



Stakeholder Report

2023/24

together
we are
the network

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Welcome

3 This report is a reflection on our activity over the 12 months from 1st April 2023 to 31st March 2024.

4 It's an opportunity to share how stakeholder views have influenced and informed our decisions over the year.

5

6 We'll also share our achievements, challenges, and performance against some key regulatory targets.

8 We hope you find the report interesting and informative. Please get in touch if you'd like to find out more about any aspects of our work.

A word from Mark



This year has been another challenging one for many of our customers and communities, and the high cost of living has continued to impact even as inflation has eased. This has understandably driven customer and stakeholder concerns.

The stories in this report are testament to the fact that we've continued to engage extensively and work closely with our stakeholders and customers to have this focus front of mind in every decision that we've made.

In response we have provided both crisis support for our customers 'in the moment' and sustainable solutions for the future. The success of this work has been underpinned by collaboration with our voluntary and community sector partners, and dedicated colleagues across our business.

We are committed to operating in ways that contribute to the places we are based in. We have sought to use local suppliers to meet business needs, to recruit from local communities, to prioritise colleague health and wellbeing, and to develop an even more skilled, inclusive, and diverse workforce.

We are delighted to have been able to repurpose funds from the Fuel Poor Network Extension Scheme to the Vulnerability and Carbon Monoxide Allowance. I am extremely proud of

the support that NGN has been able to provide to consumers through this repurposed allowance. We live and breathe a customer-first culture, always considering what we can do beyond our core obligations.

To further support the customers and communities we serve, we have continued to work closely with our third sector partners to inform our thinking and provide support through our Customer Support Fund and Community Partnering Fund.

These initiatives are 100% funded by our shareholders. We are the first and only Gas Distribution Network (GDN) to reallocate allowed revenue from unbilled energy back in to provide essential support for customers most in need.

Given the continued financial strains on households and businesses, delivering value for money for our customers is more important than ever. Innovation plays a vital role in achieving that and in providing a safe, reliable gas service that supports transition to net zero.

We remain resolute that the only way to meet net zero targets is through a whole systems approach. Over the past year, we have looked towards the future and explored the ways we can drive down the costs of alternative energy solutions and most effectively repurpose our network.

This is an area in which I've led much of our engagement, working closely with Government and industry to inform key policy decisions on the future of the energy system.

Innovative solutions will enable us to keep pushing boundaries, to minimise carbon emissions, create positive environmental impacts and develop new energy sources.

We remain committed to working closely with our stakeholder community to provide an infrastructure that supports a net zero future.

Planning is currently well underway for our next regulatory business plan for 2026 – 2031. This plan will maintain our focus on delivering an exemplary service at a fair price to customers. We will capitalise on our position as the frontier gas distribution network to ensure that we can continue to deliver a reliable, resilient, and affordable energy system for our customers while getting in the best possible shape to deliver net zero.

It's clear that these issues will define our stakeholders' priorities for years to come, and our future engagement continues to be shaped with this in mind.

I'm incredibly proud of what our colleagues have achieved this year, driven by guidance from our customers and stakeholders. Over the coming years we will continue to engage and challenge ourselves and the energy sector to achieve more.

Finally, I'd like to thank all our stakeholders for their continued support, guidance, and collaboration. We couldn't do any of this without you.

Mark Horsley

A word from our stakeholder lead



Meaningful, proportionate, and honest engagement continues to be the cornerstone of our approach to working with stakeholders and using feedback to make positive change for the company and for customers, examples of which are demonstrated in this report.

We are acutely aware that it is a difficult time for our customers and consumers. We have heard first hand from our regional stakeholders, and partners that there has been a notable surge in individuals seeking assistance for crisis support, energy-related issues, and financial struggles.

At the same time, the challenge of decarbonising the economy, and the power sector, continues to grow in significance and impact on our communities.

These circumstances have heightened the importance of effective engagement to truly understand how their opinions and needs differ and to adapt our responses accordingly. It also reinforces the need for effective collaboration within and beyond the sector.

This year our focus has been to ensure our engagement is as inclusive as possible and that we truly understand the needs and priorities of our stakeholders. As well as updating

our stakeholder map, to reflect the changed socioeconomic landscape and environment over the last few years, we took great pride in pioneering the creation of a bespoke map for underreached consumer groups – an industry first. We now have unparalleled understanding of vulnerability and can identify underreached customers according to their prevalence and the impact of not engaging.

Across our engagement customers, including future customers, continued to highlight the importance of energy affordability, and keeping bills as low as possible. While concerns about the environment remain, these were less of a priority than affordability, reliability, and safety. We have significantly seen a large shift in our future customers who are increasingly bringing affordability into their decisions and discussions.

While customers' concerns continue to be driven by affordability, local place makers tell us about the urgency of taking decisive action on decarbonisation. Local authorities are seeking tailored guidance and assistance to effectively strategise and implement investments that align with their goals of achieving net zero emissions at the local level.

We recognise the importance of collaboration and are continuing to work hard to find ways to create space for stakeholders to hear each other's voices and work together to identify meaningful change and direction for our business, such as through our annual conference, our workshops, and open days.

Simultaneously, customers want trusted advice and support on the practical net zero steps they can take, at the lowest cost. As such, we are focusing more on our bilateral engagement to amplify the voice of local authorities, while orchestrating cross-utility collaboration with Northern Powergrid and Electricity Northwest, effectively looking at how we co-design and co-fund solutions for shared challenges.

Amidst all this we recognise that we are operating against a national backdrop of falling trust in utilities companies and the services we provide. Transparency and accountability remain as important to our stakeholder community as they are to us.

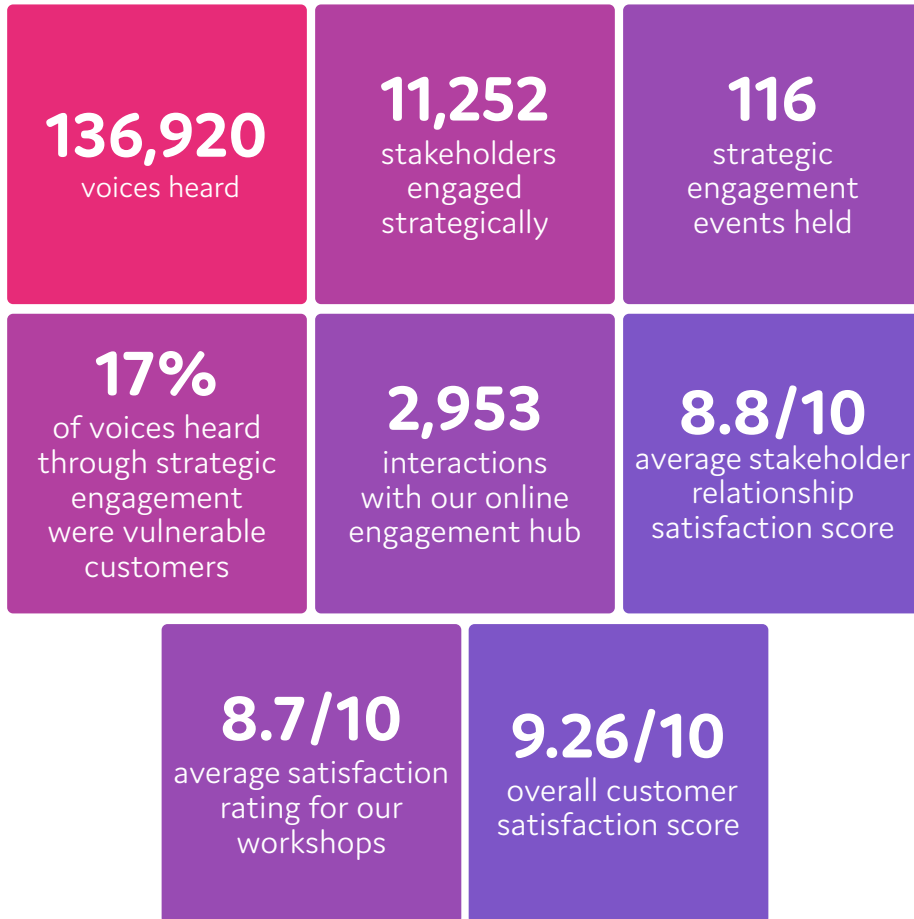
We've continued to use external assurance programmes and independent benchmarking to ensure we focus on delivering high quality engagement both within and outside the utility sector not forgetting the pivotal role played by our Independent Stakeholder Group (ISG) in providing oversight and challenge.

We remain focused on the role stakeholders and customers have to play in shaping our day-to-day decisions, and it's only by building trusted relationships and understanding our stakeholders' values, preferences and ideas that we can make meaningful changes.

Jenny Wilkinson
Stakeholder Lead

Highlights of our year

Highlights of our engagement



Highlights of our performance this year

- ✓ We recorded industry leading response times for attending gas escapes within the regulatory one-hour window- **attending 99.81% within an hour** and beating our 97% target.
- ✓ We restored gas supplies quickly following emergency work and performed **over 6% better than we did last year!**
- ✓ We **replaced 37,963 service pipes** to properties this year and are on target to meet our five-year replacement targets.
- ✓ We have **demolished 5 gas holders'** this year which leaves us with only 2 more to hit our target of 22 by 2026.
- ✓ We have now **installed 43 electric charging points** for our fleet. This leaves us with 13 more to hit our target of 56 across our network.
- ✓ We have uncovered £215,387 in theft of gas this year. Our team is working hard to identify and prevent this theft and keep customers safe.
- ✓ We **reduced our total emissions by 5%** over 2023/24, **saving 17,500 tonnes of CO2e.**

Working together with stakeholders

We are committed to ensuring our business makes decisions that are reflective of our customer and stakeholder values and preferences and that are founded on a robust evidence base.

We take great pride in our industry-leading stakeholder engagement approach. We have matured the tools and techniques we designed as part of our 2021 business planning programme to ensure that proactive, regular, meaningful two-way dialogue with wide ranging groups of people across our footprint has become embedded across teams as business as usual.

This year we updated our stakeholder map. This allowed us to identify new stakeholder groups reflecting changing areas of interest in the energy landscape – for example, cyber security experts and community and local energy groups.

As part of our continuous focus and dedication to inclusivity, we have gone further, creating an industry-first bespoke map for underreached consumer groups that goes beyond generic definitions such as ‘seldom heard’. This has given unparalleled granularity and clarity on who our underreached groups are and enabled us to spot gaps in our engagement that can be addressed via specific plans moving forward.

By redesigning our approach (see page 10 for more details), we can now better:

- Prioritise who to engage with.
- Design engagement channels to overcome barriers faced by priority groups.
- Monitor engagement to track participation among priority groups.
- Adapt our engagement plans to ensure all voices are heard.

We know we cannot take a one-size-fits-all approach to engaging people in what matters to them. We must tailor our approach to who we are talking to, why and on what topic, and based on the depth of audience understanding and what matters to them.

We have continued to fine-tune our use of innovative mechanisms, including our industry leading Citizens Panel, our Young Innovators Council and our annual Customer Perceptions Research, all allowing us to challenge and test our thinking and ensure our actions continue to be relevant and meaningful.



Figure 1: Our refreshed stakeholder map

Working together with stakeholders

Through our 18 core mechanisms we've been able to speak with 11,252 stakeholders this year.

Over the last 12 months we've continued to engage through a mix of online and in-person engagement, bringing our Citizen's Panel together in person for the first time in four years. This activity has allowed us to reconnect with our customers and nurture the trusted, long-term relationships we've built.

At the same time, we've continued our programme of virtual engagement, including our annual Stakeholder conference and our Customers in Vulnerable Situations workshops, allowing us to reach a geographically broad spread of stakeholders, reducing the demands on their time as well as the cost and carbon impacts associated with travelling.

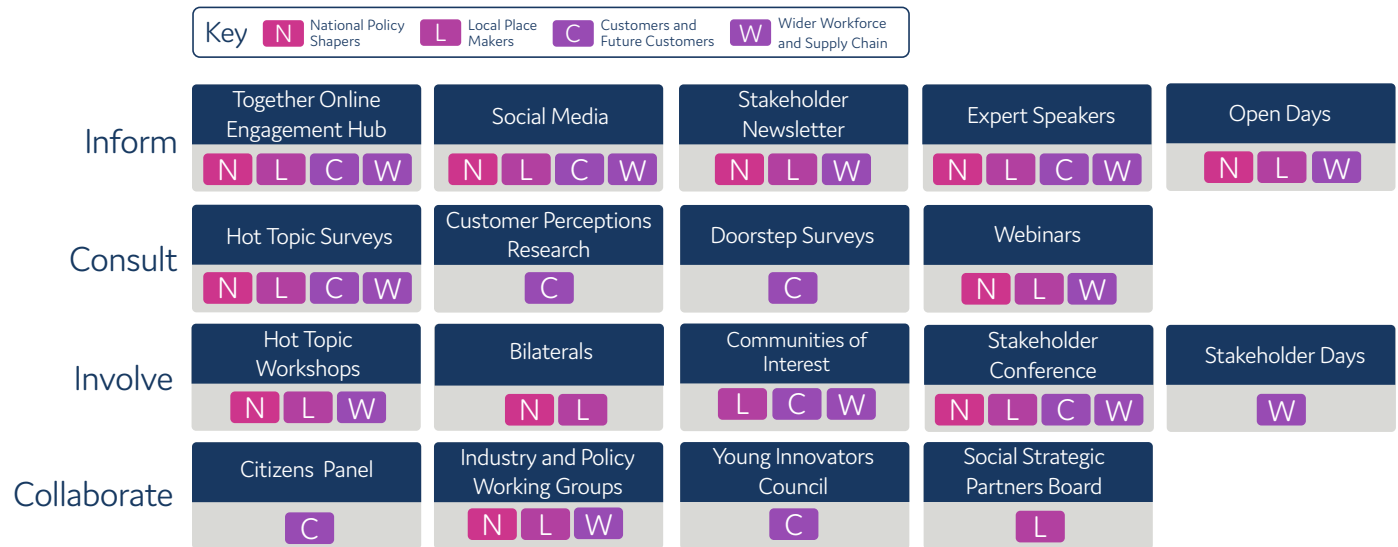


Figure 2: Strategic Engagement mechanisms

Holding us to account

Customer Engagement Group (now the Independent Stakeholder Group)

NGN is proud to be the only GDN with a consistent Customer Engagement Group (CEG) that has continued to convene regularly since its inception during our regulatory business in 2019.

Following Ofgem guidance, the group has transitioned into the Independent Stakeholder Group (ISG), to scrutinise us over the next price control period. However, its purpose in holding us to account, and monitoring how we are listening to our customers and stakeholders, translating their insight into meaningful action, and delivering on our business plan commitments to them remains the same.

Over 2023/24, the ISG refreshed its membership based on a review of the skills and knowledge needed to underpin its role looking ahead. This highlighted a gap in Diversity, Equality, and Inclusion; Data and Digitalisation; and Sustainability, resulting in three new members joining.

They do so at a vital time in the business planning cycle, and we welcome the expertise, rigour and challenge they bring in areas that are pivotal to business, customer and Ofgem priorities.

The group produces its own [annual independent report](#). This reflects how we have considered and responded to stakeholder

and customer views over the year and raises challenges to us, along with the areas they feel we should focus on. This year's report also provides considerations for the next price control period of 2026-2031.

"There continues to be professional and collaborative engagement between our members and NGN business leads and we are confident that issues raised are addressed and evidence/analysis is provided where requested. NGN's engagement strategy is mature and effective and there is evidence that insights are used in decision-making processes."
NGN Customer Engagement Group 2023/24 Annual Report

External assurance and benchmarking

We are committed to transparency and accountability. We've continued to use external assurance programmes to ensure we're doing the right thing for our stakeholders, whilst at the same time adopting independent benchmarking that allows us to focus on high quality engagement both in, and out of, the utility sector.

External assurance

- We remain one of the world's first companies to attain the new **BSI Inclusive Service** Kitemark recognising our work supporting consumer vulnerability and our inclusive and flexible provision to support our customers.

- We've focused on amending and improving our engagement processes and systems to respond to feedback received via our assessment against the internationally recognised **AA1000 Stakeholder Engagement Standard**. Our action plan set out how we will move forward in four areas: strategy and governance; management and culture; engagement and delivery; and learning and responsiveness.

Independent benchmarking

- **Business In the Community's** Responsible Business Tracker guides us in the environmental and socially responsible actions our business should be taking. Our 2023 assessment demonstrated continued high performance around community and stakeholder engagement. It also identified some important leaps forward with high overall scores and best in class performance on purpose & values and environmental stewardship. We are striving to make further progress, including in areas such as diversity and inclusion.
- We measure our service through the **Institute for Customer Service**, which is reassessed every 18 months. Our most recent score tracked in July 2023 was 98.2%, significantly above our 2022 score of 91%, and above both the utility and all-sector averages.
- We are exploring the steps needed to become signatories of the West Yorkshire Mayor's **Fair Work Charter** in line with our ethos to act as an inclusive anchor institution.

What we've heard and done in 2023/24

What matters to customers and stakeholders?

We're continually talking to our customers and stakeholders to find out what they expect from their gas distributor. Our annual customer perceptions research helps us to understand customer priorities and perceptions and how these are changing.

Customer top five priorities:



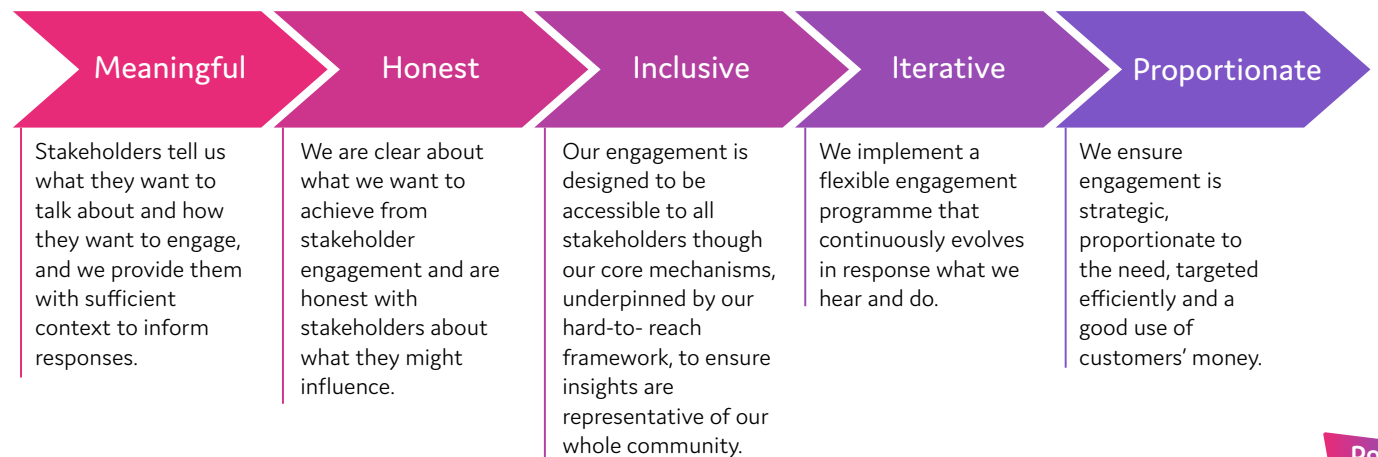
In addition, we regularly talk to stakeholders including businesses, local authorities and combined authorities and the voluntary and community sector, and hear about their priorities through meetings, focused workshops, research, and events such as our stakeholder conference. Our Customer Engagement Group (now known as the Independent Stakeholder Group) holds us accountable for identifying the things that really matter to the region and our customers and making business decisions that reflect them.

The priorities identified have led us to stay focused on four topics for engagement this year, which connect to our regulator Ofgem's four key outcome areas. These reflect the challenges customers face in their everyday lives, changes in the energy

marketplace, and long-term global issues and opportunities:

1. **Delivering value** - understanding how we can best deliver long term value for money and keep costs low through system efficiency.
2. **Meeting the needs of customers** - adapting to meet our customers' needs, particularly those in vulnerable situations
3. **Maintaining a secure and resilient network and business** - ensuring we deliver a safe and reliable service and, as an anchor institution, act as a positive force in communities.
4. **Supporting a net zero future** providing an infrastructure that enables transition to net zero – including the role of hydrogen in the energy mix as part of a green future – and helping people to make informed energy decisions.

Our strategic approach is underpinned by five core principles, informed by our stakeholders' feedback:



Meeting the needs of customers

Overview

The cost-of-living crisis – in which rising energy bills have played a significant part – is still a reality for our customers. The experience of debt has become more widespread and, as a result of this enduring crisis, we are seeing increased and more complex need amongst our vulnerable customers.

Our stakeholders continue to urge us to help, and we recognise our responsibility and moral obligation to do so. In 2023, we consulted widely to update our Customers in Vulnerable Situations Strategy. Insights gathered have matured our focus onto six granular strategic principles:

1. Collaborate and link up partners and funding.
2. Increase capacity for support within partner organisations.
3. Increase focus on health – hardwiring the link between energy savings and warm homes.
4. Increase focus on financial hardship.
5. Connecting and responding to different aspects and complexities of vulnerability.
6. Scale up successful existing projects.

The following stories demonstrate how we are listening to our stakeholders and working strategically with partners to direct our investment. They also show how we are continually fine tuning our daily interactions, ensuring we take a customer first approach and treat all customers fairly.

In figures

Regulatory Performance Figures



Voluntary targets



Collaboration and partnership working to support customers in vulnerable situations

We've reshaped our strategic partnerships to help ensure our investments deliver immediate and sustainable impact for our customers in greatest need.

What we've heard

Stakeholders want us to invest all available allowances to deliver maximum benefit. In doing so, they want us to collaborate and connect partners and funding; increase capacity within partner organisations; and scale up successful existing projects.

They also want us to respond to different aspects and compounded complexities of vulnerability. To do so, we need the right strategic framework from which we can focus our effort, partnership work and investment towards the greatest impact.

Our response

We have re-engineered our Strategic Partnership Framework, moving from having lead partners based on geography to those based on themes of vulnerability in order to amplify the voice of our customers across all categories of vulnerability. The rationale for this is two-fold.

Firstly, NGN has consolidated its operational areas from nine to five. In discussion with our existing nine geographic partners, it became apparent that it would be unreasonable to ask some of them to act as a voice for a far larger patch, especially those smaller in size and influence.

Secondly, and in parallel, our Stakeholder Team (see section 2) has worked with external experts to create an industry-first map for underreached consumer groups. Our segmentation has expanded from five to ten categories and covers new areas

like rural vulnerability and financial hardship. It showed that we had gaps in our partnerships that were preventing these voices from being heard.

With these factors combined, we took a strategic decision to adjust our approach, identifying ten lead partners, one for each thematic category, recognising that these partners would also be well placed to speak fluently on their area of focus on behalf of wider geographies.

We host a monthly Partner Networking forum bringing our partners together to share information, discuss projects and learn. For example, several partners have become 'approved' partners with the Fuel Bank Foundation, allowing them to signpost to the Foundation's E-vouchers that provide essential support e.g. on food, energy, white goods, school uniforms, clothing and home essentials.

This strategic framework for robust dialogue ensures our funding for vulnerable customers is aligned with greatest need and allows us to support partner capacity and sustainability of projects. The table below shows how that reflects across the three funding streams that support our work in this area – the Vulnerability and Carbon Monoxide Allowance (VCMA), the Customer Support Fund (CSF), and the Community Partnering Fund (CPF).

Collaboration and partnership working to support customers in vulnerable situations

We've reshaped our strategic partnerships to help ensure our investments deliver immediate and sustainable impact for our customers in greatest need.

Support programme	22/23 spend	Feedback from stakeholders	Response	Outcomes
<p>Vulnerability and Carbon Monoxide Allowance (VCMA)</p> <p>Increased from £6.85m for GD2 to £19.64m in October 2023 following reallocation of Fuel Poor Network Extension Scheme Allowance</p>	£1.8m	<p>Increase spend in year 3.</p> <p>Be clear about investment plans for remaining 2 years of GD2.</p> <p>Address gaps in both geography (West Yorkshire/Newcastle) and specific needs support (physical needs).</p>	<p>Scaled up spending in 23/24, to account for additional funding into the VCMA.</p> <p>Supported projects ranging from small amounts of less than £1,250 (NGN) to £567,000 per annum.</p> <p>Spend focus during year 3: Updated strategy informed by partners/stakeholders:</p> <ul style="list-style-type: none"> • Health - increase partnerships, including an ambitious collaborative NEA health project (see case study) • Targeted projects with more in-depth support for specific vulnerable groups • Extending and scaling up of existing projects to end of GD2 • Increased resource for vulnerability team to efficiently manage the increased allowance/projects 	<p>82 regional projects supporting financial vulnerability fuel poverty, literacy, mental health, physical disability, CO awareness, rurality, energy efficiency.</p> <p>34 UK wide projects with other GDNs supporting physical disability, CO awareness, energy efficiency.</p> <p>You can read more in our annual report.</p>
<p>Community Partnering Fund (CPF)</p> <p>£50,000 per year – NGN shareholder funded</p>	£50,000	<p>Continue to build grass-roots partnerships.</p> <p>Maximise all available funding channels to help those in most need.</p>	<p>New partnership with Tyne & Wear Community Foundation to establish the CPF in Tyne & Wear. Projects included:</p> <ul style="list-style-type: none"> • Bright Futures • Headliners UK • North Tyneside Disability Forum • Easington Lane Community Access Point • Community Action Northumberland • ICOS • Shiney Advice & Resource Project 	<p>Over 500 people directly supported with improved living conditions and communities, employability skills and energy efficiency advice.</p>
<p>Customer Support Fund</p> <p>£150,000 per year – NGN shareholder funded</p>	£268,000	<p>Prioritise where there may be no other existing funding to support.</p> <p>Increase available funding to support customers during the cost-of-living crisis.</p> <p>Maximise all funding streams.</p>	<p>Continuation of enhanced compensation payments for customers left without gas through emergency supply interruptions – an additional, early payment introduced at 4 hours, to support increased energy costs.</p> <p>Support first time gas connections/central heating.</p>	<p>See pg 14 – Understanding our impact and ensuring the sustainability of our social investments - for details.</p>

Table 1: Our support programmes

Data as the roadmap to real social change: Evidence-based investment

We've worked with stakeholders to scale up and roll out our industry leading data visualisation tool to maximise support across partner networks, as well as drive our investment to optimise impact for customers with complex and multiple needs.

What we've heard

Stakeholders tell us we must connect and respond to the different aspects and complexities of vulnerability. They want us to expand the reach of the PSR, ensuring effective targeting and take up of support services.

Our response

Having successfully piloted our Vulnerability Visualisation Tool in 2021, we have continued to evolve the platform to use data to identify where vulnerable customers might be and to understand the multiple, cumulative factors that might impact on their lives. It brings together over 100 public data sets – including on fuel poverty, deprivation, CO hotspots, and household energy performance – to paint a powerful picture of vulnerability at a place-based level.

The tool enables us to layer factors of vulnerability to create a heat map of areas of highest need. This helps answer complicated questions, e.g. where there are a high number of older people living in low energy efficient housing and in fuel poverty; and helps us to make good decisions on where to target resources for the most positive customer impact.

We have engaged extensively to underpin phase two of the tool's development to ensure it offers the greatest potential for collaboration, insights and reduced duplication. We are committed to making the tool more widely available – free of charge – to partners and charities to enable them to improve and target their services. Our engagement has led to a large

increase in its use. There are now 149 users, from utilities and energy consultancies to local government and universities, to charities supporting areas such as health, housing, finance and energy advice.

The tool has underpinned decisions on where to locate our initial six VCMA-funded Centres for Warmth – warm, safe physical spaces where people from fuel poor households in our most deprived neighbourhoods can go to receive services designed to tackle financial hardship, improve health and wellbeing, and help communities better manage their energy. You can read more about this in our [annual VCMA report](#).

It has also been used by our teams to identify properties that could benefit from battery powered boilers to combat power outages; by the NEA to identify vulnerable future consumers; and by Cadent to trial a fuel poverty project.

Outcomes

- Customers needs are better understood
- Customers receive better designed, coordinated and more timely support to meet their needs
- Customers receive better service, have improved experiences and positive outcomes linked to overcoming vulnerability
- Customers are better connected to well-informed partners and charities in their local area who are best placed to support them with targeted interventions

Looking ahead

Current partners are NGN, Cadent, Northern Powergrid and SSEN. The plan is to onboard at least another six partners. Although this innovation has stemmed from a vulnerability perspective, its ability to support business objectives are far broader, making it a powerful tool for instance on climate resilience, incident support, tackling customer satisfaction concerns and investment decisions. Phase three will further develop the technology via machine learning and generative AI and add to the data available.

Understanding impact and ensuring the sustainability of our social investments

We are redirecting revenue recovered from the theft of gas to boost our Customer Support Fund and deliver more, lasting support to the people who need it most.

What we've heard

It is important to our stakeholders that we use all allowances available to us to support vulnerability. But they don't want one off action. They want us to understand our impact and use this to focus on creating lasting change via our social investments, working with our partners to build their capacity to deliver positive outcomes in communities and for vulnerable customers well into the future.

Our response

Ofgem has provided GDNs with mechanisms to recover revenue lost via the theft of gas and allows a proportion of this money to be retained and used as the GDN sees fit. We have previously worked closely with our Citizens Panel to design our strategic approach to this, ensuring we balance safety, affordability and fairness without exacerbating hardship for customers.

In 2023 we went a step further. We are the first and only GDN to take a business decision on moral grounds to ringfence and reallocate this recovered revenue to support customers in extreme crisis.

In this way, in 2023/24 we were able to increase our Customer Support Fund by £188,000. This has directly bolstered the scale and sustainability of projects that support vulnerable customers and delivered more and better outcomes for people who are struggling to receive help elsewhere.

Specifically, it is supporting off-gas, vulnerable households to obtain first time gas central heating. This is invaluable in improving conditions and supports our commitment to answering stakeholder calls to better tackle health issues arising from cold living conditions.

Outcomes

- £118,000 recovered from the theft of gas and redirected to the Customer Support Fund
- Enhanced scale and sustainability of projects, including those delivered by partners, supporting vulnerable customers

Increasing our focus on health – hardwiring the link between energy savings and warm homes

We have worked with partners to launch Warm Homes Healthy Futures, a project to tackle fuel poverty and health inequalities.

What we've heard

The energy crisis is forcing more people and families to be trapped in cold, damp and energy inefficient homes that exacerbate medical conditions and lead to health inequalities. Stakeholders and our Independent Stakeholder Group want us to help by hardwiring the link between energy savings and warm homes.

Our response

Over 2023/24, we have worked extensively as the lead project partner with the NEA, Cadent, SGN and WWU to design, secure funding for and launch the Warm Homes, Healthy Futures project to tackle fuel poverty and health inequalities in England and Wales.

This is a highly ambitious collaborative project that directly responds to stakeholder calls for us to increase our focus on health and its link to energy. Using £12 million over two years, it will connect health professionals and local public health bodies with energy advice and other specialist services including income maximisation, servicing and home improvements, to support people to live in warm and safe homes and improve their health.

Activities include:

- Complex case work support on energy efficiency, fuel debt and welfare benefit checks
- Energy efficiency advice, measures and servicing of systems and appliances
- Training stakeholders to support communities with energy and CO awareness

Our work to develop this with partners over 2023/24 culminated with a launch event in the House of Lords in March 2024. Delivery went live in May 2024.

The project aligns actors and activities to tackle health inequalities and fuel poverty simultaneously. It will be coordinated nationally, and delivered locally in communities where there is high need and limited existing support, with the aim of leaving a lasting legacy.

Outcomes

Over two years the project will:

- Directly support 30,400 unique households
- Indirectly support 15,360 households through community health workers and volunteers
- Deliver a positive SROI £2.35 for every £1 spent ^[1]

[1] The SROI assessment does not measure the health impacts of the project. These will be evaluated throughout delivery. It is expected that the evaluative SROI will be greater than that forecast.

Continuously improving our customer service - Services Beyond the Meter and Making Every Contact Count

We are maintaining our excellent standards of customer service and high levels of customer satisfaction through all of our day to day interactions.

What we've heard

Customers can become frustrated if left without a gas supply due to a suspected CO issue. In the past, NGN engineers have not been able to support, impacting on customer satisfaction, complaints and their view of NGN's service. We also know that stakeholders want us to expand the reach of the Priority Services Register to ensure effective targeting and take up of support services.

Our response

Previously, when an NGN engineer isolated a gas supply, customers needed a full gas safety check before the supply could be reconnected, even if the report was triggered by a faulty CO alarm or low battery. The customer would need to find, wait and pay for a gas safe engineer just to be advised to replace their CO alarm. For vulnerable customers, this can impact on finances and health.

In response, in August 2023, we rolled out our Services Beyond the Meter (SBTM) pilot. By March 2024, we had trained 22 NGN engineers to carry out CO investigations. Customers with suspected CO in their home can now be visited by a specially trained engineer who will carry out a full gas safety check. If no CO is present, they will reconnect the gas supply. This eliminates the cost incurred and time a customer must wait to get their gas back on.

Impact is enhanced by our Making Every Contact Count approach. Ringing back all customers with an isolated supply was not an effective use of resources. We now only call back

vulnerable customers. This allows more time to offer extra support to customers in most need and who may struggle to access support themselves. It also means engineers can make referrals based on any risk of vulnerability they encounter when attending a job based on the training they have had (see story below).

In these calls, we ensure that reconnection steps are actioned swiftly. As well as signing eligible customers up to the PSR, we may for example signpost them to debt advice, to the fire service for a home safety visit, or to a green doctor for energy advice.

We also use them to refer people to local and national partners; to Groundwork to access their Repair/Replace/Service programme; and to support offered via social services. The team has access to the fuel bank portal and can refer people to apply for fuel vouchers; and can make sure alternative heating and cooking facilities are provided.

Outcomes

- 9.26 overall customer satisfaction score, maintained from 2022/23.
- 22 NGN engineers trained in CO investigations.
- Increased referrals to partners offering specialist support to tackle vulnerabilities.

Looking ahead

Embedding these approaches ensures strong referral routes are in place and that these are consistent across all customer touch points.

We have updated our customer strategy for GD3, embedding best practice from in and out of sector, including KPMG's industry accepted six pillars of customer excellence model. We are also committed to making our customer performance data transparent, making it available on our Open Data Portal.

In dialogue with Citizen's Advice, we know that the customer disconnection journey is an emerging area of customer satisfaction concern. We want to better understand why customers are disconnecting, for example due to financial pressures or to switch to alternative energy sources as a transition to low carbon technology. We will use this insight to make journey improvements to help maintain high customer satisfaction scores.

Investing in our staff to support vulnerability and customer service

We are equipping our staff with the skills they need to deliver excellent customer service.

What we've heard

As part of our Institute of Customer Service accreditation, colleagues told us about the importance of customer service training and having regular refresher courses, particularly to keep ahead of rapidly changing customer needs and expectations.

Our response

We are rolling out two mandatory training programmes to all NGN colleagues.

1. Vulnerability & Customer Service Training: We have held the internationally recognised BSI Kitemark (ISO 22458) for our

commitment to vulnerable customers since January 2023. In November 2023, we were recommended to retain the standard for another year as testament to the great work we are doing.

This training is crucial in helping colleagues to recognise different vulnerabilities and understand the support available. That might be signing someone up to the PSR or referring them to a partner organisation for additional advice or support. The 2.5-hour course also helps enhance general customer service skills and knowledge.

2. NSPCC's 'It's Your Call' Training: Everyone has a role to play in safeguarding children, and front-line workers who visit homes

have a unique opportunity to make a difference. Funded via VCMA, all GDNs are working with the NSPCC to deliver vital, child safeguarding training to colleagues. This will equip them with the skills, knowledge, and confidence to make referrals to the charity. The NSPCC has developed a 15-minute online course to help colleagues to recognise signs of abuse and neglect and encourage them to report their concerns.

Outcomes

- 605 staff trained via the NSPCC.

Meeting the needs of customers – where we have struggled

Striking the right balance between reaching harder to serve customer groups and measuring impact through social return on investment

Stakeholders want us to understand the impact of our projects and to use all of the allowances we have available to us to support customers in vulnerable situations.

However, we know that the harder a person is to serve, or the more complex their barriers are to accessing or engaging in support, the more it will cost. This can risk important projects that reach this audience being overlooked in favour of those that connect to a wider, 'easier to reach/serve' audience.

Our response

We have developed a tiered approach to apportioning our VCMA funding. We have ringfenced:

- 50% towards tier 1: projects focused on in-depth case work and targeted support for high-risk groups with complex barriers
- 34% towards tier 2: projects requiring direct awareness and advice.

The remainder is allocated to tier 3 projects focused on high level awareness campaigns and lighter touch, self-initiated support.

Average SROI varies from £4.13 in tier 1 to £17.04 in tier 3. However, we are clear that we cannot only use this as a measure of whether a project should proceed. We must also use partner reports, actual SROI calculations, case studies and partner spotlight sessions (as our quarterly hot topic workshops) to fully understand our impact.

Delivering a safe and resilient network and business

Overview

Safety, reliability, and customer service are the core pillars of our business and continue to be priorities for our customers. The energy crisis and news of global energy security have brought this even more to the fore of the discussions we have and the emphasis stakeholders place on these factors in both the immediate and longer terms.

We have worked hard to further improve our business efficiency and to widen positive impacts for customers and communities. Investment in innovation has underpinned this, including the development of new sensors that enable remote monitoring of the low-pressure network that services domestic properties, and which will help to reduce gas leakage. We've put in place a new portal to make our data open, transparent, and accessible to stakeholders. And we've adopted progressive procurement practices that support cost-effectiveness and the use of local suppliers.

Our workforce is critical to our ability to deliver the safe and resilient network our stakeholders expect. In 2023/24 we have worked hard to embed a culture that values difference, promoting diversity and inclusivity and creating equal opportunities in all areas of our business. Our Colleague Communities are central to this, ensuring people are comfortable with being themselves at work without question or judgement.

We have prioritised colleague health and wellbeing. Work-related stress directly detracts from the happy, healthy workforce we wish and need to have. We are taking action to understand and act on this in our business so that colleagues can thrive. In good part, this is about ensuring our managers know what is expected of them and how to support team wellbeing.

We've continued to build our relationships as an "anchor" business rooted in the communities we serve. In Leeds, we are connected via the Leeds Anchor Network to 13 partners across local government, health, education, utilities, and government departments, as well as with smaller community anchors. These relationships help us better understand how we can have a positive long-term impact as an employer, procurer, and provider of services.

In figures

Regulatory Performance Figures

99.81% of gas escapes engineers attended to within 1 hour

5.28 hours the regions gas went off due to unplanned interruptions

471.93 km mains pipe replaced this year

37,963 pipes feeding customer properties replaced this year

5 gas holders demolished this year

Additional highlights

157 Managers undertaken Mental Health and Stress Awareness training with MIND

£121.8m invested into local economy through local business and supply chain in 23/24

12,042 primary school children received STEM learning sessions

470 hours volunteering to mentor in secondary schools around sustainability

Making our data open and transparent

We've worked with stakeholders to design and build a new data portal, making our data open, transparent and accessible.

What we've heard

Stakeholders including industry and local and regional authorities are clear that they would like access to data we hold, as this could be valuable for their own use and service provision. Following on from this, we asked them which data sets would be most helpful and used their priorities (e.g. carbon monoxide data) to guide development of a new portal to enable access to it.

Our response

We used the insights gained from stakeholder engagement to build a new [NGN Open Data Portal](#) during summer 2023. A soft launch in August and testing at our stakeholder conference in September followed, with a full launch in October 2023 - making it the first such portal to be made available by a Gas Distribution Network in the UK.

Initially, the portal provided access to four data sets prioritised by stakeholders – including on pipes, appliances and carbon monoxide. Following feedback from users and a programme of bilaterals with key stakeholders, this has since been extended to 15 data sets, which include pipe distribution and transmission data, biomethane volumes, emergency responses, carbon monoxide incidents, unplanned interruptions, customer feedback and complaints, and documentation such as the Digitalisation Strategy and Action Plan. All the data is classified as 'open' and licenced to use without restriction.

So far there have been around 500 data downloads by site users, including over 270 relating to pipes and around 90 on emergencies and responses. The data is proving valuable for partners such as urban planners within local authorities, and for businesses considering where to locate hydrogen or biomethane stations which could utilise the network in the future.

Establishing the portal has enabled joint work to build further products and services and opened up potential for shared data platforms with partners such as local authorities, for example on energy and environmental data. Further development will extend data coverage and functionality, such as data analysis, mapping and cataloguing to make the site as accessible as possible.

The portal is enabling new partnerships to share and apply data. Work with other regional utilities such as Northern Powergrid will enable interoperability, and joint work with other GDNs is progressing to provide consistent data nationally.

Outcomes

- Assists design and refinement of products and services for our stakeholders.
- Supports development of plans, models and studies, especially for local business and research, through to local authorities.
- Application will deliver a comprehensive solution for LAEPs and other local/national agencies to access the data they need from NGN to help drive a safe, secure and fair transition to net zero.

Optimising infrastructure through innovation – Internet of Things Pressure Sensor Pilot

We've designed new sensors for our pipes to monitor gas pressure, increase operational efficiency and help reduce gas leakage

What we've heard

Stakeholders highlight the importance of a modern, safe and resilient network. Innovation supports this goal as well as customer and stakeholder priorities around cost-efficiency and reducing CO2 emissions.

Our response

There are currently very few pressure sensors in the low-pressure network that services domestic and residential properties, and options for fitting them are very expensive. Using Ofgem's Network Innovation Allowance (NIA), we've partnered with Renda Systems to innovate and develop a new 'internet of things' based pressure sensor that fills this gap.

During 2023/24 we worked with Renda to develop and pilot the technology, with five sensors tested at our Futures Close low carbon energy innovation centre. These have been successful, and the next step is to test the sensors on the live network. That would then pave the way for seeking potential network wide application during the GD-3 period.

The new sensor is designed to be low-cost and can be easily retrofitted onto the existing pipe network, which opens up the potential for widespread application. Its roll out would enable us to remotely check pressure and generate real-time data, which would provide a whole new understanding of our low-pressure network and an opportunity to present this as a visual map. The data would enable us to quickly detect problems and manage gas pressure within pipelines, for example to reduce leakage and CO2 emissions.

Outcomes

- Will provide far more advanced notification of network issues than is currently possible
- Increased efficiency and resilience of the network
- Support delivery of energy system transition and reduced gas leakage



Progressive procurement that supports efficiency, SMEs and local suppliers

We've adopted procurement practices that cut out the middleman to support cost-effectiveness and local suppliers.

What we've heard

Spending and investing sustainably continues to be a core sustainability priority for our customers. In line with stakeholder messages about our role as a local anchor organisation, we seek to contribute to the local economies and communities in which we operate and maximise access to supply chain opportunities for local companies.

Our response

In recent years, we've introduced industry leading initiatives to localise our supply chain, including using only local engineering firms to deliver our complex mains replacement programme.

As a result, 48% of our expenditure has been invested in local businesses and supply chain, helping us deliver more efficient services that have a direct impact on customer bills.

By using local engineering firms to deliver all our mains replacement work we have benefited from their local knowledge and pride in the communities they live and work in.

Learning from this success, we've expanded our Direct Service Provision (DSP) model and applied it to the procurement of our capital projects work to create a streamlined procurement process that provides even more opportunities for small local businesses.

Previously our work was tendered via five complex framework contracts – which involved a time-consuming procurement process for suppliers. As these frameworks expired it provided the opportunity to consider how we deliver our capital programme more effectively.

Taking feedback on board from previous suppliers we developed three new frameworks, two Minor Frameworks, to deliver asset upgrade and refurbishment works with 8 dedicated partners to deliver work in the region and one Major Framework.

Work packages are directly negotiated with suppliers to reduce the tendering burden and enables them to grow their resource due to a guarantee of work. This streamlined process enables more work packages to be agreed and delivered than under the old frameworks and leads to greater speed and efficiency in delivering programmes of work.

Having more direct supplier relationships also helps to support quality of work, competitiveness and responsiveness, and keeps money circulating in the local economy through local business engaging with local subcontractors and suppliers.

The Major Framework (with 10 contractors) is used for large full site and pipeline upgrades, which would typically present too much risk for smaller companies. These works are competitively tendered under the framework to ensure the most economically advantageous solution is sought.

Outcomes

- Savings and efficiencies for NGN
- Increased employment opportunities regionally
- £121.8m spend with local businesses, with 12 more local suppliers than last year.

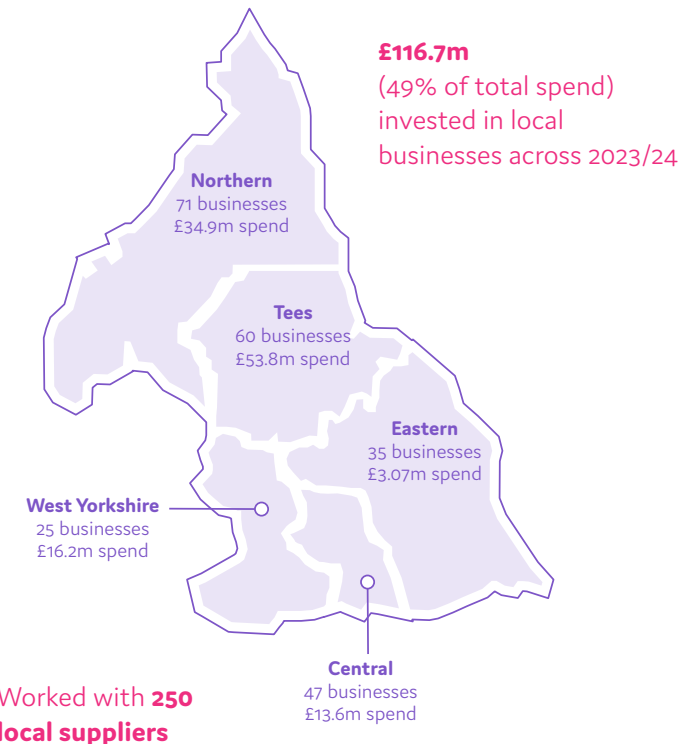


Figure 3: Map of our regional investment

Becoming a more inclusive business – NGN Colleague Communities

We've continued to work with colleagues and community partners to create a workplace where all individuals can thrive and maximise their potential.

What we've heard

In our 2021 submission to Business in the Community's Responsible Business Tracker, our score for Diversity and Inclusion was 47%. Whilst this is only 1% lower than the cohort average, it is still a low score, and one we are committed to improving upon. Our customers and stakeholder have continued to tell us that this is something they expect to be embedded in our business and our culture and we should be an inclusive and diverse business.

Our response

We have continued to embed our Inclusion and Belonging strategy in 2023/24 and remain committed to empowering colleague led change across the business.

Our Colleague Communities, established in 2021 to strengthen colleague relationships and break down internal barriers to all staff having a strong and authentic voice, have made great strides this year.

Colleagues from each community, along with senior leaders, have continued to lead our Inclusion and Belonging Working Group to engage and oversee the implementation of inclusion commitments – you can read more here. 2023 saw us:

- Hold NGN's first Inclusion and Belonging Colleague Summit, bringing together over 50 colleagues to discuss our approach, celebrate success and identify opportunities for future action.

- Establish a collation of Community Charters outlining clear purposes and aims of our five colleague communities and aligning senior leadership executive sponsors to each group.
- Join the North East Business in the Community Board and continuing to participate in the Leeds Anchors Network to share equality and diversity plans and best practice at a high level.
- Deliver a bespoke training programme to all NGN Leaders on Inclusion and Belonging with an agreed plan to roll out to all colleagues across our entire business
- Recruit and train 32 LGBTQIA+ allies across our workforce with a commitment for our senior leadership team to all undertake Allies training in 2024.
- Continue to review and amend our policies and contract to ensure inclusive language and behaviours are embedded across the business.
- Create an inclusion video to raise awareness of micro aggressions and better understanding the needs of others.

It's vital that the work that the Communities do is shared and understood across the business. Communities are empowered to promote their work via company communications channels. This enhances profile and credibility, amplifies their voice, and ensures they retain authenticity while educating our workforce. Communities are developing a regular e-newsletter to provide visibility of their outputs and outcomes.

In addition, we have continued our Inclusion & Belonging training. Over the last year 244 of our Directors, Senior Managers and Line Managers completed the workshop and, 369 colleagues took part in face-to-face sessions. Another 400 office/home-based colleagues will undertake training in 24/25.

Outcomes

- Improved business performance across multiple indicators
- An empowered and motivated workforce
- Increased work attendance
- Reduced turnover
- Improved access to new talent
- Improved access to work opportunities

Looking ahead

Priorities include a targeted communications campaign to encourage colleagues to provide their diversity data; completing the colleague Inclusion & Belonging workshops; actioning the Inclusion Summit actions; undertaking a depot roadshow to increase awareness of our colleague communities; and reviewing our recruitment strategy with the help of BITC to help diversify our applicants.

Workforce – where we have struggled

Gaining the necessary traction to drive change

While our colleague communities have begun to successfully drive change across the business, we have found it challenging to gain traction with operational staff whose day to day job responsibilities can make it difficult for them to engage fully.

To tackle this, we have made involvement in the Colleague Communities part of performance objectives. The introduction of the 'NGN Way' objective (which is weighted up to 20%) has seen membership grow. This year NGN will be undertaking a roadshow around its depots to increase the awareness of its Communities and those involved in the groups and strengthen understanding and engagement even further.

Improving colleague data

Like many other companies with dispersed manual workforces, we have struggled in the past to compile robust personal diversity data of our colleagues using traditional surveys, but we know we need to better represent the communities we serve, and that our business and the decisions it takes would benefit significantly from greater understanding and application of identity related knowledge, experiences and perspectives.

We need to make substantial progress in this area. Our immediate plan is to do further communication campaigns with the support of our colleague communities. This will focus on dispelling any fears and concerns about how and when the data is used and demonstrating why it is so important that we use this data to inform our decision making and future plans.



Colleague Health and Wellbeing

We are working to reduce root causes of work-related stress within our business and take action to make NGN a happier and healthier place to work for everyone.

What we've heard

Through our colleague surveys and feedback we recognised the increased desire from colleagues to focus on wellbeing and mental health.

Our response

As part of our programme of wellbeing support, we undertook a wellbeing survey with colleagues to identify focus points to work on to provide effective support for colleagues. In spring 2023, we started working with specialists from the University of Hull to understand the root causes of work-related stress within our business and develop positive plans in place to address areas of concern and provide further support for our colleagues.

The work involved use of an existing HSE stress risk assessment tool and development of a bespoke survey for NGN incorporating measures of:

- Demands (workload, shift patterns, work environment)
- Control (discretion over timing and working method)
- Support (formal and informal resources at the organisational, line management and peer level)
- Relationships (conflict and positive working)
- Role (clarity and feasibility of role within the organisation)
- Change (management and communication of change)

Of our 1,533 strong workforce, 630 colleagues took part, including managers, office and operational colleagues.

The results identified five focus areas which were explored further in two working groups – one each for operational and non-operational colleagues. Action plans have been created in three key areas - training & development, trauma support, and communication & culture.

We are now working with colleagues to develop a programme of action including some of the following initiatives already underway:

- Discussions to bring back face-to-face meetings for all operational teams.
- 150 colleagues undertaken training programmes with MIND and Britsafe on recognising and managing stress in themselves and others.
- 290 colleagues undertaken 2 new mental health and stress awareness modules as part of the two yearly DSE assessment.
- 15 operational colleagues with no Maths and English qualifications have sat their English foundation skills qualification to build confidence.
- Reviewing operational shift patterns to reduce the risk of fatigue.
- Re-invigorated Health and Safety Committee and establishment of Health and Safety forums to encourage colleagues to identify and implement safety improvements.
- Ongoing Senior Leadership Team site visits with colleagues encouraged to discuss concerns.

Outcomes

- Improved systems to monitor and improve colleague wellbeing and mental health
- Reduced sickness levels
- Increase colleague satisfaction.

Looking ahead

Action will continue to be progressed to address key areas of concern raised, with associated action plans evaluated to ensure we continue to make progress in this area.

Supporting a sustainable net zero future

Overview

Environmental sustainability and climate action remain priority issues for stakeholders and non-bill paying customers. And with cost-of-living pressures still high amongst customer concerns, then combining progress on decarbonisation, energy transition and affordability is a key challenge.

We continue to welcome opportunity to work with industry, local and regional partners and with the new Government to make progress on energy, climate, and wider environmental goals. We share the belief that energy security, economic growth, affordable bills, and addressing climate change can be complementary, and will continue our work to support this in practice.

Our foundation for moving forward is increasingly strong. During 2023, we completed the Business in the Community (BITC) Responsible Business Tracker to assess and benchmark our sustainability performance. We were delighted with the results, which include:

- An overall score of 86%, an improvement on our 2021 score of 74%.
- An overall score of 93% on climate action (compared to a cohort average of 65%), and 100% on governance, strategy and risk. Opportunity to further reduce emissions was highlighted.
- A score of 95% on Nature Stewardship (cohort average of 28%), reflecting our commitments on managing our land to benefit the environment.
- Scoring 77% on Circular Economy (cohort average 29%) based on identifying waste management risks and opportunities and measures to reduce negative impacts.

Our action to decarbonise combines taking practical steps now on how we run the business and manage our infrastructure, with long term work to support decarbonisation nationally. We have collaborated with the other GDNs, electricity, local government, and industry to demonstrate the gas network's crucial role in reaching net zero targets, including through our environmental action plan and our hydrogen and green gas programmes.

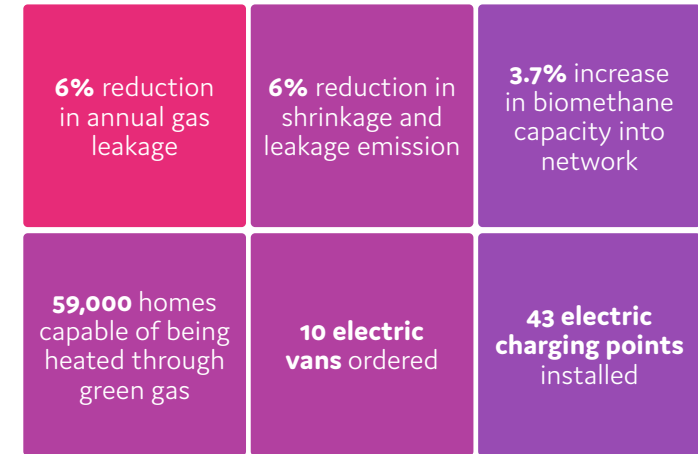
The government's December 2023 strategic policy decision to support blending of up to 20% hydrogen by volume into GB gas distribution networks opens up opportunity to get our network blending ready to enable hydrogen blending at the distribution level. The pioneering East Coast Hydrogen partnership between NGN, Cadent and National Gas has made excellent progress and provides a pathway to use of hydrogen by industry to support decarbonisation.

Our Net Zero Research Village (NeRV) provides a ground-breaking national facility to test, develop, and optimise whole energy system approaches to decarbonisation. It is powered by solar PV, supports research battery storage solutions, and includes the pioneering Futures Close research facility for testing energy saving and net zero technologies in real home environments.

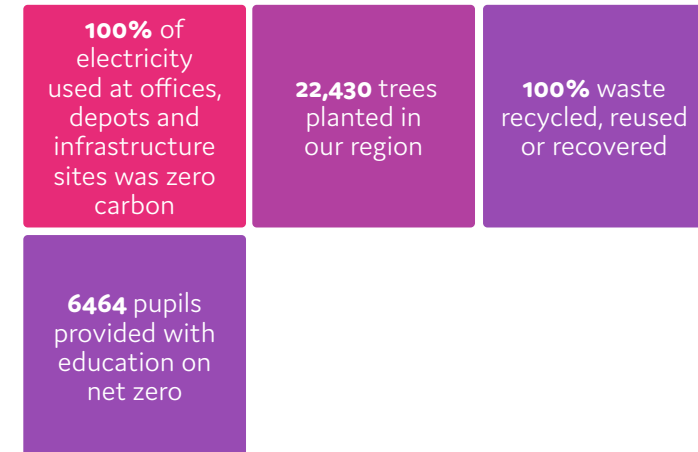
This section outlines some of the progress we've made, working with stakeholders and customers to address this shared decarbonisation challenge.

In figures

Regulatory Performance Figures



Additional highlights



Avoiding waste and helping nature to flourish

We've taken action to cut plastic waste in the future, and combined a strategic approach to enhancing natural capital at our sites with practical measures to plant trees and enhance habitats

What we've heard

Stakeholders want us to avoid single use plastics and to reduce waste overall. There's also wide support for measures that help nature and biodiversity. That spans overall principles such as enhancing natural capital, and straightforward and visible actions like planting trees or hedgerows to enhance habitats to support wildlife.

Our response

We've taken practical action to advance two of our key People and Planet Strategy commitments:

- Produce less waste and recycle 100% of it; and
- Manage our land to benefit the environment

We generate a significant amount of waste from single use plastic bottles of drinking water, for example when staff or contractors are out on site and don't have access to tap water. We are committed to eradicating this waste, and during the year we've sought alternatives, consulted with staff and unions, and allocated the resources needed to make progress.

As a result, we're now replacing single use plastic bottles of drinking water with re-usable bottles. And in our head offices, we've switched to glass milk bottles instead of plastic ones. These measures will avoid over 80,000 single use bottles, save approx. 4 tonnes of plastic waste every year, and contribute to our ongoing drive to reduce total waste.

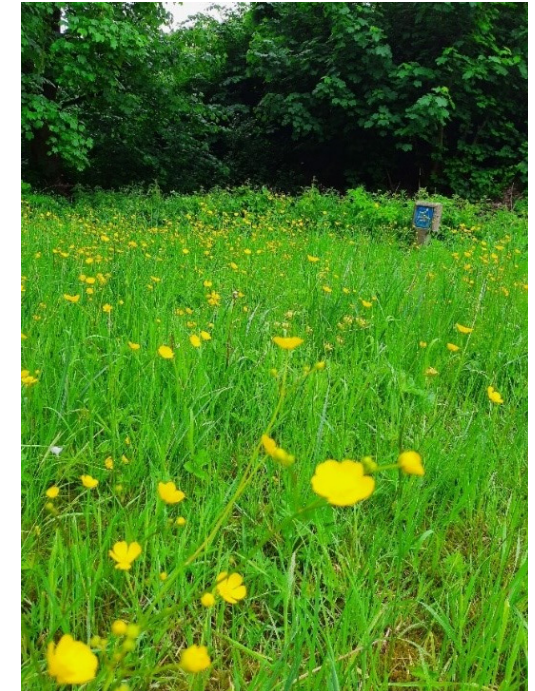
We've also continued our work to support nature and biodiversity. During the year we planted over twenty thousand trees in our region, made progress towards our goal of creating 250 'homes for nature' at our sites, and widened our 'No Mow May' trials to 10 sites to help pollinators. Visible outcomes have included growth of wildflowers on sites, bat and bird boxes installed and insect hibernacula in place.

Alongside these ongoing programmes, we are applying a strategic approach based on surveying infrastructure sites using a bespoke tool to assess where and how natural capital and biodiversity value can best be enhanced. So far, we have surveyed 30 sites, covering over 40 hectares the results of which have shown that our sites deliver multiple ecosystem services including carbon sequestration. Using the results, we'll be able to make specific interventions that will result in improved natural capital. This has identified opportunities for hedgerow planting, which we're prioritising for the future.

Outcomes

During 2023/24 we:

- Reduced office and depot waste by 19% compared to our 2018 baseline and are on track to hit our target of a 20% reduction by 2026.
- Virtually no waste sent to landfill since July 2023, and just 0.2% in 2023/24
- Planted 22,430 trees to improve air quality in communities near our road works
- Created 96 homes for nature and biodiversity to date



An integrated approach to delivering net zero ambitions

We're combining wide ranging action to reduce carbon emissions now with a strategic approach to meeting net zero targets.

What we've heard

Stakeholders have told us that we need to continue to reduce carbon emissions and make progress on our net zero targets, and to do so in the context of keeping costs affordable for customers.

Our response

Our focus is on enabling long term net zero transition and working in partnership with others, as well as reducing our own emissions here and now. Achieving that means taking action on several fronts at once as well as laying the groundwork for long term change. We've been doing that across the business:

We're systematically reducing gas leakage, which is our largest source of carbon emission by some way. We're most way through a long-term programme to replace aged, leak prone gas pipes with new, robust ones, and in 2023/24 we decommissioned and replaced approximately 471.93km of mains pipes. We also utilised sophisticated technology to detect leaks and seal joints in older metallic pipes, and are innovating to reduce leakage in other ways, such as remote pressure detection.

On electric vehicles (EV), we've installed 43 EV charging points at our depots and our office sites, more than halfway through our installation programme. By mid-2023 our company lease car fleet contained only battery electric, plug-in hybrid, and hybrid cars. The limited availability of suitable zero emission commercial vehicles which meet our needs has constrained our fleet investment plan. However, we are trialling a range of

electric vans in 2024 and will receive our first EV van purchases to trial in 2025.

On energy, there's work in progress to design solar PV for office roofs with installation planned to follow on in 2024/25. And we continue to purchase only 100% certified renewable electricity for our premises.

To raise **staff awareness and understanding of climate change**, we've delivered Carbon and Climate awareness training to over 30 of our colleagues across the business and will roll this out further, with two more sessions in 2024. This will help colleagues to save energy and cut carbon at work and at home and complements other sustainability training and awareness sessions delivered in the year, for example on the circular economy.

We're **helping our suppliers to go green** too. We ran a training and awareness session for suppliers, introducing them to the UN Sustainable Development Goals, and signposting them to resources to help them take action. Those included free use of online resources – and we know that suppliers have been making good use of this. A new evaluation platform coming in 2024/25 will strengthen our sustainable procurement approach by enabling us to track implementation of policies and actions that suppliers pledge to deliver.

Overall, we're on track to achieve our planned 31% cut in Scope 1 and 2 emissions between the 2018 baseline and 2026, having already reduced CO₂e by 24% by 2024. Our total emissions reduced by 5% over 2023/24, saving 17,500 tonnes of CO₂e.

Outcomes

- Gas leakage reduced by 6% in 2023/24, saving 19,500 tonnes of CO₂e annually; and total leakage has reduced by 39% since 2013.
- Approx. 40 EV charging points installed.
- 50 staff and 13 suppliers engaged in carbon and sustainability training and awareness.
- Our total emissions reduced by 5% over 2023/24, saving 17,500 tonnes of CO₂e.

East Coast Hydrogen – enabling new clean energy supply to industry

We're paving the way for a network to connect hydrogen supply to industrial demand, creating a low carbon energy solution for the future

What we've heard

Transition to net zero ranks highly amongst stakeholder priorities and there is appetite for NGN to be an industry leader on hydrogen. That will be supported by further customer reassurance about the safety and effectiveness of hydrogen networks. Many large energy users would welcome hydrogen as a replacement fuel and are actively supporting proposals to enable that.

Our response

NGN is working with Cadent and National Gas (who operate Britain's gas transmission network) to establish East Coast Hydrogen – a collaborative initiative to create a hydrogen network linking production, storage and users.

The project will involve repurposing and building pipelines and infrastructure so that hydrogen can be supplied to businesses that rely on natural gas today, some of which are unable to decarbonise with electrification. The initiative is backed by a consortium of over 120 stakeholders, including industrial energy users, hydrogen supply and storage companies, technology and research bodies and local and regional stakeholders in the North and East Midlands.

East Coast Hydrogen will help to meet the national aim of deploying 10 GW of low carbon hydrogen production by 2030 (over half of which is to be green hydrogen) and provide the opportunity to connect up to 11 GW of hydrogen production capacity. The programme has huge potential to help as over 30% of the UK's industrial, commercial, and residential gas usage is located in the area.

During the year, the East Coast Hydrogen project has demonstrated the need for the network and brought together partners to make it a reality. It developed a practical Delivery Plan, launched in late 2023, to set out how it would work and complement UK policy decisions and other hydrogen infrastructure projects. A proposal was submitted to Ofgem in March 2024 for funding for a Front-End Engineering Design (FEED) study. That would move the initiative to the next stage though further design of the repurposed and new hydrogen network, working with industry delivering production and storage, and understanding customer requirements in more detail.

Outcomes

- A blueprint for providing a decarbonised energy source for large industrial energy users
- Key foundations of a Delivery Plan and funding proposal developed
- First steps will be to connect the industrial clusters of Teesside and the Humber, before widening out to meet hydrogen demand elsewhere in Yorkshire, Tyneside and the East Midlands
- Potential to serve customers who need over 63 TWh/yr of low-carbon hydrogen to decarbonise - saving up to 12 MtCO₂ per year by 2037

A word on Redcar

Previous stakeholder reports have talked about our engagement and work developing proposals for a Redcar Hydrogen Community. Research has demonstrated a mostly positive local welcome for this, with nearly twice as many people supporting the plans as opposing. Unfortunately, the project is now unable to progress because the main source of hydrogen was no longer going to be available. However, we're grateful for the feedback gained and have learned valuable lessons that we can use in future planning and projects. Those include the importance of early, full and open engagement to inform and listen to customers and reaching groups such as young people and tenants who emerged as less supportive. The research also showed safety to be a key concern, and providing assurance on this will be vital.

These lessons will provide vital learnings for us to take forward as we continue to understand the role, we have to play in providing an energy infrastructure that enables a transition to net zero.

Futures Close and the Net Zero Research Village (NeRV)

We've developed a technology test bed for energy efficiency and transition to net zero, using real houses to assess practical application

What we've heard

Transition to net zero was a high priority at our stakeholder conference. The Young Innovators Council want to see faster progress made towards this, while 'helping to meet climate change targets' is the topic councils most want to engage on. The need to retrofit 29 million homes over the next 25 years to support net zero ambitions is a key challenge nationally and a further context for action. Our Citizens Panel and customer perceptions tracking continue to show us that adoption of Low Carbon technology is a confusing and complicated concept for customers, with the cost of living continuing to impact ability and willingness for change.

Our response

Located at Low Thornley near Gateshead, we have created 'Futures Close' as a cutting-edge research facility that allows energy saving and net zero technologies to be tested in different house types. This real-world setting is invaluable, as the performance of technologies in actual homes can be different to that predicted in the lab.

Futures Close comprises nine different housing archetypes, replicating those built in different eras from 1910 to the 1990s, and including terraced homes, semis, bungalows, and flats. All the homes are built using the materials and technologies of their day and together represent the bulk of the UK's housing stock.

This test bed allows the optimal heating systems, controls, fabric upgrades and energy efficiency tech to be identified for

each housing type and enables businesses to test and refine their technologies before putting them on the market.

During the year, the nine homes were completed, furnished, and kitted out with sensors and tech to allow factors including temperature, motion, humidity and gas and electricity use to be monitored. We have engaged with 30 organisations and businesses during the year to develop and shape the facility, – including discussions about tech and future research possibilities to undertake on the site.

We worked with the Building Research Establishment (BRE) to prepare an energy baseline for the homes, which involved air permeability testing, U-Value testing, and desk-based data analysis. We've also commissioned an augmented reality experience to provide a digital representation of the properties and measures installed for those visiting the site and learning from it – including businesses, social housing providers, combined authorities, local councils, and MPs.

The first retrofit experiments are now beginning and will assess the impact of energy efficiency interventions such as SMART air bricks, internal wall insulation and waste-water heat recovery.

Futures Close is part of the Net Zero Research Village (NeRV) - a ground-breaking facility designed to inform, shape, and accelerate whole energy system approaches to decarbonisation. It brings together gas and electricity networks, utility operators and research teams to develop options for clean energy across heat, power, water and transport.

Activity includes testing of battery energy storage systems; a solar farm to support research projects and power the NeRV facility; and generation of green hydrogen to decarbonise the pre-heating of gas at Low Thornley.

Outcomes

- A bespoke research site ready for energy efficiency research and testing to help stakeholders make informed decision around decarbonisation
- A programme of energy research and interventions developed which will in the long term lead to carbon savings and greater energy efficiency that benefits customers and the planet



We hope you found this report helpful.

We couldn't have achieved everything we did without support and input from our stakeholder community. If you want to know more, you might like:

- Our dedicated stakeholder website
together.northerngasnetworks.co.uk
- How we are performing against our regulatory targets RRP report and commentary
- How our ISG is representing stakeholder and customer needs
www.ngnceg.co.uk