purpose. They identify a broad range of audiences aligned to issue areas, including future customers, those directly impacted and those who have specific needs in the evolving energy market.

Clear feedback loops and evidence of how engagement leads to action

Leaders have robust systems in place to incorporate stakeholder feedback. All stakeholder interactions are monitored, with timely feedback loops in place to report back openly on the outputs and benefits of engagement and highlight any areas of disagreement or 'compromise'.

Transparency on issues and successes

Leaders understand that trust is vital to build lasting relationships. They are transparent when it is not possible to act as requested by the stakeholder and create opportunities to explain areas of compromise.

A whole-system view and wide collaboration activities

Leaders collaborate extensively across the system, working closely together to develop and deliver whole-system solutions. They bring together a broad range of stakeholders to share perspectives and co-design possible approaches. They share data and knowledge openly in a timely fashion to ensure all stakeholders have access to the same information.

Robust processes and governance structures

Leaders have a clear stakeholder lead with a seat on the Executive team, underpinned by specialist working groups. A culture of accountability is embedded at all levels with central stakeholder teams supporting business leads and teams to deliver engagement. Consistency is driven by clear standards, toolkits and training to support colleagues as required.

Focus on improving the customer experience

Leaders understand who their customers are and develop extensive knowledge on their experience with their company. They establish customer panels that help shape priorities and tackle issues. They are aware of their needs and look to adapt to maximise the benefits they receive.

Activity

We will create a culture through our new strategy where engagement with stakeholders is central to how we do business. This will be led top-down from our SHE Transmission Executive Committee.

We want to move past the current trends of mapping stakeholders and provide people with opportunities to self-select, so that we can better tailor engagement based on influence, interest, impact, knowledge and value.

We are aware our processes for delivering this are not best practice. Therefore, we have developed objective 4 which is focused on developing new processes and improving our stakeholder management system.

We agree that building trust is vital which is why we have included it in our principles. However, we want to improve in this area, so we will develop new processes and roll out a new training programme that ensures transparency.

We strongly agree with this attribute and have built it into several elements of our strategy, particularly our principles which details how we will engage and objective 2.

We've appointed new roles including a Director of Customers and Stakeholders, Stakeholder Engagement Manager and Internal Communications Manager, which will help us achieve this. We have also dedicated high level objectives to improving our processes and training.

Our business is currently transforming into a customer-centric business that uses customer knowledge and input to adapt, which is why we have dedicated a portion of our objectives to improving experience.

Going beyond best practice

In the short term, our focus is on achieving industry best practice. However, we want to make meaningful in-depth stakeholder engagement central to our business strategy. Currently there are few examples of this in our industry, but we feel it is achievable, which is why we have set ourselves the ambition to be at the forefront of engagement practice for our industry and beyond.



Governance and future planning

Governance

Clear governance and rigorous processes are essential to embed stakeholder engagement into day-to-day business practices; whilst training and toolkits will help our employees to deliver it consistently. Our new strategy and the upcoming Action Plan will ensure we have strong governance in place to deliver for our stakeholders.

Our central Customer and Stakeholder team, led by Christianna Logan, who sits on the Transmission Executive Committee, will monitor our business' progress, as well as ensure stakeholder views are captured and acted on at all levels of the organisation.

Further governance is provided by our external stakeholder groups such as the Stakeholder Advisory Panel and the RIIO-T2 User group. The role of these groups, along with their Terms of Reference, will be reviewed and developed as part of the Action plan.

Operating model

At the start of 2019, we carried out a review of our operating model with the aim to create a fully collaborative business with clear lines of accountability and decision making.

This review led to the formation of a new Executive Committee with a dedicated position focused on delivering our commitment to putting the customer and meaningful stakeholder engagement at the centre of what we do.

This change has already led to more detailed and thoughtful use of our stakeholder input in our senior discussions and decision-making.

“Your new structure is positive, it will ensure you keep an eye on the overall big picture, as it can be easy to get trapped in the detail when running individual events”

National Charity

Benefit and value

The cost of our stakeholder engagement activities are ultimately passed through to the customer and end consumer. Because of this, we are keen to further our understanding on the cost-benefit of these activities. This will ensure we make the right decisions to provide the most value when planning and delivering stakeholder engagement.

Cost Benefit Analysis (CBA) has varying levels of success when applied to Stakeholder Engagement due to the inability to fully quantify all associated benefits. However, our work on CBA in other areas of our business have proven successful and we believe the principles of CBA could provide rigour and consistency when applied to stakeholder engagement activities. Therefore, the development of an approach to CBA for stakeholder engagement will be captured in our Action Plan.



Figure 7: Our new structure

Review period

Successful businesses require a transformative approach that ensures stakeholder engagement and business strategy are fully aligned and improves continuously over time. This means it isn't subject to a regular "review cycle" but evolves organically, with adaptability built into processes and governance. As a result, our Stakeholder Engagement Strategy document will be updated on an annual basis to incorporate any improvements which are developed.

“You have to start somewhere and then constantly review things. If something isn't working, drop it or find out why it isn't working.”

Infrastructure/engineering representative



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