

## Independent Assurance Statement

### Our Scope and approach

UK Power Networks (UKPN) commissioned DNV Two Tomorrows Limited (Two Tomorrows) to undertake independent assurance of its Stakeholder Engagement Incentives Scheme 2012/13 submission (the 'submission') to Ofgem as to whether the submission met Ofgem's minimum requirements for stakeholder engagement set by Ofgem, which are that:

- The distribution network operator (DNO) has a comprehensive and up to date stakeholder engagement strategy, which sets out:
  - how the DNO keeps stakeholders informed about relevant issues, business activities, decision-making and other developments;
  - how the DNO enables timely input and feedback from stakeholders via appropriate mechanisms to inform decision making.
- A broad and inclusive range of stakeholders have been engaged.
- The DNO has used variety of appropriate mechanisms to inform and engage their stakeholders – these have been tailored to meet the needs of various stakeholder groups, and are fit for purpose in allowing a detailed analysis of a breadth of stakeholder perspectives.
- The DNO can demonstrate it is acting on input / feedback from stakeholders.

The assurance process was conducted with reference to AA1000 Assurance Standard 2008 (AA1000AS) and the principles of inclusivity, materiality and responsiveness (the Principles). We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance conclusions. Our work was designed to gather evidence with the objective of providing moderate assurance as defined in AA1000AS.

### Responsibilities of the directors of UK Power Networks and of the assurance providers

The directors of UKPN have sole responsibility for the preparation of the submission. In performing our assurance work, our responsibility is to the management of UKPN, however our statement represents our independent opinion and is intended to inform all of UKPN's stakeholders including its management. We were not involved in the preparation of any part of the submission. This is the second year that we have provided assurance for UKPN and during the year we have also undertaken a mid-year progress check and stakeholder engagement training for UKPN. We adopt a balanced approach towards all UKPN stakeholders.

Our team is comprised of Jon Woodhead, Kate Martin, Anne Euler and David Keddie. Further information, including individual competencies relating to the team, can be found at: [www.twotomorrows.com](http://www.twotomorrows.com)

### Basis of our opinion

We undertook the following activities:

- Interviews with selected UKPN directors and senior management responsible for stakeholder engagement and management of areas of the company included as case studies in the submission;
- Interviews with a sample of four external stakeholders to provide background on UKPN engagement activities and to substantiate specific claims made in the submission; and
- Review of supporting evidence for key claims and assertions in the submission. Our sampling approach was prioritised according to materiality.

We reviewed and provided feedback on drafts of the submission and where necessary changes were made.

## Our conclusions

On the basis of the work undertaken, nothing came to our attention to suggest that the submission does not meet Ofgem's minimum requirements for stakeholder engagement, as listed above.

## Observations

**As part of our review of business-as-usual stakeholder processes and the case studies in the UKPN submission, and without affecting our assurance opinion, we also provide the following observations:**

- It was evident during our review that substantial work has been undertaken by UKPN during 2012/13 to develop stakeholder engagement arrangements and the progress made in formalising and embedding relevant activities represents a real step-change since last year.
- We observed many examples of good practice in stakeholder engagement during our work, with UKPN's new 'Ask the Expert' online information service and the issue-specific sessions generated from the Critical Friends Panels being of particular merit.
- This year has been a period of extensive consultation for UKPN and the challenge for 2013/14 will be to implement the actions and outputs of the engagements whilst managing the expectations of stakeholders. The actions we observed that have already been implemented were encouraging and we recommend this good progress continues.
- As a result of UKPN's activities, there is an understandable focus on new stakeholder engagement activities and related actions in this year's submission. Future submissions should be able to demonstrate in more detail the results of implementation and how UKPN is acting on input / feedback from stakeholders. This would also enable year-on-year progress to be shown.
- It was evident that stakeholder engagement has become further embedded into the routine of business-as-usual activity at Board level. We recommend that future submissions continue to outline the regular input of stakeholder feedback to Board members, building on good progress made to date and offering more detail on how this feedback is then incorporated into decision-making processes
- UKPN collate quantifiable data to track performance of stakeholder engagement activities and feedback, with much of these data being collected on an ad-hoc basis relating to specific projects and events. We recommend UKPN should select appropriate key performance indicators (at both company-wide and operational/issue-specific levels) to better track year on year progress.
- Interviews with stakeholders have supported the content of the submission. For the case studies related to power cut notifications and vulnerable customers, the stakeholders interviewed were particularly complementary about UKPN's open and transparent approach to the engagement activities.

We have also made a number of observations for business improvement to UKPN to enhance its management and reporting of stakeholder engagement activities going forwards.

for DNV Two Tomorrows Limited  
London

6 June 2013



**Jon Woodhead**  
Director