



Introducing our Customer Vulnerability Strategy

RIIO-2: 2021 – 2026

Cadent
Your Gas Network



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Our Customer Vulnerability Strategy

In developing our strategy we considered a number of factors including what we mean by vulnerability and the outcomes that customers and stakeholders tell us are important to them.

As such we created our definition of vulnerability with our customers and have subsequently tested it with numerous expert stakeholder groups.

To us: "Vulnerability describes a situation, be it transient or permanent that can impact a customer at some point during their life. Vulnerability can arise through changes that happen both inside and outside the energy industry. Those customers who find themselves in a vulnerable situation are more affected by Cadent's action or inaction than other customers."

Our vision is to **set the standards that all of our customers love and others aspire to**. This means that we must understand, plan for and respond to the needs of all vulnerable situations that customers find themselves in. Our strategy factors in how vulnerability is managed at Cadent, our data, the services our customers need, along with the feedback we've had from customers and stakeholders, our own lessons learnt and good practice we have noted from others. It is informed by Ofgem's definition of consumer vulnerability and also takes into consideration the levels and types of vulnerability faced by our customers

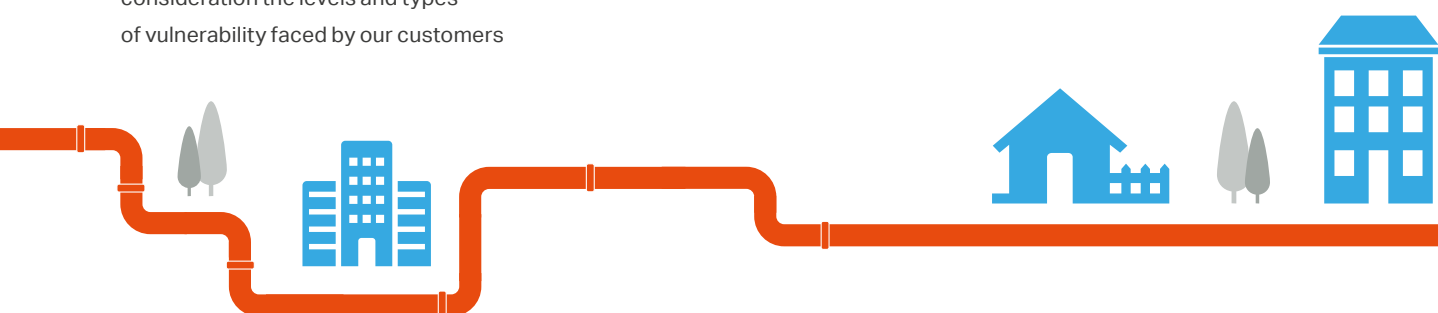
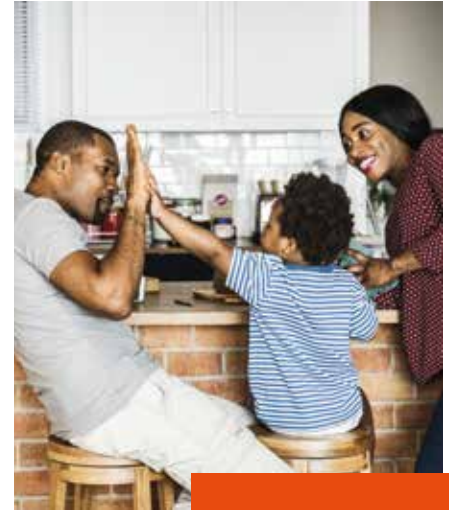
today and how this is likely to change into the future.

Half of UK adults (25.6m people) display one or more characteristics of being potentially vulnerable. Over 1.5m adults in the UK do not have a bank account, 16.4% can be described as having very poor literacy skills. 4.5m have never used the internet and 13.9m are registered as disabled. These general UK trends can be seen across each of our four networks.

As the largest Gas Distribution Network ('GDN') within the UK, we and our customers believe that we should take a leading role in supporting customers and in developing the landscape for the future; one that ensures that access to services is based on customers' needs irrespective of where they live*.

The overarching principle of our strategy is not to utilise labels and categories, but to provide **services for all**, recognising the specific circumstances of each customer individually and tailoring services to meet their needs. Providing services for all means gaining and maintaining a deep understanding of our customers, mapping their needs and co-creating responses with partners to ensure that the appropriate skills and services are deployed.

**Financial Lives Survey 2017*



Our Customer Vulnerability Strategy

Our strategy has been developed against three tiers - our aim, our strategy to plan and our plan to commitments.



Our Aim

Overall, our aim is to help keep all of our customers safe, warm and empower them to be independent in their homes.

We believe that everyone, no matter what their personal circumstances, should have access to safe, reliable and affordable energy to help them to live their lives in more comfort.

We believe in the concept of ‘services for all’. We deliver an essential service to the communities and customers we serve. The inability to supply gas can lead to dramatic consequences. This is particularly true when a customer finds themselves,

or loved ones, vulnerable due to a specific situation.

We have an opportunity, and a desire, to help keep people safe, warm and empower them to be independent in their homes.

For this reason we will continue to play a leading role, **setting the standards to support customers in vulnerable situations.** During RIIO-1 we led the way to establish a single Priority Services Register (‘PSR’) for all energy customers and in defining needs codes that allow all energy companies to better understand customers’ needs and respond accordingly. We have also taken a leading role in raising awareness of the dangers

of carbon monoxide (CO), working with children in Key Stage 1 and 2 to target intergenerational knowledge transfer. We believe that our strategy throughout RIIO-2 and beyond extends this leadership role, setting the standard for others to follow.

We have actively participated in the consultation process relating to OFGEM’s vulnerability strategy, which we believe to be thorough and well targeted. We have used their template to assess our own strategy and ensure that the good practice noted in their approach is factored into our own.

Our Strategy to Plan

Our 'strategy to plan' describes the six core foundations that we have established across our organisation in order to achieve the ambition level described in our 'aim'. These are the fundamental building blocks that are essential to our overall success in supporting all of our customers.

1. Positioning: Robust governance throughout all levels of the organisation

We have established a clearly defined and effective governance model for overseeing our end-to-end customer vulnerability strategy. Ultimate accountability for the strategy sits with our Director of Customer Strategy. A dedicated team oversees the design and delivery of schemes and manages our strategic delivery partnerships.

Progress against our initiatives and targets in this strategy is monitored and steered by Cadent's Safety & Sustainability Committee. Made up of Board members and company executives, they take a leading role on the Board as 'champions' for our Customer Vulnerability Strategy. Below this Committee sits several layers of performance management committees, starting centrally and breaking into regionally-focused audiences. Team and individual objectives are aligned to Cadent's vision and strategies and underpin these performance committees to ensure a clear line of sight from our strategic aims to individual and team objectives.

We use a Social Return On Investment ('SROI') benefits measurement model to prioritise initiatives that we implement and also measure the success of them. The model assesses the societal and community benefits of our various initiatives against the cost to achieve them. We also consider factors such as more traditional cost-benefit-analysis, the impact on our brand, the complexity of a project, the risks associated with it and the total cost when planning the initiatives we target.

2. Data: Understanding vulnerability

It is crucial that we have a clear understanding of the situations of vulnerability present across our communities and how these situations impact customers. To achieve this, we have developed a 'needs analysis mapping tool' with the Centre for Sustainable Energy. This tool relies on publicly available data, purchased data and our own data (including PSR) to visually map concentrations of people affected by situations of vulnerability. By visualising vulnerability across our network, we can develop and adjust the services that we offer and the partnerships we enter into. We can also organise relevant events to engage a particular group of customers (both directly and through trusted parties).

During RIIO-2 we will continue to enhance this tool with further sources of data and through the lessons we learn from its current application. Using the tool, we will carry out gap and behavioural analysis to support (1) the design of new safeguarding services (2) the priority in which we develop partnerships and (3) a deeper understanding of how best to engage with customers that may be less able to gain access/be aware of our services due to communication, mobility or access restrictions. We expect these improvements to be fully developed by the start of RIIO-2 (April 2021) and our intention is to then share and broaden the availability of the data set to aid others and drive consistency in helping to identify where safeguarding services can be matched more effectively to customer needs.



Our Strategy to Plan continued

3. Services: Co-created through ongoing stakeholder engagement

Our Customer Vulnerability Strategy has been informed by targeted customer and stakeholder engagement and a robust analysis of how other organisations are supporting people in vulnerable situations. We have shared our strategy with expert organisations and charities who support customers with various additional needs. Both strengths and areas where we could improve were noted through these discussions, which have been factored into this strategy.

Our services are developed against the following principles:

Freedom - for employees and engineers to use their own judgement to support customers in vulnerable situations, building on the training they are provided.

Eligibility - vulnerability is transient and not all customers who are in vulnerable situations are registered on the PSR.

Decision - when determining new services, we operate Proof of Concepts, test options and review performance with different customer segments.

Portfolio - base the services provided on specific needs and consider the delivery model (e.g. partnerships).

Coverage - consideration of all 'codes' of vulnerability in the PSR must be made when determining services and how they are provided.

4. Partnerships: Establishing the right partnership arrangements to make the greatest possible difference

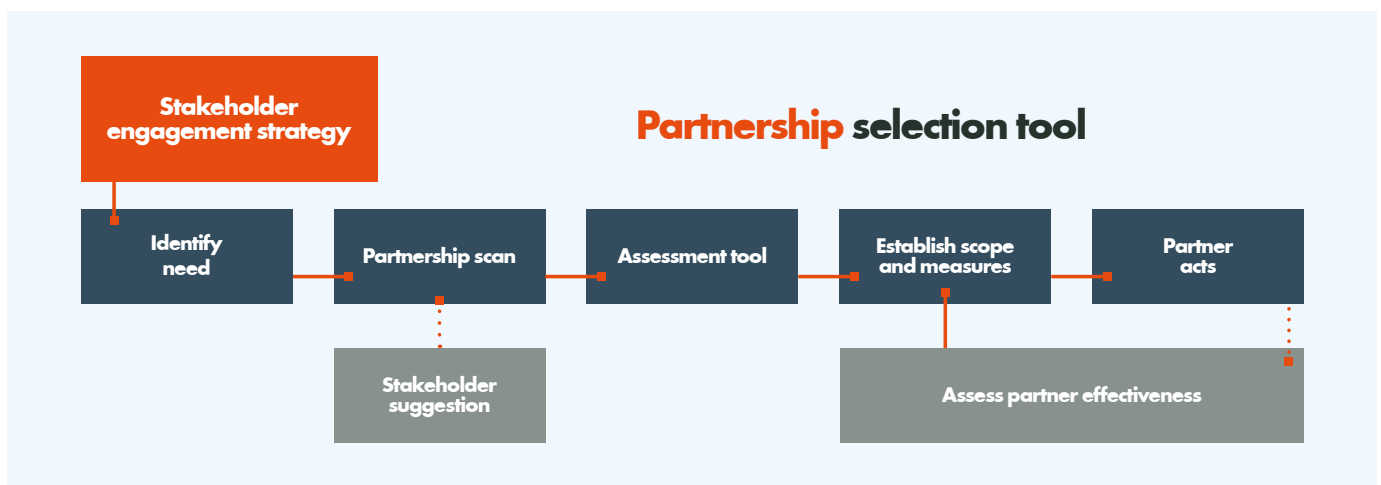
We have established partnerships with third-party organisations where the partner organisation is in a better position to deliver an output than we are. Factors such as their reach, daily exposure to impacted customers and the level of embedded trust customers place with them already, can place partners in a better position than ourselves in delivering these services to our customers. Our partners share information about the services that we offer to their network of potentially hard to reach customers (utilising their trusted position, especially with those customers which we don't have access to), as well as deliver support, such as energy saving advice, adaptations to the home or befriending services. Supporting our

communities and our customers living within these situations, in tailored ways, is a central aspect of our stakeholder engagement approach; partners are instrumental to achieve this vision.

We have developed a new partnership strategy including a set of tools to help us frame existing partnerships and shape future ones.

This partner strategy includes a feedback loop that allows us to measure outputs delivered by our partners against a set of agreed expectations. This feedback loop enables us to continuously improve the partnerships that are delivering good results and to amend or stop the ones that are not delivering value for money.

During RIIO-2 we will extend our strategic and delivery partners from c.30 to over 80. We have identified the partnerships we require based on our experiences in RIIO-1 (which partnerships have worked, where benefits have been seen, etc.) and on the increased levels of ambition in our Customer Vulnerability Strategy.



Our Strategy to Plan continued

5. Training: Staying flexible and ready to act (to customer needs)

We believe that no two situations are the same – vulnerability affects people in different ways. To allow us to respond to individual circumstances in a respectful and relevant way, we need to ensure that our customer facing colleagues (including both our call centre staff and our front-line engineers) are supported and equipped with:

- an understanding of what vulnerability means, including the temporary and dynamic nature of vulnerability;
- an understanding of the type of help they can offer when faced with a customer affected by a situation of vulnerability; including those delivered through another party;
- awareness that vulnerability can impact our colleagues both through what they see at work and in their home life most importantly,
- a set of skills that allows them to spot signs of vulnerability and confidently handle the situation appropriately.

An extensive toolkit of safeguarding communication channels, knowledge articles, training films and best practice examples has been developed to aid a consistent level of understanding of which tools and techniques are available for colleagues to use at the point of customer interaction.

6. Leadership: At the forefront of promotion and awareness

Our research and engagement with 'general' customers, those in vulnerable situations and expert organisations working in roles supporting customers in vulnerable situations, has shown that there is a relatively low level of awareness of the Priority Services Register (PSR).

Moreover, an even lower proportion of customers understood the range of vulnerable situations that customers find themselves in, with many, who are potentially eligible to register on the PSR acknowledging that fact. In part, this is to do with the term 'vulnerable', which many of our customers (and colleagues) do not consider themselves to be.

We worked with customers and stakeholders to identify methods that we could use to raise awareness, along with the learning that we've amassed through RIIO-1.





Our reach is ever increasing through a range of channels such as direct contact with engineers and our call centre, social media campaigns, physical events, working with schools and other education centres.



Our Plan to Commitments



Through our vulnerability strategy we have developed the following set of output commitments in the four key priority areas of

-  Identifying individual needs.
-  Going beyond to never leave a customer vulnerable without gas.
-  Carbon monoxide awareness.
-  Tackling fuel poverty.

Identifying customer needs and joining up support services

We have a duty and moral responsibility to ensure that the needs of all our customers are understood and acted upon in a respectful and relevant way. We must find effective ways to identify our customers' needs.

In RIIO-1 there is no formal output measure in this area. Nevertheless, we have held over 500,000 conversations with customers which have resulted in c.11,000 direct referrals each year. In RIIO-2 we plan on having 2,000,000 direct conversations, marking a considerable increase. This extension is part of our wider ambition for all of our customers to understand the PSR, what it is used for and remove the 'stigma' attached to the term 'vulnerability' by the end of RIIO-3.

During RIIO-2, we will continue to work to understand the many and varied situations that can lead to vulnerability across the communities we serve. In addition, we will continue to play a leading role to join up support services and similar work being done by other utilities and organisations to find the easiest and most cost-effective way of addressing customer needs. We will train and equip all of our frontline staff with the knowledge and skills to support customers in vulnerable situations.

Our commitments

During RIIO-2 (2021-26) we will:

Have 2 million direct conversations to raise Priority Services Register (PSR) awareness.

Form over 80 strategic programme and project partnerships.

Deliver annual vulnerability awareness training for all customer facing colleagues.

Innovate to deliver new products and services for customers in vulnerable situations.

Our Plan to Commitments continued

Going beyond to never leave a customer vulnerable without gas

During an interruption, it is essential that we provide alternative provision to customers in vulnerable situations, to ensure they are able to keep warm and have access to hot food and water.

Our responsibility is to get the gas supply restored at the customer's meter and keeping them away from the immediate harm of unsafe appliances. At times, we are required to isolate or condemn a customer's appliance, which might create or increase a particular state of vulnerability and risk. We have explored how we could go beyond the minimum standards of service and work with partners to help repair or replace the problem to ensure **we never leave a customer vulnerable without gas.**

We are trialling how we deliver this commitment now. We have ongoing pilots addressing a number of additional welfare measures (such as temporary showers and heated chair covers) and have introduced our Incident Management Application. The app sits on iPads used by our engineers and teams when responding to a major supply interruption (those impacting more than 250 properties). In these instances, we need access to additional real time information in order to ascertain customer and contact details. The app allows us to capture, record and use this data whilst onsite to ensure that we are aware of all customer needs and respond to them.

Our commitments

During RIIO-2 (2021-26) we will:

Offer personalised welfare provisions for all customers in vulnerable situations (beyond the Priority Services Register).

Partner with charities to support vulnerable customers with internal appliance/installation repairs and replacements across all our networks.



Our Plan to Commitments continued



Protecting our customers from the dangers of carbon monoxide

We must continue to raise awareness of the dangers, and intervene to reduce the risks from, this colourless, odourless toxic gas that can escape from poorly maintained flues and appliances. Around 40 people die every year from carbon monoxide poisoning, 4,000 people go to Accident and Emergency and 200 are hospitalised.

We have explored how to leverage our existing work to expand our reach in raising the awareness of the dangers of carbon monoxide through targeted education. We are also forming additional partnerships with charities and Gas Safe Registered organisations to undertake additional appliance replacement and repair work for customers unable to pay for or arrange for this work themselves.

In addition, we are proposing to significantly improve our application of CO alarm provision: increasing from 120,000 in RIIO-1 (over eight years) to three million in RIIO-2 (over 5 years). Through expert partnerships, we will provide additional support to customers in vulnerable situations.

Our Safety Seymour initiative raises awareness of CO with school children in Key Stage 1 and 2. This successful educational initiative has been shared with other GDNs, who now adopt it within their networks.

Our commitments

During RIIO-2 (2021-26) we will:

Educate 200,000 of those most at risk to the dangers of CO.

Issue 3 million CO alarms over RIIO-2.

Form partnerships with all Fire and Rescue, NHS Trusts and Ambulance services in our footprint.

Repair or replace 15,000 unsafe appliances for those who need it most.



Our Plan to Commitments continued



Tackling affordability and fuel poverty

Fuel poverty remains a significant problem in the United Kingdom and is a government priority. There are 1.5m homes in our network in fuel poverty, representing 58% of the total fuel poor households in the UK. From the top 20 local authorities in England most affected by fuel poverty, 19 are within our networks. In our most severely affected area, there are 1 in 5 customers living in fuel poverty. We are assessing the best ways to provide whole home solutions to tackle and reduce fuel poverty. This will include delivering fuel poor gas network extensions and in-house interventions for customers on and off the gas network. We are considering how to improve affordability by offering energy and income advice to customers in vulnerable situations.

In RIIO-1 we will complete over 35,000 free or discounted gas connections under the Fuel Poor Network Extension Scheme ('FPNES'). Whilst this scheme has proven successful in supporting a large number of customers out of fuel poverty, the extension scheme by itself does not do this; additional measures are required to ensure that the connection adds value such as in-house measures.

Our strategy for RIIO-2 is to focus on whole home 'interventions' rather than purely on the FPNES scheme. Interventions, of which some will be free gas connections, will be tailored to the needs of the individual households that we are supporting and will ensure that actions taken truly take them out of fuel poverty. They will include

Our commitments

During RIIO-2 (2021-26) we will:

We will make 36,500 interventions to support those in fuel poverty including:

- **At least 6,250 fuel poor connections.**
- **At least 5,000 additional in-house fuel poor interventions.**
- **Offer income and energy advice to 25,250 customers.**

Trial a pioneering new approach to national funding for fuel poverty in England.

We will continue to innovate in developing methods to better target those that should qualify for support.

in-house measures such as first time central heating and insulation as well as providing end to end affordability and benefits support with trained professionals providing advice and help.



We recognise that many organisations face similar challenges to that of ourselves to support all of our customers in vulnerable situations, including those in fuel poverty.

We have collaborated with others consistently during RIIO-1, especially to raise the awareness of vulnerability and the dangers of CO. The benefit of this collaboration is clear, with lessons learnt and ideas being shared and often more joined up solutions being proposed and implemented.



To this end, we support Ofgem’s proposal to host an annual showcase event. This event will involve other Gas Distribution Networks, energy suppliers, Distribution Network Operators, expert stakeholders (such as charities) and extend beyond the energy and utilities sector to encourage wider collaboration and idea generation.

Let us know what you think

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