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ASSESSMENT OF WWU'S APPROACH TO STAKEHOLDER ENGAGEMENT AGAINST THE AA1000 SES STANDARD

EXECUTIVE SUMMARY

Introduction

Sia Partners was engaged by Wales & West Utilities (WWU) to perform a review of the company's approach to Stakeholder Engagement against AccountAability's AA1000 SES 2015 standard.

AccountAbility describes the AA1000 standard as: "the most widely applied global stakeholder engagement standard, supporting organizations to assess, design, implement and communicate an integrated approach to stakeholder engagement."

This report contains an evidence-based assessment of how WWU compares to the guidelines set out in the AA1000 standard – more context and further detail on the standard can be found at the following link: https://www.accountability.org/standards/

Methodology

Sia Partners took the following steps to produce this report:

- Listed all AA1000 SES requirements and recorded evidence contained in WWU's latest 'Stakeholder Engagement Strategy (herein referred to as 'SES') document';

- Produced a set of questions for WWU touching upon how the tools and processes developed as part of the company's Stakeholder Engagement strategy have been used in its Business Plans efforts;

- Gathered the required evidence from WWU by holding interviews with relevant staff;

- Produced a final assessment of how WWU's approach to Stakeholder Engagement compares to the requirements set out in the AA1000 Standard.

The final assessment is presented in this report. Please note that the relevant evidence supporting each AA1000 requirement is indicated in the body of the report but contained within an external folder. Evidence can be presented as required.

Summary of findings

The approach that WWU demonstrates for stakeholder engagement is, for the most part, in line with the guidelines set out in the AA1000 SES Standard. We found that most of the 29 requirements were supported by substantial evidence, five were partially met and none showed a significant gap.

Importantly, the assessment highlighted that, due to the recent introduction of the new strategy and the tools and processes developed to support it, some elements are not fully embedded.

The table below presents a summary of how WWU's approach to stakeholder engagement compares to the requirements set out in the AA1000 Standard.

#	REQUIREMENT	RAG STATUS
2.1	Commit to the AA1000 accountability principles	🟩 Green
2.2	Integrate into organisational governance	🟧 Amber
2.3	Integrate into organisational strategy	🟩 Green
2.4	Integrate into organisational management	🟩 Green
3.1	Establish the purpose of engagement	🟩 Green
3.2	Establish the scope of the engagement associated with the purpose	🟩 Green
3.3.1	Mandate and ownership	🟧 Amber
3.3.2	Stakeholder identification	🟩 Green
4.1.1	Profile and map stakeholders	🟧 Amber
4.1.2	Determine engagement level(s) and method(s)	🟩 Green
4.1.3	Establish and communicate boundaries of disclosure	🟩 Green
4.1.4	Draft engagement plan	🟩 Green
4.1.5	Establish indicators	🟩 Green
4.2.1	Mobilise resources	🟩 Green
4.2.2	Build Capacity	🟩 Green
4.2.3	Identify and prepare for engagement risks	🟧 Amber
4.3.1	Invite stakeholders to engage	🟩 Green
4.3.2	Brief stakeholders	🟩 Green
4.3.3	Engage	🟩 Green
4.3.4	Document the engagement and its outputs	🟩 Green
4.3.5	Develop an action plan	🟩 Green
4.3.6	Communicate engagement outputs and action plan	🟧 Amber
4.4.1	Monitor and evaluate the engagement	🟩 Green
4.4.2	Learn and improve	🟩 Green
4.4.3	Develop and follow up on action plan	🟩 Green
4.4.4.	Report on engagement	🟩 Green

WWU is showing good progress in embedding the strategy, tools and processes that it developed as part of a company-wide Stakeholder Engagement overhaul. We are confident that WWU will continue its efforts to more fully embed the new approach to Stakeholder Engagement and be fully compliant with the AA1000SES standards before the start of RIIO-GD2.

Yours sincerely,

Scott Flavell

Scott Flavell
Partner

ASSESSMENT/ COMMITMENT AND INTEGRATION

2.1 Commit to the AA1000 accountability principles

"The organisation shall make a formal commitment to the AccountAbility principles as defined in the AA1000 AccountAbility Principles Standard (2008). This commitment shall be communicated both internally and externally."	

Explanation

- The Guiding Principles of the SES outlines the 3 core principles of stakeholder engagement: inclusivity, transparency, and continuous improvement.
- These principles align well with the AA1000 guiding principles and seem to be apparent throughout the SES.

Evidence in Guidance Principles, page 5 of SES.

2.2 Integrate into organisational governance

"The organisation shall integrate stakeholder engagement into governance, structure and relevant decision-making processes."	

Explanation

- WWU outlines the role that stakeholder engagement plays within the organisational structure in the SES.
- This section mentions the value that stakeholders can provide from their feedback and how this will subsequently be converted into actions and results.
- Furthermore, WWU has developed processes to ensure that the executive team is aware of the actions needed to address stakeholder feedback (i.e. through the 'action tracker' tool).
- The company can do more to ensure that team leads are (1) aware of their responsibility to engage stakeholders and (2) systematically embedding stakeholder feedback in their decision-making.

Evidence on page 4 of SES and the engagement structure in the SES as a whole.

2.3 Integrate into organisational strategy

> *"The organisation shall integrate stakeholder engagement into all relevant policies and/or processes for strategy development."*

Explanation

- WWU's approach to engagement includes several elements that ensure stakeholder feedback is an important part of strategy development.
- The company's engagement strategy includes tools and processes that facilitate staff in gathering feedback, determining the actions required and sharing these with those best placed to enact them (i.e. 'Day after reports', 'Action Tracker' and 'Closing the loop' process)

Evidence in sections 7, 8 and 10 of the SES. If required, actions to complete such changes will be outlined in the Action Tracker post-engagement.

2.4 Integrate into organisational management

> *"The organisation shall integrate stakeholder engagement into operational management and systems."*

Explanation

- WWU's SES features two points that facilitate the integration of stakeholder engagement within operational management:
  - Point 8 of the SES outlines the prioritisation of feedback and actions.
  - Point 9 in the SES states how the feedback shall be acted upon and directed towards the relevant teams.
- Moreover, WWU's approach to engagement planning ensures that stakeholder feedback is integrated into operational management. This process, resulting in an 'Engagement Plan', identifies all the key business changes required and guides WWU in gathering actionable feedback that leads to implementing operational improvements.

Evidence in sections 1-4, 8 and 9 of the SES. Actions to complete such changes will be outlined in the Action Tracker post-engagement.

ASSESSMENT/ PURPOSE, SCOPE, AND STAKEHOLDERS

3.1 Establish the purpose of engagement

"The purpose for stakeholder engagement shall be defined. The purpose shall be connected to the overall strategy and operations of the organisation."	

Explanation

- WWU's stakeholder engagement strategy is built around a clear purpose of engagement. This is demonstrated by the 'engagement planning' phase of the company's approach to Stakeholder Engagement – identifying a purpose of engagement is the start of WWU's approach to engagement.
- In practice, the purpose of stakeholder engagement is defined within WWU's engagement plan. All other aspects of engagement, such as the choice of stakeholders to invite and the methods used to reach them, are clearly linked to the purpose of engagement.

Evidence in section 1-4 of the SES.

3.2 Establish the scope of the engagement associated with the purpose

"The scope of the engagement shall be defined by determining: - *The subject matter the engagement will address;* - *The parts of the organisation (e.g. regions, divisions, etc.) and associated activities, products and services the engagement will address; and* - *The time frame the engagement will address."*	

Explanation

- In the engagement plan, the subject matter, area of the business in focus and the timeframe for engagement are all stated as key elements.
- This is also demonstrated within WWU's Annual Engagement Planning process which (1) mandates the identification of the subject matter being addressed at each event, and (2) specifies that those engaging on behalf of WWU should be experts in the topic.
- Lastly, an assessment of the relevant resources required for some engagement events is outlined in the CFP Logistics Planning spreadsheet provided by WWU as evidence.

Evidence in WWU's Annual Engagement Planning process, the Regional Workshop's engagement plan and the CFP Logistics Planning Spreadsheet.

3.3 Determine the mandate, ownership, and stakeholders of the engagement

3.3.1 Mandate and ownership

"The mandate and ownership of the engagement shall be established. The owners of the engagement shall have the appropriate competencies."	

Explanation

- The mandate and ownership of engagement are implied during the engagement planning process. WWU's SES shows that the engagement lead of each team will participate in planning their own engagement. This is facilitated by the tools and processes made available by the central stakeholder engagement team.
- During 'Internal Planning Workshops' WWU's engagement team will "test proposed topics with Engagement Champions representing each business directorate and allow them to input into the direction of the annual engagement"
- While mandate and ownership are established clearly, it is not clear that engagement owners have the appropriate competencies. The central engagement team has performed some training on tools and processes developed but a comprehensive training programme on stakeholder engagement is not being offered.

Evidence is the Annual Engagement planning Guide – a supplement to WWU's SES.

3.3.2 Stakeholder identification

"The owners of the engagement shall identify stakeholders relevant to the purpose and scope of the engagement. They shall establish a methodology to identify stakeholders."	

Explanation

- Step 3 of WWU's *Annual Engagement Planning* guide explains that stakeholders should be selected for an engagement event, based on their level of knowledge on the subject matter and the objective of engagement.
- Stakeholders are identified through a database where engagement organisers are able to filter and determine what knowledge level and expertise the stakeholder requires for the particular engagement purpose. The Segmentation tool is outlined in Section 3 of the SES.

Evidence in Step 3 of the Annual Engagement Planning guide and WWU's 'Segmentation tool'.

ASSESSMENT/ STAKEHOLDER ENGAGEMENT PROCESS

4.1 Plan

4.1.1 Profile and map stakeholders

> *"The owners of the engagement shall profile and map the stakeholders. They shall establish a methodology to profile and map stakeholders. This profiling and mapping shall be taken into consideration in the planning and implementation of the engagement. Profiling and mapping shall be reviewed and revised, as appropriate, throughout the process."*

Explanation

- WWU's 'Segmentation tool' is a stakeholder database. This shows the level of stakeholder knowledge of different topics, their location (region) as well as organisation and contact information. The tool allows engagement owners to select the appropriate stakeholders for the activity as well as identify the potential resources required to perform the engagement.
- WWU has a standard methodology to profile the stakeholders it adds to its database. A stakeholder's level of knowledge is assumed based on the organisation where he/she works and it is then refined at a later stage, following engagement with the individual.
- The Stakeholder Database is regularly reviewed. This database was last updated earlier in 2019.

Evidence of the Segmentation tool is provided by WWU.

4.1.2 Determine engagement level(s) and method(s)

> *"The owners of the engagement shall determine the level(s) and method(s) of engaging with stakeholders that are best suited to the purpose and scope of engagement and to the relevant stakeholders."*

Explanation

- As part of its engagement strategy, WWU provides a 'Menu of Engagement Methods' to facilitate owners of engagement in better tailoring their engagement efforts.
- Section 4 of the SES states: "To reach and communicate with our target stakeholder group, we ensure that the appropriate methods selected are dependent on the volume of stakeholders and the knowledge they have on the given topic."
- In practice, the guidance provided within the SES suggests methods of engagement that are *typically* best suited to a stakeholders' level of knowledge, the volumes of stakeholders involved as well as the purpose of the engagement event.

Evidence of a 'Menu of engagement methods' provided by WWU as part of its Stakeholder Engagement Strategy under step 4 'Tailor Engagement'.

4.1.3 Establish and communicate boundaries of disclosure

"The owners of the engagement shall establish the boundaries of disclosure of the engagement and shall clearly communicate these boundaries to their stakeholders."

Explanation

- At the start of any larger engagement activity, conducted by WWU or a third party, the disclosure boundaries are determined. WWU has provided evidence of a 'participant anonymity' agreement extracted from the 'Christie Wells 2018' Regional Community Workshops Report.
- Sia Partners was also provided with numerous examples of where WWU have utilised different disclosure levels and was seen to be following the requirements for all levels.
- It is not clear that WWU consistently states the boundaries of disclosure when performing smaller engagement events. Sia Partners believes that this is a limited gap.

Evidence is an example from the Christie Wells 2018 Regional Community Workshops Report.

4.1.4 Draft engagement plan

"The owners of the engagement shall develop an engagement plan. The engagement plan shall be made available to stakeholders. Stakeholders shall have the opportunity to provide input into the plan."

Explanation

- WWU provides owners of engagement with an 'Annual Engagement Planning Guide'. The sole purpose of this guide is to illustrate the use of tools and processes developed as part of the company's SES and facilitate the creation of an engagement plan.
- Sia Partners has gathered evidence from WWU demonstrating that this process results in the development of comprehensive engagement plans.
- There is no evidence to suggest that Stakeholders have the opportunity to provide input into the plan. Sia Partners considers this to be a limited gap in the context of AA1000 SES guidance.

Evidence is the 'Engagement Plan spreadsheet' provided by WWU, section 'How it all comes together into the final plan' from WWU's Annual Engagement Planning.

4.1.5 Establish indicators

> *"Indicators for the quality of stakeholder engagement based on the requirements of AA1000 SES (2015) as well as indicators that measure the engagement impact shall be established. Stakeholders shall have the opportunity to provide input into the indicators."*

Explanation

- There are a number of different feedback mechanisms utilised within engagement events to assess the quality of an event and gather insight that can lead to future improvements:
  - In the Day After Reports (DAR) a 5-star scoring system is utilised as well as a space for other stakeholder comments.
  - In the 'Working Together' booklet feedback, a number of questions were asked regarding the content presented to evaluate the booklet's usefulness.

Evidence is the 5-star rating system in DAR and the Working Together partners pack booklet feedback and new 2019 pack.

4.2 Prepare

4.2.1 Mobilise resources

> *"The owners of the engagement shall identify and gain approval for the resources required for successful engagement."*

Explanation

- WWU utilises a 'CFP logistics planning spreadsheet' which outlines some of the required resources for certain engagement activities.
- Consideration of human capacity (names of engagement operators) and the technological capacity (e.g. presenting PowerPoints) is clearly evidenced in the spreadsheet.
- However, there is no clear evidence showing consideration for the financial or physical capacity required for engagement which is why we indicate room for improvement on this requirement.
- Furthermore, it is unclear whether this exercise is undertaken, consistently, before all engagement events.

Evidence is the 'CFP logistics planning spreadsheet'.

4.2.2 Build Capacity

> *"The owners of the engagement and the stakeholders shall identify where capacity to engage needs to be built. The owners of the engagement shall work with the stakeholders to respond appropriately to these needs in order to enable effective engagement."*

Explanation

- WWU analyse their intended stakeholders in order to assess the amount of information they require prior to an engagement. An example being the Impact Utilities Deep Dive proposal where 2 sets of customers were chosen, both given a 30-minute briefing of WWU's background, operations and local context before engaging in order to ensure that everyone is at a certain level of understanding at the start. This may also cover controversial or prominent local issues.
- There are also provisions in place to adapt to different capabilities of communication and language levels. An example being here the 'Recite Me' function on the WWU website that provides access to support customers that have trouble reading, which is particularly useful if engagement information is sent via the website.
- WWU does provide financial incentives for stakeholders of certain engagement in order not to exclude anyone from the conversation.
- Finally, Step 4.5 of the Annual Engagement Planning Guide states: "Adapt the content, including language and level of detail, according to knowledge level."

Evidence here can be found in the 'Deep Dive proposal form', the 'Mindset proposal' outlining incentives and the WWU website showing 'Recite Me'.

4.2.3 Identify and prepare for engagement risks

> *"The owners of the engagement shall formally identify, assess and address engagement risks. They shall establish a robust framework for risk assessment that is coherent with the risk management approach of the organisation."*

Explanation

- WWU has an Engagement Risk register which outlines the risk description, its likelihood, its potential impact and an overall risk score. The register also states the current action in place to minimize this risk as well as the owner of the risk.
- There are two reasons why we indicated a gap for this requirement:
  - The risk register only identifies the risk of inaction on the feedback provided by the stakeholder – it does not identify the risks of engaging stakeholders.
  - There is no evidence to suggest that the robust framework for risk assessment is coherent with a wider risk management approach used by the company.

Evidence of the Engagement Risk Register.

4.3 Implement the Engagement Plan

4.3.1 Invite stakeholders to engage

"The owners of the engagement shall ensure that stakeholders are invited to participate reasonably well in advance and that communications are appropriate for each stakeholder."

Explanation

- Stakeholders are invited to engage with WWU in a variety of ways, for example, the Let's Connect campaign reached out to consumers through targeted ads on TV, bus sides and rears, in the press (Metro) and digitally (Facebook and Youtube).
- An example of an invite to engage is provided for the Critical Friends Panel. This email outlines the purpose and scope of the event, the process and timeline, how stakeholders are expected to contribute as well as directions on how to respond.
- We must stress that Sia Partners has not assessed all invitations to all events. We are basing our assessment of WWU's practices against the AA1000 standard based on some examples provided.

Evidence is 'Critical Friends Panel Invite' provided by WWU.

4.3.2 Brief stakeholders

"The owners of the engagement shall develop and provide the participants with the briefing materials needed to ensure the success of the engagement. Comprehensive and balanced briefing materials shall be made available to participants in good time and shall take into account any relevant language, disability and literacy issues."

Explanation

- WWU's Annual Engagement Planning guide states the following:
  - o Step 4.4 – Assess and confirm the knowledge level of target stakeholder that will be involved in the engagement event.
  - o Step 4.5 – Adapt the content, including language and level of detail, according to knowledge level.
  - o Step 4.6 – Ensure that content is tailored based on whether you are informing, educating or gathering information from stakeholders. Content should also be tailored accordingly for any communication taking place before, during and after an engagement.
- More detail is provided by Mindset, one of WWU's engagement partners - their research methodology states that "Our proposed methodology needs to reflect [customer vulnerabilities and backgrounds] and must give careful consideration to the specific requirements of this audience….. We would recommend a flexible approach be adopted that can be refined and adapted as the project progresses to maximize both participation and insight."

Evidence found in the 'Deep Dive proposal form', the 'Mindset Research Methodology' and in step 4 of WWU's 'Annual Engagement Planning Guide'.

4.3.3 Engage

"At the beginning of the engagement, the owners of the engagement, with input from the stakeholders, shall establish procedural and behavioural ground rules for the participants in the engagement. The ground rules shall be agreed by all participants."

Explanation

- Engagement ground rules are established at the beginning of any engagement by WWU or the engagement partner. Examples of this can be found in the Mindset Research methodology which outlines what is appropriate and inappropriate during the engagement alongside the disclosure boundaries (as discussed in section 4.1.3).
- This specific partner also has a Code of Conduct document that outlined behavioural ground rules of engagement which are communicated to the stakeholder prior to the activity.

Evidenced in the MRS Code of Conduct and the Mindset Research Methodology.

4.3.4 Document the engagement and its outputs

"The owners of the engagement shall document the engagement and its outputs."

Explanation

- Engagement owners complete a Day After Report (DAR) following any engagement event.
- This is a standardised form which outlines the stakeholders involved, the location, engagement method, time and date, actions that follow the engagement as well as a deadline for those actions. The DAR also articulates the key points discussed in the engagement, and more general feedback on the quality of an engagement event (e.g. facilitation, content provided)

Evidence is given in a 'DAR' and the 'Action Tracker' spreadsheet which holds a summary of all the relevant information from the DAR.

4.3.5 Develop an action plan

> *"The owners of the engagement shall analyse the engagement and its outputs and develop an action plan that articulates how the organisation will respond to the outputs of the engagement. The action plan shall 5-star to all outputs. The action plan shall be developed in consultation with those who will have responsibility for implementing it."*

Explanation

- Steps 6 and 7 of WWU's Stakeholder Engagement Strategy explain how engagement owners move from gathering all relevant feedback from an event to determining which actions should be performed to address it.
- Specifically, Step 7 of the SES states the following: *"An essential step in co-determining next steps between stakeholders and WWU is escalating the actions identified to colleagues best placed to oversee and undertake them. The colleagues responsible to fill out the Day After Reports will have to indicate an initial set of actions to be undertaken based on the feedback gathered. In case the colleague who is collecting the feedback is not best placed to identify the desired action, the action will be to 'Determine best response to this piece of feedback'."*
- Actions co-determined after an engagement event are transposed into the Action Tracker where progress is tracked at executive team meetings.

Evidence is provided in a DAR and Action Tracker.

4.3.6 Communicate engagement outputs and action plan

> *"The owners of the engagement shall communicate the outputs and action plan to participants of the engagement in an appropriate and timely manner."*

Explanation

- Section 10 of WWU's Stakeholder Engagement Strategy states that: "In addition to improving the way we engage and facilitate events based on stakeholder feedback, we will strive to provide relevant stakeholders with updates on the actions they informed us and/or suggested us to undertake."
- There is some evidence of WWU communicating engagement outputs:
    - When engaging on WWU's business plan commitments, actions may have been taken to re-evaluate and adapt these commitments. Changes to the Business Plan Commitments would be updated to stakeholders in the next Acceptability Testing engagement where further feedback can be provided on the changes made.
    - Another example is provided by correspondence with Care & Repair. Feedback was provided by the partner to improve WWU's partnership forms – these changes were implemented and communicated back to the stakeholders.
- There is no evidence of a systematic process or approach to provide stakeholders with updates on the outputs of feedback provided or the action plan. For this reason, we have indicated a gap for this requirement.

Evidence for this requirement is found in the Acceptability Testing reports and correspondents with Care & Repair.

4.4.1 Monitor and evaluate the engagement

"The organisation shall systematically monitor and evaluate the overall quality of the stakeholder engagement, and the owners of engagement shall evaluate the quality of individual engagements. This shall include monitoring and evaluation of: commitment and integration; purpose, scope and stakeholder participation; process (planning, preparing, engaging, acting, reviewing and improving); outputs and outcomes; and reporting"

Explanation

- The DAR contains information regarding the feedback collected during each event as well as extensive information on the quality of engagement. Indicators include the quality of facilitation and the ability of stakeholders to participate.
- The feedback captured in this section is reviewed by the Stakeholder Engagement team at regular intervals in order to identify good practice and areas of improvement.
- Similarly, the 'Action Tracker' provides an indicator of how well WWU is responding to the feedback provided by stakeholders. The 'Action Tracker' is overseen by the executive team which is able to mandate corrective action as required.

Evidence is shown in DAR, the 'Action Tracker' and the processes outlined in Section 10 of SES.

4.4.2 Learn and improve

"The organisation, with input from stakeholders, shall strive to continually improve its stakeholder engagement. It shall identify and act on specific improvements."

Explanation

- Feedback from stakeholders regarding the quality of the engagement event are recorded in the DAR and subsequently reviewed in order to improve future events. The Stakeholder Engagement team oversee all engagement activities and thus outline necessary actions and procedures to improve future events.

Evidence is shown in DAR and the processes outlined in Section 10 of SES.

4.4.3 Develop and follow up on action plan

> *"The organisation shall develop an action plan, ensuring organisational collaboration, following the engagement process. The organisation shall inform stakeholders of the outcome."*

Explanation

- Feedback collected during engagement events is captured within DARs
- WWU's directors are responsible for identifying and assigning the urgency, feasibility and individual responsible for each action that results from the DARs. The Stakeholder teams support the chosen colleague to provide updates on the action's progress.
- WWU reports to stakeholders on the outcome of actions stemming from their feedback in a variety of ways (see 4.4.4 in this report).

Evidence of this requirement is in the Action Tracker and the process outlined in Section 9 of the SES.

4.4.4 Report on engagement

> *"Organisations shall publicly report on their stakeholder engagement."*

Explanation

- As outlined in Section 10 of the SES, WWU endeavour to "Close the feedback loop" and complete the necessary actions post-engagement. These actions shall also be communicated to the relevant stakeholder.
- WWU produce an Annual Stakeholder Report as well as provide updated information and policy changes on their website.

Evidence of this process can be seen in the Acceptability Testing and the Care & Repair email (similar to section 4.3.6) alongside the Annual Stakeholder Report and 'Reports & Policies' section of the WWU website.