

**Independent Customer  
Engagement Group  
(CEG):  
High Level Minutes**

**Thursday 9<sup>th</sup> and Friday 10<sup>th</sup>  
May 2019**

# Attendees:

**CEG Chair:** Zoe McLeod

**CEG Members:** Rish Chandarana (RC)  
Tony Diccico (TD) (Thursday 9 May only)  
Helen Fleming (HF)  
Mike Foster (MF) (from Environment onwards)  
Simon Griew (SG)  
John Kolm-Murray (JKM)  
Dr Kerry Mashford (KM)  
Victoria Pelka (VP)  
Ian Rowson (IR)  
Martin Silcock (MS)  
Leslie Sopp (LS) (Friday 10 May only)  
Janet Wood (JW)

**Apologies:** John Kolm-Murray

**Cadent Staff:** Mark Belmega (Director of Customer Strategy) (MB)  
Dave Moon (Director of RIIO 2) (DM) (Thursday 9 May only)  
Debbie Mitchell (Stakeholder Strategy Manager) (DMt) (Thursday 9 May only)

*Technical Secretary:*

Gemma Norton (Stakeholder Engagement Manager) (GN) (Thursday 9 May only)  
Simon Hames (CEG Interface Manager) (SH) (Friday 10 May only)

*Cadent staff supporting specific agenda items:*

*Thursday 9 May*

Ian Easterbrook (Future Gas Strategy Manager, RIIO Delivery Team) (IE)  
Ian Glover (Environment Manager, SHE and Security) (IG)  
Jim Godefroy (Performance Excellence Implementation Manager) (JG)  
Jahir Kashem (R&E Process Specialist, RIIO Delivery Team) (RK)  
Rob Mitchell (Practitioner Lead, Network Innovation) (RM)  
Dave Tilley (Distribution Networks Control Centre Manager) (DT)

*Friday 10 May*

Jonathan Dennett (Regulatory Reporting Manager, Asset Strategy & Investment) (JD)  
James Harrison (Director of Operations, London) (JH)

**Cadent Board:** Catherine Bell (Sufficiently Independent Director) (CB) (Thursday 9 May only)

**CEG Report Writer:** Alison Ward (Thursday 9 May only)

**Secretary:** Anne-Marie Clarke

These high level minutes provide an overview of the eighth session held on the 9<sup>th</sup> and 10<sup>th</sup> May 2019 (the **Meeting**).

The use of the word Cadent and Company are used interchangeably and refer to Cadent Gas Limited.

**Thursday 9 May  
Hinckley offices**

**Welcome, declaration of interest and independence statement**

The Meeting began with the Chair, Zoe McLeod, holding a private session setting out the purpose of the Meeting.

ZM reconfirmed to the CEG members that the CEG was formed of independent experts acting in an independent capacity, the CEG operated in a fair and balanced manner and behaved in a transparent way.

Victoria Pelka advised the CEG that she was the author of the Customer Service report the Company was referring to in the pre-read material on Customer Service. Additionally, Citizens Advice had been asked to comment on the new guaranteed standards of service (GSOPs) but she had not been part of this review.

Zoe McLeod advised she had attended a hospitality event run by Macquarie, a shareholder in the Company. The event was a leaders and daughters session and she had met three Company board members and their daughters.

There were no additional or changed declarations of interests made by CEG members.

ZM and the CEG members prepared for the next agenda item.

**Introduction and welcome to Catherine Bell**

Cadent staff joined the Meeting and the Chair welcomed to the Meeting Catherine Bell, Sufficiently Independent Director of the Company, reminding the CEG that Catherine had attended previous sessions on Customer service and GSOPs.

The Meeting started the first question and answer session.

**Customer service**

The Chair welcomed Jahir Kashem, R&E Process Specialist, RIIO Delivery Team to the Meeting.

On behalf of the CEG, Victoria Pelka led the questioning on five challenge themes that had been identified from the questions raised by the CEG members on the material presented by the Company.

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: performance, survey method design, Balanced Scorecard, using the survey and Balanced Scorecard results, and incentives.

Key questions were:

<b>Theme</b>	<b>Question/Observation</b>
Performance	What drives uneven performance across Cadent's regions? What are other gas distribution networks (GDNs) (with better results) doing that you are not? What have you learnt from others? How do you ensure you capture learning from across your different regions to spread it?
Survey method	What do other comparable Customer Satisfaction (CSAT) surveys in other utilities look like? What are the risks and costs of the new CSAT options? How would the Customer Effort Scale and Net Promoter Score fit with the Balanced

	Scorecard and how will you use their results? How do you capture feedback from all customers and at each stage of the work programme? Have you advanced your thinking around measuring stakeholder satisfaction? What targets are you expecting to achieve at the end of RIIO1 and how are you proposing to set targets for the end of RIIO2? What historic performance is used to set targets?
Balanced Scorecard	What is the need and purpose for your proposed Balanced Scorecard? To what extent was the design based on customer insights and shaped by frontline staff? What further customer engagement will do you on the Balanced Scorecard? What's your view on how the measures could be improved and how will you achieve this? How will this enable you to address variable quality? How will you keep this relevant? What research have you done into what constitutes exemplar customer service?
Using the survey and Balanced Scorecard results	How will the CSAT survey results and Balanced Scorecard lead to improvement in your services? Will you feed back to customer on whether their experience was above or below average and tell them what you will do about it?
Incentives	Do you envisage being incentivised based on the Balanced Scorecard results or still on the basis whereby customers give an overall satisfaction score? To what extent are you plans on the Balanced Scorecard dependent on Ofgem or industry decisions and incentives available for customer satisfaction? Will you do any 'willingness to pay' work to inform incentive levels for customer satisfaction?

The Chair thanked Jahir Kashem who, together with the Cadent staff, then left the Meeting.

ZM held a private session with CEG members to review the previous agenda item and prepare for the next agenda item.

## GSOP

Cadent staff re-joined the Meeting and the Chair again welcomed Jahir Kashem, R&E Process Specialist, RIIO Delivery Team to the Meeting.

On behalf of the CEG, Janet Wood led the questioning on four challenge themes that had been identified from the questions raised by the CEG members on the material presented by the Company.

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: GSOP research, payments, compensation caps and aligning GSOP with the strategic vision.

Key questions were:

Theme	Question/Observation
GSOP research	Can you share more information on the GSOP research being undertaken and the role of Cadent in this research? What questions were asked and how was this conducted? Can you provide more detail on the findings and how these will be applied, in particular on time appointments and connections/reconnections and non-connection pass rates?
Payments	Do you see GSOP payments as compensation or goodwill payments? In relation to making payments, what is Cadent's performance and the reasons for that? How do you currently promote customers rights to payments across different customer segments? How does this compare to best practice in other sectors? What might bespoke incentives look like? Have you engaged customers on how they are paid/what kind of compensation they receive?

Compensation caps	How is the compensation cap applied? Please explain why you are against the removal of compensation caps? Have you got any consumer insights on what they think about compensation caps?
Aligning GSOP with the strategic vision	How will your approach to GSOP be aligned with your vision on wanting customers to love your standards? Where must GSOP be standard to all networks and where might you go above and beyond? Have you considered how a guaranteed standard might be applied at a community level?

The Chair thanked Jahir Kashem who, together with the Cadent staff, then left the Meeting. ZM held a private session with CEG members to review the previous agenda item and prepare for the next two agenda items.

## Innovation

Cadent staff re-joined the Meeting and the Chair welcomed Rob Mitchell, Practitioner Lead, Network Innovation and Jim Godefroy, Performance Excellence Implementation Manager to the Meeting.

On behalf of the CEG, the Chair led the questioning on key questions that had been raised by the CEG members on the material presented by the Company.

The CEG raised a number of observations and questions during this session, including but not limited to around: defining innovation, the measurement of change, what are the benefits of innovation and does it set the scope for funding, innovation applied to data, innovation in the supply chain, and the governance framework for innovation

The Chair thanked Rob Mitchell and Jim Godefroy who then left the Meeting.

## Environment

The Chair welcomed Stuart Easterbrook, Future Gas Strategy Manager, RIIO Delivery Team and Ian Glover, Environment Manager, SHE and Security to the Meeting.

Various CEG members led the questioning on five challenge themes that had been identified from the questions raised by the CEG members on the material presented by the Company.

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: general environment strategy, customer engagement, emissions and shrinkage gas, waste and recycling and mobility strategy.

Key questions were:

Theme	Question/Observation
General environment strategy	What range of options did you consider for your commitments? In setting your targets/ambitions, how have you set your targets, what benchmarking and baselining have you used and how do you know these are stretching targets?
Customer engagement	What is Cadent's assessment of how robust their customer engagement and insight is on the environment? Where do you see gaps/weaknesses and strengths? How much weight do you give to each type of engagement and feedback? How has this influenced Cadent's target areas? Have you engaged specifically or as part of general engagement?

Emissions and shrinkage gas	<p>What is needed to address this?</p> <p>How does 'accelerated leakage reduction' translate into the Repex programme?</p> <p>What would it cost in financial terms and manpower to eliminate shrinkage gas?</p> <p>What analysis is there to demonstrate that the line has been drawn appropriately between positive action and offsetting?</p> <p>Have you forecast how much carbon offsetting will cost and how you will fund it?</p> <p>How will you offset your carbon emissions?</p> <p>What are the plans for solar arrays and how many tonnes of carbon could be saved?</p>
Waste and recycling	<p>Are there any safety issues with using recycled plastics in your pipes, and any cost implications?</p> <p>Has Cadent identified its priority actions and what has the most impact?</p> <p>What options are available to Cadent to make the supply chain more sustainable, and how will you assess and track performance of your supply chain?</p>
Mobility strategy	<p>How do you plan to incentivise low emission vehicles for company cars?</p> <p>Is the replacement programme for commercial fleet vehicles realistic?</p> <p>A comprehensive strategy for transport would be good. Is there a mobility strategy aside from targets for low-emission vehicles?</p>

The Chair thanked Stuart Easterbrook and Ian Glover who then left the Meeting.

### **Board reflections on this session**

Catherine Bell provided her reflections on the sessions held during the day.

ZM thanked Catherine Bell and Cadent staff who then left the Meeting.

### **Meeting review and Governance**

ZM held a private session with CEG members to review the previous three agenda items and consider governance matters, including approval of the prior meeting minutes and a review of the status of actions and challenges recorded on the relevant logs.

*Outputs: Approved minutes and status of actions and challenges.*

The Meeting adjourned, to recommence on Friday 10 May at the Company's Goswell Depot, London.

**Friday 10 May  
Goswell Depot, London**

**Meeting recommencement and declaration of interest**

The Meeting recommenced with Simon Griew, appointed as Chair in Zoe McLeod's temporary absence, holding a private session setting out the purpose of the day.

There were no additional or changed declarations of interests made by CEG members.

The CEG members prepared for the next agenda item.

**MOBs presentation**

Cadent staff joined the Meeting, and Simon Griew welcomed James Harrison, Director of Operations, London and Jonathan Dennett, Regulatory Reporting Manager, Asset Strategy & Investment, to the Meeting.

Zoe McLeod joined the Meeting and took over the role as Chair.

Various CEG members led the questioning on five challenge themes that had been identified from the questions raised by the CEG members on the material presented by the Company.

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: understanding the problem, strategy, interruptions, customer engagement/support and regulatory engagement/RIIO2 framework.

Key questions were:

<b>Theme</b>	<b>Questions/Observation</b>
Understanding the problem	Please can you provide a more strategic analysis of the problem? On the survey programme, is this the plan agreed with Ofgem, or part of that; what are the key element, what is your progress and what have you learnt?
Strategy	What is your overarching strategy? What is your strategy for stakeholder engagement? Are you expecting the number of MOBs to increase?
Interruptions	What has London interruptions performance deteriorated since 16/17? What did you do when you saw the rise in 17/18 and why has this not been effective? What can you learn from other GDNs?
Customer engagement/support	How much customer engagement have you done on MOBs? What is the feedback and insights? Is the welfare provision available to all MOB residents and is it different to welfare provision for non-MOB customers? Does the energy exchange programme help you if some customers in the MOB stay on gas?
Regulatory engagement/RIIO 2 framework	What is the position with regards to enforcement action? What is your regulatory strategy for MOBs? What framework do you envisage for MOBs in RIIO2 and how will this promote the interests of MOBs and non-MOBs customers?

## **MOBS site visits**

The CEG members split into two groups, each of which attended a different MOBs site within London.

Following the site visits, the Chair thanked James Harrison and Jonathan Dennett, who, together with the Cadent staff, left the Meeting for the CEG members to enter a private session.

## **Meeting review and next meeting**

ZM held a private session with CEG members to review the previous agenda items on MOBs and review the overall Meeting content of the two days and the material presented and discussed.

The Chair confirmed the next meeting would be held on 12<sup>th</sup> and 13<sup>th</sup> June and declared the Meeting closed.