

Appendix 07.03.01

Establishing and raising the bar for all our customer and stakeholder experiences

This output case describes our overall approach to delighting customers and setting standards to measure experiences across all the services we deliver. We will achieve this by enhancing existing measures and establishing new measures for a range of customer segments and those who are currently worst served (e.g. customers living in Multiple Occupancy Buildings (MOBs)).

In RIIO-1 we were measured against Guaranteed Standards of Performance (GSOPs) for interruptions, connections and customer service (these are minimum standards). We were also measured against the customer satisfaction (CSAT) incentive mechanism. During RIIO-2, we will make the following enhancements to these:

- Enhance and improve existing GSOPs in line with Ofgem's preferred approach.
- Reform the existing customer satisfaction incentive mechanism to provide greater customer choice in how to respond, refreshed questions focused on the customer journey and re-baselined targets. We will also measure the Priority Services Register (PSR) CSAT to understand and improve services for customers in vulnerable situations.

During RIIO-2, we want to stretch ourselves and raise the bar in terms of our performance across all our service offerings, therefore in RIIO-2, we will:

- Establish customer measures for each service type including separate measures/targets for different customer types (e.g. business customers and customers in vulnerable situations).
- Introduce a stakeholder satisfaction score and a MOBs balanced scorecard to improve the service for customers living in MOBs impacted by our works.

Overall, our customer satisfaction performance will improve as a result of us delivering against all our establishing and raising the bar and quality experience commitments. See our Appendices on '07.03.03 Rapid response to your enquiries and complaints', '07.03.04 Improving our connections services', '07.03.05 Measuring and enhancing accessibility and inclusivity', '07.03.07 Providing timebound appointments', '07.03.08 Minimising disruption from our works', '07.03.06 Getting our customers back on gas' and '07.03.12 Going beyond to never leave a customer vulnerable without gas' for more detail on our additional quality experience commitments.

We will deliver:

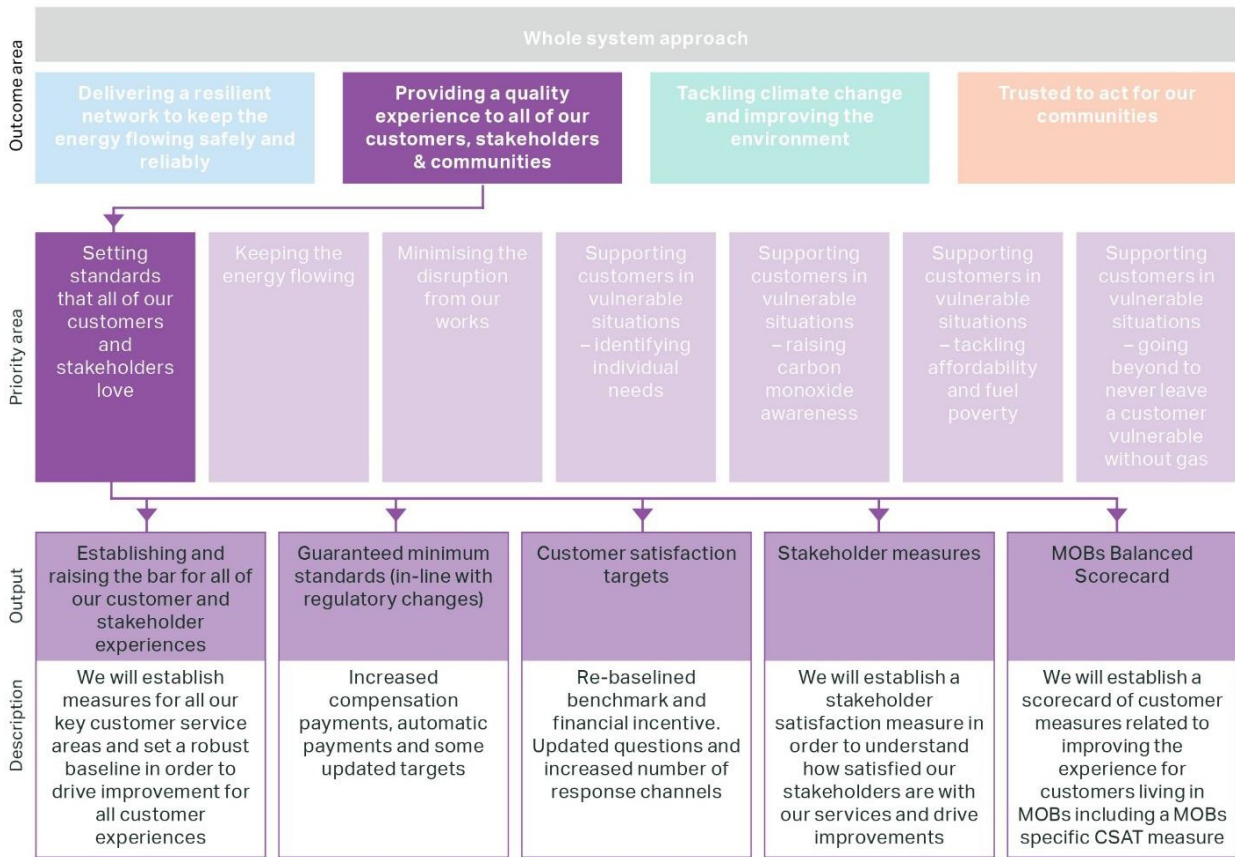


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How we have developed our proposals

1. **We started with our vision** - in order to deliver standards that all of our customers love, and others aspire to, we must measure how ALL of our customers and stakeholders feel about the standards we are setting and ensure that we are able to benchmark and compare ourselves to others within the industry and beyond.
2. **We reviewed how we currently measure customer service** – Although the customer satisfaction survey (CSAT) incentive has driven significant improvements in the customer experience, this is limited to only part of our customer base and some of our service offerings. There is also no current regulatory measure of stakeholder satisfaction. The complaints handling measure has also driven significant responsiveness improvements for all Gas Distribution Networks (GDNs) in RIIO-1. However, there is no such measure for general enquiries, which we believe there should be. We cover this in a separate output case Appendix '07.03.03 Rapid response to your enquiries and complaints'
3. **We assessed our customer service performance** – Measurement has led to focussed improvements; however, we are still not where we want to be, and performance is inconsistent across different segments.
4. **This provided us with a clear problem statement** – We must expand how we measure our performance and set specific targets where we know that we are already falling behind others in the industry.
5. **We have applied our own lessons learnt from RIIO-1** – For example, the implementation of Rant and Rave SMS surveys showed a ten-percentage point increase in response rates leading to greater representation.
6. **We gathered insights from historic experience and targeted engagement** – Customers want to feel as though services are provided for them and have commented that our scale and monopolistic nature makes it feel as though there is 'one size to fit all'. They would like a more tailored service and for that we need to measure all experiences and highlight the key aspects we should focus on across the customer journey.
7. **We have looked at what others are doing to achieve this challenge** - There are several methods of measuring customer experience across the energy industry and wider customer service industry beyond CSAT.
8. **We assessed how far the current measures and Ofgem's proposed measures take us against the good practice identified** - Although enhancements to minimum standards and CSAT are positive, the proposals do not go far enough against good practice in the customer service industry and achieving our vision.
9. **We have developed and considered a number of options** - Based on these insights and best practice we have developed three options; enhanced CSAT, a customer balanced scorecard of tangible measures, and a combination of all customer service measures including Net Promoter Score (NPS) and Customer Effort Score (CES).
10. **We have tested these options with customers and stakeholders** – This has been done at a principle level, but we have not been able to test which additional measures we will put in place as we will establish this during RIIO-2.
11. **Our commitments** - We are proposing to enhance our existing measurements, including GSOP, CSAT and complaints handling, and establish measures against all core services, allowing us to set robust performance baselines and continually improve the experience for all our customers, including those on the Priority Services Register (PSR) and our stakeholders. We'll seek to establish separate measures within each service area for different customers, including business customers, recognising the segments that exist within this categorisation.
12. **We have already started delivering** - We know we need to improve our service in specific areas where our relative performance (to others and/or compared with other customer journeys) is poorest therefore we have already started to establish measures and improve the experience through our Service Transformation Programme (connections customer journeys) and to enhance the services for customers living in MOBs.
13. **Timescales** – We will be establishing measures for all our key services in the last year of RIIO-1, ready for the start of RIIO-2.

Table 1 summarises our commitments in this area:

Table 1 Summary of our commitments

Guaranteed Minimum Standards	
Common / Bespoke	Common
Output type	Licence Obligation
Comment	Increased compensation payments, automatic payments and some updated targets.
Target	Compensation payments to increase in line with regulatory changes from Ofgem. All payments to become automatic. Some performance standards updated.
Cost implications (annual)	£2.1m estimated efficient level
Incentive range	N/A
Net Customer Value Proposition (CVP)	No financial CVP, qualitative benefits only

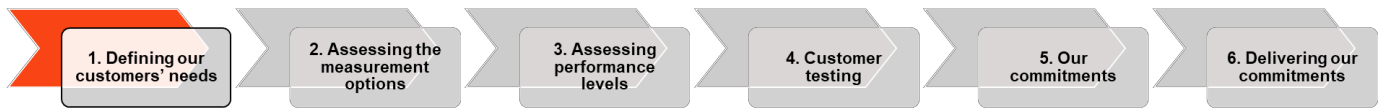
Customer Satisfaction Targets	
Common / Bespoke	Common
Output type	Output Delivery Incentive (F +/-)
Comment	Re-baselined benchmark and financial incentive
Target	To be determined following RIIO-2 CSAT trial
Cost implications (annual)	N/A
Incentive range	Up to +/- 0.5% of revenue
Net CVP	No financial CVP, qualitative benefits only

Establishing and raising the bar for all our customer and stakeholder experiences	
Common / Bespoke	Bespoke
Output type	Output Delivery Incentive (R)
Comment	Reputational prior to the establishment of a baseline and introduction of a financial incentive
Target	Measures to be established across all our key services by the end of RIIO-1
Cost implications (annual)	N/A
Incentive range	N/A
Net CVP	No financial CVP, qualitative benefits only

Stakeholder measures	
Common / Bespoke	Bespoke
Output type	Output Delivery Incentive (R)
Comment	Reputational prior to the establishment of a baseline and introduction of a financial incentive
Target	Measures to be established across all our key services by the end of RIIO-1
Cost implications (annual)	N/A
Incentive range	N/A
Net CVP	No financial CVP, qualitative benefits only

Multiple Occupancy Buildings (MOBs) balanced scorecard	
Common / Bespoke	Bespoke
Output type	Output Delivery Incentive (R)
Comment	Reputational prior to the establishment of a baseline and introduction of a financial incentive
Target	Measures to be established by the end of RIIO-1
Cost implications (annual)	N/A
Incentive range	N/A
Net CVP	No financial CVP, qualitative benefits only

1. Defining our customers' needs



1.1. What is the area

There is an expectation across all areas of society that businesses provide great services to all their customers. Customers demand availability, responsiveness and flexibility in all sectors and regulated networks are not exempt. We want to delight our customers and set standards that our customers will love, and others will aspire to.

In RIIO-1, there are GSOPs in place that set the minimum standards of service that networks should provide. These are then supported by the CSAT survey for our Emergency Response and Repair, Planned Work and Connections services and the complaints handling metric. These metrics allow networks to monitor and improve performance when delivering our customer experience.

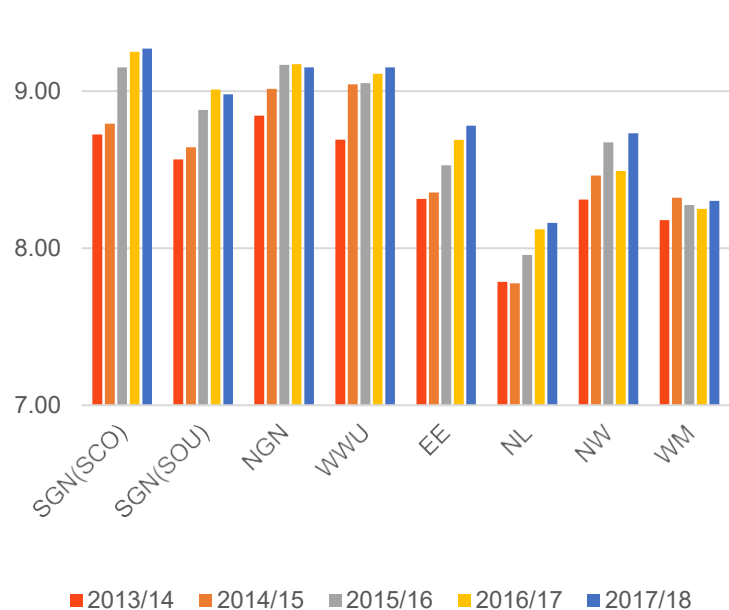
While the CSAT survey has driven significant improvements in service provision, RIIO-2 presents an opportunity to enhance the way in which we measure customer service, which better aligns to the insights we have gained in RIIO-1. It also lets us address some of the constraints of CSAT (e.g. it covers only a limited percentage of our customer base, from a specific demographic).

1.2. Why is it important to customers and stakeholders?

Excellent customer service underpins our reputation and put simply, it is the right thing to do. We exist to serve our customers and keep the energy flowing. In order to do this, we must understand our customers better, tailor our services to their lifestyles, and ensure that the customer experience they receive is as positive as possible, regardless of their circumstances. To inform our understanding, we need to benchmark and measure our customer experiences.

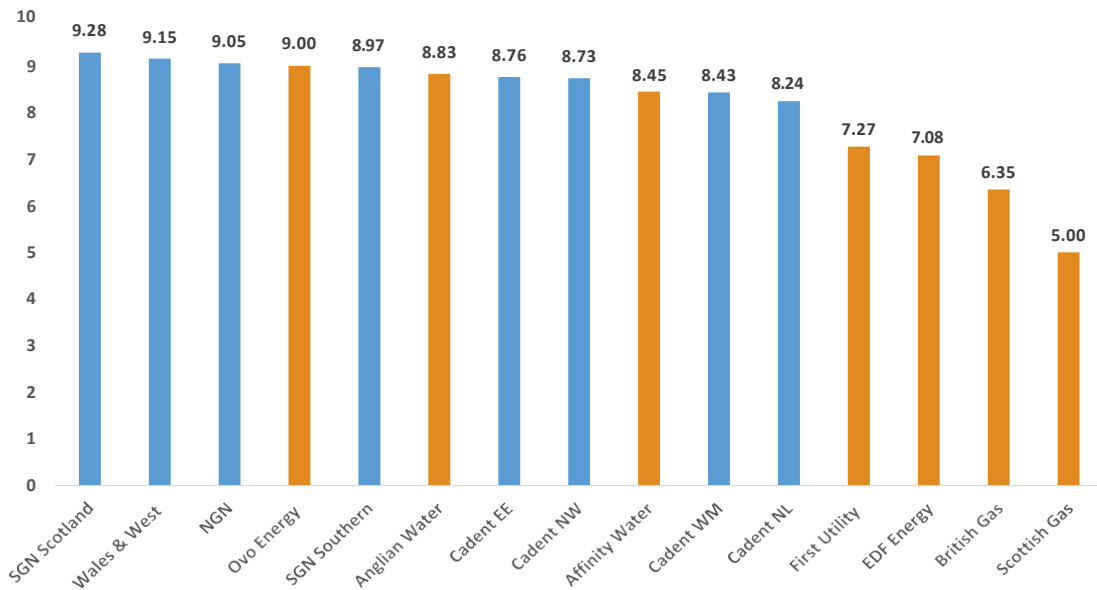
During RIIO-1 we have seen customer satisfaction increase across all services in all networks (see figure 1). As such, we believe that Ofgem's focus on customer satisfaction in RIIO-1, including the introduction of a reward and penalty incentive, has been successful, with the monopoly network companies achieving higher satisfaction scores than businesses within the competitive energy retail market where this metric is particularly important to gaining and retaining customers.

Figure 1 GDN CSAT performance (overall)



Our performance compares favourably against external benchmarks and averaged between 8 and 9 out of 10 in the most recent year (see figure 2).

Figure 2 Overall satisfaction scores by utility companies, Q2 2018/19



Source: TTI Global

While these overall results are positive, and we are proud of the improvements delivered, we are not satisfied with the experience currently provided to our customers and are undertaking transformational programmes to improve this. Our current customer satisfaction scores are lower than those of the other GDNs and, more importantly, we see significant inconsistency in the experience different types of customers receive.

The commitments we are making in our business plan will help us increase customer satisfaction levels over RIIO-2, alongside the transformation programmes we have started in the current price control.

However, we also want to enhance the way we measure our performance. During RIIO-1, we have undertaken customer satisfaction surveys beyond those covered by the regulated CSAT. Through this work we have extended the range of services surveyed as well as increasing the channels available. One example is our SMS-based feedback system provided by Rant and Rave. This provides us with feedback more quickly than CSAT postal surveys do, and it provides customers with an alternative channel to tell us what they feel.

We will be seeking to embed these improvements in RIIO-2 and make further enhancements to the way in which we gain feedback and insights. This will provide more views from a wider range of customers, enabling us to improve experiences for all our customers.

1.3. What insights are shaping our thinking?

Sources of insight



99,188

Stakeholders and customers engaged



38

Sources of insight



30

Tailored RIIO-2 engagement activity

We engaged with the following customers and stakeholders to discuss and understand how we can establish and raise the bar for all our customer and stakeholder experiences:

Table 2 Customers and stakeholders engaged

Customers	Industry stakeholders
<ul style="list-style-type: none"> • Domestic customers • Customers in vulnerable situations • Fuel poor customers • MOB's customers • Future customers • Business customers • Employees 	<ul style="list-style-type: none"> • Gas Distribution Networks • Ofgem • TTI Global • Citizens Advice • Institute of Customer Service • MOB's stakeholders • Vision • Coventry University

We discussed customer service with a range of stakeholders and customers to draw insights about how we can better understand their satisfaction levels, and ultimately improve their customer experience through the RIIO-2 period. We have summarised each activity, the questions asked (where applicable), the numbers involved, and a robustness score based on the following criteria:

Criteria	Robustness score	Relevance	
The score shown is based on a combination of the robustness of the source information (judged on whether it was recent, direct and representative) and the relevance to this area.	<1.5	One or zero criteria met	Limited relevance
	1.5 - 2.0	Two criteria met	Significantly relevant and contributory
	>2.0	All criteria met	Highly relevant and contributory

As we have four broad commitments in this area, we have scored each source against the following commitment area:

- C1 – Establishing and raising the bar for all our customer and stakeholder experiences
- C2 - GSOP
- C3 – CSAT
- C4 - MOB's measurement and stakeholder engagement (combined)

Table 3 Engagement activities

Phase	Date	Source name	Source description	Questions asked	# of stakeholders	Score			
						C1	C2	C3	C4
Historical Engagement	Jul-18	London collaboration MOBs event - July 2018	We held a seminar with stakeholders interested in MOBs from our London Network. The purpose was to introduce stakeholders to the work we do with MOBs in the network, answer questions from stakeholders and take feedback on how we could improve.	Stakeholders were asked to feedback on what we had presented and discuss ways we could improve.	17	-	-	-	1.5
	May-19	Research by Balisha Attalia, Coventry University	A Coventry University student performed some primary research and mathematics, aimed at 18 - 24-year olds, to explore services that Cadent could provide to customers both in the home and the community and services that would attract 18-24-year olds.	Participants were asked if they knew what proportion of their gas bill went towards the provision of Cadent's services. Participants were also told of additional services that Cadent provides such as carbon monoxide alarms and other support for vulnerable customers and asked how important they felt they were and whether Cadent was the appropriate organisation to provide them. Finally, participants were asked if there were any other free services that they would like Cadent to provide to customers in the home and community.	75	-	-	-	1.0
	May-19	Vision's Culture Review	We commissioned Vision to assess our culture, as an organisation, with a view to diagnosing the mood and culture in Cadent's operations and causes.	N/A	0	3.0	-	-	-

BAU Insights	Nov-18	Citizens advice analysis of consumer helpline cases	Citizens Advice run a helpline for consumers, which may include issues relating to Cadent or other network companies. They provided us with analysis both general calls relating to all networks and Cadent specific calls, as well as potential common issues or concerns.	N/A	976	-	-	1.5	-
	Ongoing	Social Media	We monitor social media for comments and posts relating to Cadent and try to resolve specific concerns in response. We also analyse social media trends over time to identify potential common issues.	N/A	1,068	-	-	2.0	-
	Ongoing	Complaints	When customers or the public complain about our services, we try to resolve them as quickly as possible, and we are incentivised by Ofgem to do this. However, we also analyse the complaints we have received to try to identify potential common issues.	N/A	5,621	-	-	2.0	1.5
	Ongoing	CSAT	We are required to send postal surveys to a proportion of our customers following work on their properties to understand their views of our performance. This is used to determine our CSAT incentive.	Customers provide a score for our work across different areas relating to each process covered by CSAT, for example time off gas, competency and skills and respect to customer and property for the Emergency Response and Repair process.	24,067	1.0	-	2.0	1.5
	Ongoing	Rant & Rave	Rant & Rave SMS surveys allow customers to give real time feedback on our work, allowing immediate interventions to take place to improve customer experiences. We have implemented this over and above the standard CSAT postal surveys we are required to send out by Ofgem. We have analysed these based on common root causes of issues.	Customers provide a score for our work and then give comments to explain the reasons behind this. We will act based on this to try to rectify any low scores.	52,240	1.0	-	2.0	-

Discovery	Nov-17	2017 regional stakeholder workshops	We held four workshops in different regions to seek feedback from key stakeholders on the early development of our business plan. Each workshop began with a short presentation, followed by roundtable discussions. Electronic voting was also used to ask stakeholders about preferred options.	The workshops explored a number of topics, including: safeguarding (e.g. PSR awareness, partnerships and innovation opportunities); the future role of gas and the decarbonisation of home heating. Cadent's general approach to its business plan was also discussed, for example the importance and coverage of the four outcome areas identified, the extent to which the plan should respond to the needs of specific customer groups or regions.	127	-	-	2.5	-
	Aug-18	Stakeholder interviews	We interviewed stakeholders with a breadth of expertise across each of our region, based on our stakeholder content list. We held a 20-30-minute conversation with stakeholders to identify topics of interest to them.	The interviews sought to understand each stakeholder's awareness of Cadent and how they, and their community, were affected by gas distribution. Future challenges that Cadent may face were discussed and the 4 business plan outcomes were discussed with the aim of understanding their relevance and importance.	21	-	-	2.5	2.5
	Sep-18	Deliberative workshops	We delivered full day deliberative workshops in each of our regions to discuss what services customers find important, find our customer expectations of GDNs and gather feedback on our (at the time) four draft customer outcomes. The sessions began with information-giving and building knowledge of Cadent, then eliciting participants' views of services and priorities.	Participants were asked about their awareness of Cadent and expectations of a GDN. Participants were also asked for their views on the four draft outcomes in Cadent's business plan: keeping your energy flowing safely, reliably and hassle free; protecting the environment and creating a sustainable energy future; working for you and your community safeguarding those that need it most; value for money and customer satisfaction at the heart of all our services. The aim of the discussions was to shape these draft outcomes and identify any gaps.	206	3.0	2.5	3.0	-

Discovery	Oct-18	Focus groups with hard to reach groups	We held focus groups with individuals considered 'hard to reach' in each of our regions. Each group contained 8-10 participants and lasted two hours. Participants covered three groups: urban customers with English as a Second Language, Future Generations and Non-Customers (predominantly from rural areas). These built on our previous deliberative workshops, whose voices could otherwise become 'lost within the crowd'.	Participants were asked what they expected of Cadent. The four draft outcomes for the business plan were shared with participants and they were asked for their views on these, what they wanted to see from Cadent and whether there were additional outcomes that Cadent should include.	57	-	-	2.5	-
	Oct-18	Public survey	We ran an online survey that anyone could take part in (so unlike the domestic survey, it was not a representative sample). This followed the same approach as our domestic survey, aiming to test the findings of earlier deliberative workshops and focus groups.	Participants were asked closed questions on 14 topics we could cover in the business plan (e.g. minimising leaks, affordability) and asked to rate how important they are. They were then asked more open questions about the level of importance and whether anything was missing from the list of 14. Finally, they were asked a multiple-choice question on their preferred engagement methods for the future.	165	-	-	2.0	1.5
	Oct-18	Domestic survey	We ran an online survey of a representative sample of our domestic customers (and non-customers). This aimed to test the findings of the earlier deliberative workshops and focus groups.	Participants were asked closed questions on 14 topics we could cover in the business plan (e.g. minimising leaks, affordability) and asked to rate how important they are. They were then asked more open questions about the level of importance and whether anything was missing from the list of 14. Finally, they were asked a multiple-choice question on their preferred engagement methods for the future.	2,332	-	-	2.5	2.0

<p>Discovery</p>	<p>May-19</p>	<p>RIIO-2 employee engagement, May 2019</p>	<p>We engaged with 783 of our employees through a survey to test the latest RIIO-2 business plan proposals to ensure that the plan was robust, fit for purpose and accurately represented what our customers want from us. Employees were asked for their views both as customers and as subject matter experts. Participants were asked for their priorities from their perspective as customers. Then, as subject matter experts, they were asked to rate, and provide their views, on different service offerings (Customer Contact, Emergency Response and Repair, Domestic Connections, Commercial Connections and Mains Replacement).</p>	<p>Employees were asked for their views both as customers and as subject matter experts. Participants were asked for their priorities from their perspective as customers. Then, as subject matter experts, they were asked to rate, and provide their views, on different service offerings (Customer Contact, Emergency Response and Repair, Domestic Connections, Commercial Connections and Mains Replacement).</p>	<p>783</p>	<p>1.0</p>	<p>-</p>	<p>-</p>	<p>1.5</p>
<p>Targeted</p>	<p>Feb-19</p>	<p>Cadent Customer Forum (February 2019) Safeguarding</p>	<p>The first round of customer forums was held at three locations (London, Manchester, Birmingham) involving 96 customers. The forums are designed to be ongoing conversations with customers, with engaged discussions around the role of Cadent within society. The first customer forum focused on safeguarding and supporting customers in vulnerable situations to inform these sections of the RIIO-2 business plan. Within these themes, we focused on customer expectations and priorities.</p>	<p>Customers were asked what they expected from Cadent in relation to safeguarding, how Cadent should help customers in vulnerable situations. The forums also sought to explore customer priorities for safeguarding and the reasons for that prioritisation.</p>	<p>96</p>	<p>-</p>	<p>3.0</p>	<p>-</p>	<p>3.0</p>

Targeted	Apr-19	Gas distribution network GSOP planned works report PSR customers	GP Strategies and TTI global were commissioned to engage planned works customers across the UK GDNs, testing appointment setting for gas restoration and the implementation of a new GSOP. 2,095 planned works customers were surveyed, of which 523 were PSR customers.	Customers were asked about the gas replacement work that had affected them and for how many hours they were interrupted. They were asked how happy they were with: the effort to inform them about the gas replacement work; and that their gas supply was restored as soon as possible. The survey also explored what could have improved the process for getting their gas supply restored e.g. update by text/phone/email or timeslots. Customers were also asked what they would like if we fail to meet the appointment time to get their gas back on.	523	-	2.0	-	-
	Apr-19	GDN GSOP Planned works survey April 2019	GP Strategies and TTI global were commissioned to engage planned works customers across the UK GDNs, testing appointment setting for gas restoration and the implementation of a new GSOP. 2,095 planned works customers were surveyed, of which 1,014 were Cadent customers. Overall, planned works customers were largely in agreement that the current process of turning their gas supply back on is working well with no changes required to improve the process. Of the few that wanted to see improvements, most preferred an update by text rather than being offered a time slot.	Customers were asked about the gas replacement work that had affected them and for how many hours they were interrupted. They were asked how happy they were with: the effort to inform them about the gas replacement work; and that their gas supply was restored as soon as possible. The survey also explored what could have improved the process for getting their gas supply restored e.g. update by text/phone/email or timeslots. Customers were also asked what they would like if we fail to meet the appointment time to get their gas back on.	2,095	-	2.5	-	-

Targeted	May-19	Accent report for GDNs on GSOP	<p>Accent was commissioned to understand how well the needs of customers in vulnerable situations are met by the GDNs, and assess if revised or additional GSOPs, specifically for customers in vulnerable situations. They sought views through 16 telephone interviews with stakeholders working with, or in the interests of, customers in vulnerable situations (representatives of Gas Network partner agencies consumer bodies, charities and other relevant organisations). Overall, it was agreed that the GSOPs are, broadly, fit for purpose and do not require wholesale change. However, a number can be improved and there is stakeholder support for enhancements.</p>	<p>As part of the stakeholder telephone interviews, views were sought on a number of existing GSOPs and whether they were appropriate or could be improved: Guaranteed Standard (GS) 3 (heating and cooking facilities for PSR), GS1 (supply restoration), GS2 (reinstatement of customers' premises), GS13 (notification in advance of planned supply interruptions customers). In addition, automatic payment was discussed as a potential improvement to existing GSOPs. Potential new GSOPs were also discussed with respect to face to face appointments; guaranteed appointment times; and additional support (e.g. hot food, shower facilities, alternative accommodation).</p>	16	-	2.5	-	-
	May-19	Cadent customer forums (April & May 2019): Interruptions and Reinstatements	<p>The third round of customer forums was held at four locations (Ipswich, London, Manchester, Birmingham) involving 104 customers. The forums are designed to be ongoing conversations with customers, with engaging discussions around the role of Cadent within society. The third customer forum focused on planned and unplanned interruptions and public and private reinstatements to inform these sections of the RIIO-2 business plan. Within these themes, we investigated how customers are impacted and what level of customer service they think we should provide.</p>	<p>Customers were guided through different questions about the current service during planned and unplanned interruptions and new ideas Cadent were considering around: communication, length of interruption, provisions and timeslots to get gas back on. Discussions on public reinstatement focused on: impact of public reinstatement on customers, communication, and multi-utility working. Discussions on private reinstatements focused on the quality and duration of works.</p>	104	-	-	-	3.0

Business Options Testing	Aug-18	Ofgem's RIIO-2 Customer and Social working group on 30 Aug 2018	We attended the Ofgem RIIO-2 Customer & Social Working Group where GDNs and the regulator discussed GSOPs, overall standards of performance and service and what, if any, changes may need to be made in the future.	N/A	12	3.0	3.0	-	-
	Nov-18	SGN Moving Forward Together workshop (6 attendees)	We collaborated with SGN for their 'Moving Forward Together' workshop, where participants discussed changes to the GSOP including timeframes for restoration as well as payments to domestic customers in the case of supply interruptions. There were participants from SGN, National Grid, Portsmouth Council, South East Water and Enzo Energy.	N/A	6	-	3.0	-	-

<p>Business Options Testing</p>	<p>Jun-19</p>	<p>Cadent customer forum, round 4, Traverse</p>	<p>We held our fourth customer forum in Ipswich, London, Birmingham and Manchester to get customers' views on their priorities on a range of issues. This cross-section of customers discussed with us various options (some proposed by us, some suggested by them) in a deliberative style session. Key topics discussed included: customer service, replacing pipes, reinstatement, interruptions, fuel poverty, carbon monoxide, decarbonising energy and becoming carbon neutral.</p>	<p>Participants were asked questions about a range of topics. On customer service, we explored what "great" looks like. We also asked about timeliness and communication with respect to reinstatements. We also tried to understand the level and type of service customers want during an unplanned interruption, including views on provisions, length of time without gas, and timeslots for getting the gas turned back on. We also asked for views on our options for addressing fuel poverty and carbon monoxide.</p> <p>With regards to resilience, we sought to understand what risks customers prioritise when replacing mains pipes and how this is influenced by bill impact as well as views on minimum standards of service.</p> <p>On the environment, we discussed: whether the theft of gas should be a priority (and who should benefit from successful recovery), whether connecting off-grid communities was a good way to decarbonise (and who should pay for this) and customer views on our plans to make our business operations carbon neutral.</p>	<p>200</p>	<p>3.0</p>	<p>3.0</p>	<p>-</p>	<p>-</p>
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Business Options Testing	Aug-19	Britain Thinks: Customer and stakeholder engagement	<p>We commissioned BritainThinks to understand what it means for Cadent to be a trusted organisation and test the commitments associated with the outcome "trusted to act for society". Through deliberative workshops and telephone interviews, views were sought from 64 members of the public, 32 Small and Medium sized enterprises, 32 18-24-year olds, 20 CIVS, 10 stakeholders and 5 large businesses. Topics covered included customers bill transparency, dividend policy, executive and leadership pay, corporate and financial governance and the gender pay gap. Customers and stakeholders prioritised getting the basics right and giving back to society.</p>	<p>Participants were asked what would most build trust that Cadent is acting for society, what Cadent should focus on and what "trusted for society" actually means for Cadent. Participants were then specifically asked about bill transparency, corporate and financial governance, profit, executive pay and the gender pay gap.</p>	163	3.0	-	-	-
	Aug-19	Workshops with customers in MOBs, Traverse	<p>We commissioned Traverse to hold workshops with 41 customers who live in MOBs and have experienced unplanned interruptions in the last 18 months in order to understand the specific issues facing such customers given the atypically long duration of their interruptions relative to other customers.</p> <p>Themes emerging from the workshops included: the importance of coordination with Councils / housing management and communication with residents; the need for consistent and personalised provisions; and the need to recognise that MOBs (and London) are more complicated.</p>	<p>Customers who live in MOBs and have experienced unplanned interruptions in the last 18 months were asked about their priorities. We also sought to understand their experience of unplanned interruptions in MOBs, and their preferences for improving the process, provisions during an interruption and compensation. Customers were also asked what factors should be prioritised when replacing mains pipes.</p>	41	-	2.5	-	2.0

<p>Business Options Testing</p>	<p>Aug-19</p>	<p>Business customer workshops, Traverse</p>	<p>We commissioned Traverse to engage with 74 business customers through deliberative workshops to understand their views on options for our business plan in relation to a number of areas that would affect their businesses such as the supply and demand of gas, interruptions, reinstatements and minimum standards.</p> <p>One of the topics discussed was demand-side response. Many businesses said they could turn gas down or off to some extent but noted that education and awareness were critical.</p>	<p>Businesses were asked about their priorities. The future of gas, including decarbonisation, was also discussed in terms of business awareness of the issue and potential implications. The ability and willingness for businesses to reduce their demand under certain circumstances was also discussed.</p> <p>The impact of interruptions and reinstatements on their business was also explored including the need for provisions during interruptions, the desirability of timeslots when gas is switched back on, multi-utility working and communication.</p> <p>Businesses were also asked if they would be willing to pay for Cadent to go beyond minimum standards.</p>	<p>74</p>	<p>-</p>	<p>2.5</p>	<p>-</p>	<p>-</p>
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<p>Business Options Testing</p>	<p>Aug-19</p>	<p>Cadent customer forum, round 5, Traverse</p>	<p>We held our fifth customer forum in Ipswich, London, Birmingham and Manchester with 130 participants to get customers' views on their priorities on a range of issues. This cross-section of customers discussed with us various options (some proposed by us, some suggested by them) in a deliberative style session. Key topics discussed included: minimum standards and compensation; options for raising PSR awareness; interruptions - both acceptable length and appropriate provisions; supporting customers in vulnerable situations; options for Cadent's objective to become a carbon-neutral business, the merits of connecting off-grid communities; and roadworks information and communication.</p>	<p>Participants were asked questions about a range of topics. On minimum standards, customers were asked whether current standards and levels of compensation were appropriate. With respect to PSR awareness, customers were asked about their preferred package of options. For interruptions, we discussed which provisions customers feel Cadent should provide as a core package and how customers would like to be informed of the availability of those provisions as what an acceptable duration for interruptions was. We also explored if there is an appetite for Cadent's engineers to be trained to do minor pipe and appliances repairs. On environmental options, we discussed Cadent's commitments around becoming a carbon-neutral business and the connection of off-grid communities. Finally, we discussed which communications methods customers prefer with respect to roadworks.</p>	<p>130</p>	<p>-</p>	<p>3.0</p>	<p>-</p>	<p>-</p>
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<p>Business Options Testing</p>	<p>Aug-19</p>	<p>Employee workshop, Traverse</p>	<p>We commissioned Traverse to engage with 80 Cadent employees (across grades and geographies) in a full-day workshop. We sought views on our July draft business plan and held exercises to gain input into further iterations. We gained several useful insights: influencing contractors was highlighted as a challenge for achieving carbon reductions, communication was noted as critical to great customer service, internal silos were highlighted as a barrier and some argued that greater ambition was possible for interruptions and reinstatements.</p>	<p>We sought views on our July draft business plan and held several exercises to gain input into further iterations. Topics discussed included: improving the environment (including future hydrogen and carbon neutral options), achieving a quality customer experience (including the length of, and provisions during, interruptions; and reinstatements); what trusted to act for society means and our obligations to customers and society; and safety and resilience (including our business plan options and how realistic / ambitious they are).</p>	<p>80</p>	<p>2.5</p>	<p>-</p>	<p>-</p>	<p>-</p>
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<p>Business Options Testing</p>	<p>Aug-19</p>	<p>Public consultation, Business Options Testing (BOT), qualitative phase, Traverse</p>	<p>We commissioned Traverse to conduct a survey of 2,605 members of the public to understand views on certain aspects of our business plan in each of the 4 outcome areas (environment, quality experience, trusted to act for society and resilience). The survey revealed strong support for utilities working together to minimise disruption and for outstanding customer service, as well as providing useful information on the relative importance to customers of different types of information and different environmental initiatives.</p>	<p>Participants were asked questions to understand their views and preferences on issues within each of the four outcome areas. On resilience, customers were asked which one single improvement we should make to reduce disruption the most. In relation to a "quality experience", customers were asked what level of service they'd love the most and how much they'd be willing to pay to ensure a vulnerable customer could get enhanced help if their gas stopped working. On the environment, customers were asked their relative preference for initiatives to achieve carbon neutrality and eliminate avoidable waste to landfill. Customers were also asked how much they knew about the decarbonisation challenge. Finally, for "trusted to act for society", customers were asked what the most important information to know about Cadent was and how we can help the customer / Cadent conversation flow. We also asked about their awareness of Cadent.</p>	<p>2,605</p>	<p>2.0</p>	<p>-</p>	<p>-</p>	<p>-</p>
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Acceptability Testing	Oct-19	Acceptability testing - customer forum	We commissioned Traverse to explore the acceptability of our plans and commitments in each of the three outcome areas (environment, quality experience and resilience) with 109 customers who had attended previous customer forums. Overall, participants found our plans to be both acceptable and affordable.	A group discussion was facilitated to discuss views on Cadent's plans in each of the three outcome areas and participants were also asked to complete a survey to rank levels of acceptability and affordability.	109	2.0	2.0	2.0	2.0
	Oct-19	Acceptability testing - final survey report on domestic customers	We commissioned Traverse to test the acceptability and affordability of Cadent's proposed plan amongst domestic customers. This consisted of surveying 4,446 domestic customers through on-line and face to face methods. This showed that the plan had achieved high levels of acceptability and affordability amongst domestic customers, including those who are fuel poor.	Customers were asked about the acceptability and affordability of Cadent's overall plan. If they said that the plan was unacceptable, they were asked to explain their response. If they said that it was neither acceptable nor unacceptable, they were asked what they would like to see in order to find it acceptable. Customers were also asked to rate the acceptability of the outcome areas (environment, quality experience and resilience). Then, having learnt about the outcome areas, customers were asked as "informed customers" to rate the overall acceptability and affordability of the plan.	4,446	2.0	2.0	2.0	2.0
	Oct-19	Acceptability testing - focus groups with future customers	We commissioned Traverse to explore the acceptability of our plans and commitments in each of the three outcome areas (environment, quality experience and resilience) with 20 "future customers" (16-18-year olds) in 2 focus groups. Participants were supportive of our plans for the environment and resilience but questioned whether helping vulnerable customers was part our remit.	A group discussion was facilitated to discuss views on Cadent's plans in each of the three outcome areas and participants were also asked to complete a survey to rank levels of acceptability and affordability.	20	2.0	2.0	2.0	2.0

Acceptability Testing	Oct-19	Acceptability testing - focus groups with the general population	We commissioned Traverse to explore the acceptability of our plans and commitments in each of the three outcome areas (environment, quality experience and resilience) with 79 members of the public in regional focus groups. Participants were supportive of our plans for quality experience and resilience, but no consensus was reached on our environmental plans.	A group discussion was facilitated to discuss views on Cadent's plans in each of the three outcome areas and participants were also asked to complete a survey to rank levels of acceptability and affordability.	79	2.0	2.0	2.0	2.0
	Oct-19	Acceptability testing - fuel poor focus groups	We commissioned Traverse to explore the acceptability of our plans and commitments in each of the three outcome areas (environment, quality experience and resilience) with 35 customers in fuel poverty in regional focus groups. Overall, participants were supportive of our plans in all three areas.	A group discussion was facilitated to discuss views on Cadent's plans in each of the three outcome areas and participants were also asked to complete a survey to rank levels of acceptability and affordability.	35	2.0	2.0	2.0	2.0
	Oct-19	Acceptability testing - interviews with CIVs	We commissioned Traverse to explore the acceptability of our plans and commitments in each of the three outcome areas (environment, quality experience and resilience) by interviewing 20 CIVs. Overall, our plans were supported, and all found to be affordable.	Throughout the interviews the CIVs were explained the elements of the plan, asked to comment on whether they found each outcome acceptable, which particular elements were important to them, and whether they had any additional comments. They were also asked whether the new business plan was affordable.	20	2.0	2.0	2.0	2.0

Acceptability Testing	Oct-19	Phase 4 - business interviews and surveys	We commissioned Traverse to test the acceptability and affordability of Cadent's proposed plan amongst business customers. This consisted of an on-line / face to face survey of 504 business customers and in-depth qualitative telephone interviews with 45 business customers. This showed that the plan had achieved high levels of acceptability and affordability from a business customer perspective.	Business customers were asked about the acceptability and affordability of Cadent's overall plan. If they said that the plan was unacceptable, they were asked to explain their response. If they said that it was neither acceptable nor unacceptable, they were asked what they would like to see in order to find it acceptable. Business customers were also asked to rate the acceptability of the outcome areas (environment, quality experience and resilience). Then, having learnt about the outcome areas, customers were asked as "informed customers" to rate the overall acceptability and affordability of the plan.	549	2.0	2.0	2.0	2.0
	Oct-19	Verve business plan consultation	We commissioned Verve to gather views on our plans to reduce our carbon footprint from 25 customers. We did this through an online forum with customers and stakeholders to discuss the key components that we shared on our EAP. This included our intentions to support our employees to make a positive difference to tackling climate change.	Participants were asked about their awareness of cadent, discussed the three outcome areas (environment, quality experience and resilience), discussed the bill impact breakdown (both at present and as a result of the plan), risks and uncertainties and innovation funding.	25	2.0	2.0	2.0	2.0
	Nov-19	Verve acceptability testing stakeholder interviews	We asked Verve to interview a small number of expert stakeholders and ask for feedback on our plan	We shared a summary of our October plan with stakeholders and asked them for feedback.	5	-	2.5	2.0	-

1.4. Engagement feedback and insights

Although CSAT provides us with insight into what customers think about our services and key areas of improvement, the current CSAT surveys only cover a portion of our customer base, focussing on domestic customers alone. In addition, the current surveys limits customer choice to provide feedback through written postal responses only. This limitation means that customers who would prefer to provide feedback through other channels, such as emails, text or over the phone are unable to do so.

Our analysis of CSAT and Rant and Rave SMS survey responses has allowed us to identify customer satisfaction levels for our business activities, increase our response rates and gain feedback from wider demographics.

Table 4 Response rates between SMS Rant and Rave and the postal CSAT survey

(12-month data from year 18/19)

		Rant & Rave	CSAT Survey
Emergency Response & Repair	Sent	242,502	68,968
	Responses	66,357	10,610
	% response	27.4%	15.4%
Connections	Sent	40,399	16,237
	Responses	10,448	2,623
	% response	25.9%	16.2%

Rant and Rave SMS surveys showed higher scores for satisfaction than those recorded by CSAT, with 94% of customers satisfied with our Emergency Response and Repair (ER&R) service, and 95% satisfied with our Connections activities. Our CSAT responses showed 92% satisfaction with our ER&R service and 76% satisfaction for Connections. Connections scores were even lower in North London in particular, with 64% of customers satisfied.

The increased response rates and deviations between CSAT and Rant and Rave scores indicate that different methods for measuring customer satisfaction can help us access customer groups with different views, and ultimately allow us to build a more accurate, well-rounded understanding of our customers' wants and needs.

Our customers and stakeholders wanted us to improve their satisfaction with our services and provided a range of suggestions on how we can best achieve this goal.

Customer service priorities of customers and employees

During the fourth customer forum, which involved 200 participants, communication was a big issue, both, from Cadent to the customer (where clarity and regularity were valued) and from the customer to Cadent (where ease was valued – in terms of speed and the customer not having to repeat themselves). The tone of communications also arose as an example of good customer service – being polite, non-patronising and clear. The question of Cadent's core responsibilities arose again, where some customers thought the focus should be on delivering 'your day job' – hassle-free, safe work that minimises disruption – while others felt Cadent needs to go 'above and beyond'. The discussion clearly pointed to the fact that 'satisfaction' was different to different types of customer's experiences and different services.

Another key theme that came out of this workshop, along with many other deliberative workshops we held on numerous different subject areas was that customers wanted to be made to 'feel like an individual'. Customers at several engagement events and through complaints and CSAT comments have raised the point that we (Cadent) seem to offer a 'one size fits all' model and do not reflect the specific needs of different customers. The CSAT measurement approach is also not sympathetic to this as it typically targets one section of society.

As detailed above, we have a wide range of insights from our customers and stakeholders that will help us target the key areas where we want to raise the bar in terms of our service delivery levels. In summary, the recommendations from the insights are;

- Measurement drives improvement – The regulatory CSAT measure demonstrates how measuring customer service can drive significant improvements in customer satisfaction.

- There are a number of key areas that customers prioritise (e.g. minimising disruption, keeping appointments, respecting customers etc.) Measures set against these areas would ensure that we are focusing on the areas that matter most to customers.
- The key questions in the CSAT measure now generally cover the main points that customers consider are important in service. However, CSAT only touches a fraction of our customer base. Therefore, our customer service measures should be broader and more representative.
- We should offer a wider range of channels in order for customers to provide us with feedback. OurRant and Rave SMS surveys show how response rates increase significantly compared to postal surveys.

Enhancing GSOP service standards going forward

At the RIIO-2 working group, there was a consensus among participants that GSOPs need modernising, more specifically concerning service levels, compensation and targets. Ofgem was keen to understand how proposed changes should be prioritised. Regarding future GSOP setting, Ofgem stated that they were looking to lock in baseline performance in GSOP, interruptions and customer service to reflect GDNs' improved performance over the RIIO-1 period.

Overall, our stakeholders suggested two other ways GSOPs could be improved in general, namely through providing compensation and through providing additional support for customers in vulnerable situations.

At our deliberative workshops with 206 participants, it was suggested that customers should be compensated for any interruption and that Cadent staff should be rewarded for high performance. At our East Anglia workshop and safeguarding forum with 96 attendees, participants felt that customers should be offered refunds in case of interrupted supply, for example through a proportion of their gas bill. Finally, there was overwhelming support by the 16 stakeholders in the vulnerable customer study for automatic payments, noting that some customers don't have the capacity to claim.

However, in the GDN GSOP planned works survey of over 1,000 individuals, only 23% and 6% of respondents, respectively, said that we should pay compensation or 'other', commenting that it would depend on the circumstances / length of interruption and whether heaters were provided. Instead, in addition to providing a revised time to their appointment, 65% said we should provide an explanation and 43% said we should offer an apology.

In addition to financial compensation, the 16 stakeholders in the vulnerable customer study suggested that contact methods should include face to face appointments where appropriate, online technology and videos, and interpreters where needed. Guaranteed appointment times were also welcomed as they provide peace of mind to customers, allow time to prepare for the visit, and facilitate scheduling of healthcare appointments. The provision of additional support was received positively, such as hot food as a substitute to alternative cooking facilities.

Of the 523 PSR customers that responded to the GSOP planned works postal survey, 248 were Cadent customers. Customers were asked, what should happen if Cadent fails to meet the appointment time to get their gas back on (in addition to providing a revised time). 40% of Cadent PSR customers wanted an apology, 67% wanted an explanation and 18% wanted compensation. The industry-wide percentage for those wanting compensation was 16%. For more information on how we are committing to minimising the disruption from our works and offering timebound appointment slots for greater customer convenience, see our output appendices '07.03.07 Providing timebound appointments' and '07.03.08 Minimising disruption from our works'.

MOBs measurement and stakeholder engagement

During a TRIIO/Cadent collaboration event with 48 MOBs stakeholders, we learned that their priorities were similar to those of other stakeholders at other collaboration events. These were:

- More regular and timely communication with individual stakeholders during work, not just when there is a problem.
- Giving stakeholders such as housing associations visibility of our communication with customers so they can be joined up.

- Improving programme delivery, e.g. making contact details clearer, giving visibility of future works, clarity of responsibilities and joint sign-off of completed work.

Table 5 Summary of insights

Feedback/Insight	How we have addressed this
<p>Several insights from customers emphasised the importance of effective communication across all the services we deliver.</p>	<p>As part of our commitment to improve CSAT we will be exploring how we broaden the measure to wider groups of customers to obtain more robust feedback. We are also looking at increasing the number of communication channels we use both via the satisfaction survey and across our business to enhance our accessibility. All our customer facing staff receive formal customer service training and we use feedback from our customers to develop this training to ensure we continually improve the service standards we deliver. See our '07.03.05 Measuring and enhancing accessibility and inclusivity' output appendix for more information on how we are making our communications more accessible to all.</p>
<p>Customers at several engagement events raised that point that Cadent seem to offer a 'one size fits all' mode and do not reflect the specific needs of different customers.</p>	<p>As part of our commitment to establish and raise the bar for all our customer and stakeholder experiences we recognise that currently, pockets of our customer and stakeholder base do not have as much of an opportunity to provide us with feedback. Therefore, we are exploring establishing new reporting measures for all our key customer and stakeholder experiences to allow us to gather more feedback and understand how we can improve our services. As an example, see our output appendix '07.03.04 Improving our connections service' to see how we are transforming our connections services, and our output appendix '07.03.05 Measuring and enhancing accessibility and inclusivity' for how we are tailoring our communications to meet the needs of all our customer groups.</p>
<p>Stakeholders suggested that GSOPs could be improved in general by providing compensation and through providing additional support for customers in vulnerable situations.</p>	<p>We already provide compensation payments to customers in the event of a GSOP failure and Ofgem have indicated that GSOP compensation payment levels will increase by inflation for RIIO-2.</p> <p>Overall our research alongside the other GDNs concluded that customers did not expect to see any additional specific guaranteed standards of performance (GSOPs) for customers in vulnerable situations. Payments will be made automatically for all GSOPs in RIIO-2, including GSOP 3 that provides additional support to customers in vulnerable situations in the event of a supply interruption. We also explore providing additional support to customers in vulnerable situations (above and beyond minimum standards) in our '07.03.12 Going beyond to never leave a customer vulnerable without gas' output appendix.</p> <p>We will measure PSR CSAT separately to understand and improve services for customers in vulnerable situations.</p>

Feedback/Insight	How we have addressed this
<p>MOBs stakeholders expect more regular and timely communication, including visibility of future works</p>	<p>We are committed to transforming the overall experience for MOBs customers and stakeholders and we have already made commitments to delivering performance step changes in RIIO-1. We will be further exploring how we measure our progress against the breadth of our MOBs customer service commitments to ensure we can drive improvements in the areas that matter most. For more information on our commitments relating to MOBs customers in RIIO-2, see Appendix '09.04 Transforming the experience for multiple occupancy building customers'.</p>

2. Assessing the measurement options



2.1. How is it currently measured?

Customer service is currently measured through the Customer Satisfaction Incentive. Customer satisfaction forms one third of the overall Broad Measure of Customer Satisfaction incentive in RIIO-1 alongside Stakeholder Engagement and Complaint Handling.

The customer-satisfaction surveys are split into three service areas:

- Planned work – customers who have a planned interruption to their gas supply to allow Cadent to undertake mains replacement or a diversion.
- Emergency Response and Repair (ER&R) – customers who have an unplanned interruption to their gas supply due to a gas escape emergency and subsequent repair work (when required).
- Connections – customers who receive a connection to our gas network or an alteration to their current connection. Only includes consumption below 73,200kWh per annum.

Customers may receive a postal survey after completion of works, so they can indicate their satisfaction in the service they have received. A number of questions are asked covering the end-to-end experience of the service, with most questions asking for a score between 1 to 10. However, only the overall satisfaction question counts towards the incentive.

This is set as a financial incentive with reward and penalty of up to +/- 0.5 % of base revenue.

Table 6 RIIO-1 CSAT Incentive reward/penalty ranges

Survey	Maximum reward score (+0.5% revenue reward)	Target (no reward/penalty)	Maximum penalty score (-0.5% revenue penalty)
Emergency Response and Repair	9.0	8.81	8.0
Planned Work	8.5	8.09	7.5
Connections	8.4	8.04	7.3

How do current measures deliver against customer outcome/priority?

The current RIIO-1 measure is a common measure across all GDNs and has provided a platform to make further improvements in customer service.

Strengths – The incentive has driven improvements in customer service across our core services for domestic customers. The survey approach ensures that scores are based directly on customer experiences and therefore reflects evolving needs, encouraging GDNs to continually improve services to meet these.

Weaknesses – Our ambition is to set standards that all of our customers and stakeholder love and the current CSAT measure is predominantly limited to our domestic customers. In addition, there is no segmentation to recognise the different needs of customers, including business customers. The survey is paper-based and restricts responses from customers who prefer to provide feedback through other channels. The monthly survey approach also provides a lagged and narrow view of performance.

2.2. Good practice

There are a number of ways to measure customer experience. Traditionally, many organisations have used surveying to gain direct feedback from their customers without the need for customers to directly contact the company (e.g. through a complaint).

The three most common measures which are used across the customer services industry to measure the customer experience are as follows:

Table 7 Common customer service measures

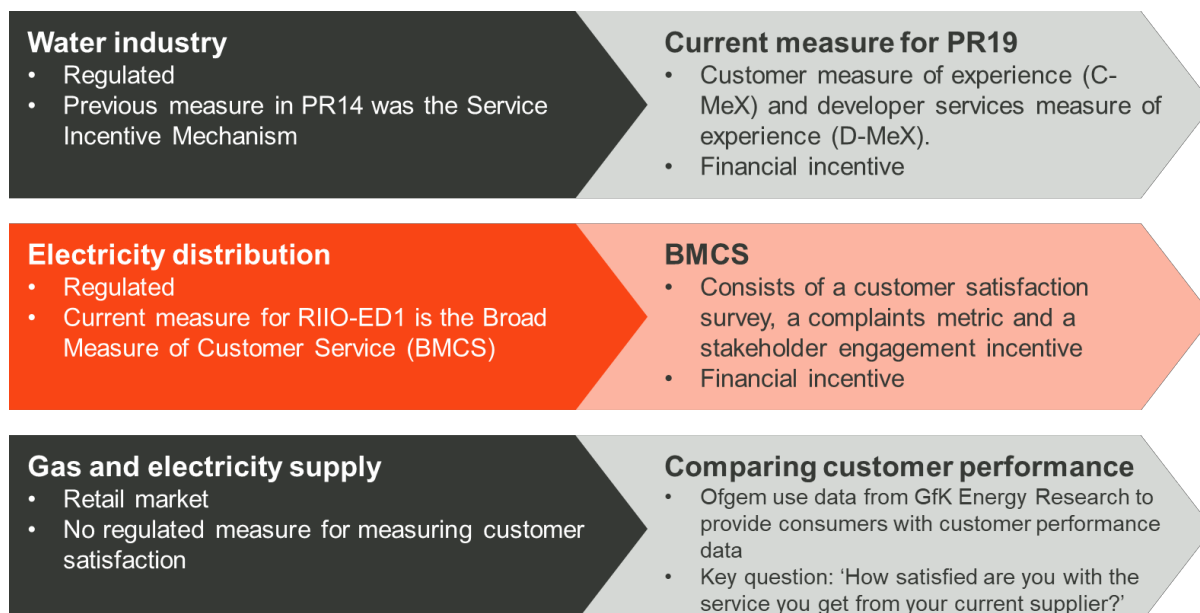
Customer service measure	Description
Customer Satisfaction (CSAT)	We currently measure this and although this has led to improvements in the customer experience, it is often used to measure short-term customer loyalty. Stakeholder satisfaction could be measured in a similar way, amended with the appropriate questions to capture the key areas our stakeholders value.
Customer Effort Score (CES)	Measures the ease of an experience with a company (five-point scale). Customer effort could be a more appropriate measure for services which are not necessarily a direct paid for service that customers can be satisfied with and/or recommend. Work or services that are triggered by us, rather than the customer (e.g. mains replacement) could be better suited with CES measure, rather than CSAT or NPS.
Net Promoter Score (NPS)	Evaluates long-term customer loyalty and happiness (score out of 10). NPS assesses the likelihood of a customer recommending the service and is categorised as: <ul style="list-style-type: none"> • Promoter (9-10) • Passive (7-8) • Detractor (<7) Experts suggest that NPS is a more reliable and accurate form of customer satisfaction measurement in comparison to CSAT. NPS measures the likelihood of a customer recommending a service and therefore is most appropriate for paid for services (e.g. Connections).

Customer surveys provide an opportunity for direct customer feedback and allow companies to understand customer views on their experiences, and, if required, make improvements based on customer insight. However, there are some drawbacks with surveys, such as the effort required of customers to complete surveys, especially in an environment where effortless customer experience is increasingly preferred. In addition, there are some issues with how well survey feedback is representative of a company's customer base. It is known that some customers from specific socio-demographics will not complete surveys, and there may be certain services which do not lend themselves well to a survey-based approach.

Summary of selected customer measures across the utility industry

Within the utility industry there are various methods of measuring the customer experience:

Figure 3 Customer service measures across the utilities sector



Ofwat PR14 CSAT measure – Service Incentive Mechanism (SIM)

The SIM is an incentive mechanism designed to encourage water companies in England and Wales to provide better customer service. It also allows comparison of company performance. It measures the following aspects of service delivery:

Table 8 Ofwat PR14 Service Incentive Mechanism (SIM)

Customers served	Quantitative measures	Qualitative measures	Incentive
Households in England and Wales (served by the 18 largest companies)	'Unwanted' phone contacts, written complaints, escalations and CCWater investigations (25% of SIM total)	Survey of customers who have been in contact with their company (75% of SIM total)	Financial and reputational – comparison to other companies' household services
Non-households in Wales (served by Dee Valley and Dwr Cymru)	Written complaints, escalations and CCWater investigations	Company choice – for example, Dwr Cymru's non-household customer satisfaction measure	Financial and reputational – comparison to other companies' non-household service (and any company chosen outcome delivery incentive)
Non-households (served by largest 16 companies in England)	Written complaints, escalations and CCWater investigations	Company choice	Reputational comparison through CCWater complaints reporting (and any company choice)

Each year, a score out of 100 (higher is better) is calculated, which is made up of the following two elements:

- Quantitative score (out of 25) based on the number of written complaints and unwanted phone contacts a company receives.
- Qualitative score (out of 75) derived from the customer experience survey.

Limitations of SIM

- It is limited to comparisons with the water sector and so does not incentivise companies to reach the higher levels of customer service achieved in most other sectors.
- There is convergence in SIM scores with diminishing improvements at the upper end, which suggests that it is not effective at encouraging leading companies to improve the customer service frontier.
- It discourages companies from contacting their customers, which might constrain innovation, service improvement and customer engagement by water companies.
- It does not reflect changing communications technology and how customers interact with retailers.
- It does not address the customer-service experience of developer services (new connections) customers.

Ofwat’s proposed measure for PR19

Customer measure of experience (C-MeX)

C-MeX is a mechanism to incentivise water companies to provide an excellent customer experience for residential customers, across both the retail and wholesale parts of the value chain.

Ofwat consulted on three options for the design of the measure.

Figure 4 Ofwat C-MeX proposals

	Customer service quarterly satisfaction survey via online channels, of contacts based on the handling and resolution of a recent matter or complaint	Customer experience quarterly satisfaction survey via phone, of customers who have not contacted their company	Net promoter score using monthly data submitted by companies of the net proportion of customers who would recommend their water company	Complaints volumes based on application of updated guidance (includes complaints made via social media)
Option 1	50% weighting	50% weighting	Not applicable	Reputational incentive
Option 2	40% weighting	40% weighting	Not applicable	20% weighting
Option 3	40% weighting	40% weighting	20% weighting	Reputational incentive

All options: Combined into a single C-MeX score benchmarked against an upper quartile UKCSI all-sector threshold

C-MeX will include a reputational incentive on complaints performance. The definition of a ‘complaint’ would also widen to include those made via any channel, including social media.

Ofwat stipulates that companies must offer at least four customer communications channels, at least two of which, should be online.

Companies will be ranked annually based on their C-MeX scores with a reward/penalty applied based on company rank:

Table 9 Proposed C-Mex reward/penalty ranges

C-MeX reward and penalty
The top three performers would receive a performance payment of up to 1.2% of residential retail revenues (1.2% annually holds the incentive at the same level as the SIM of 6% of residential retail revenues over five years).

Higher performance payments of up to 2.4% of residential retail revenues would only be available if a company is within the top three performers and performs at or above the cross-sector threshold (2.4% annually equates to 12% of residential retail revenues over five years).

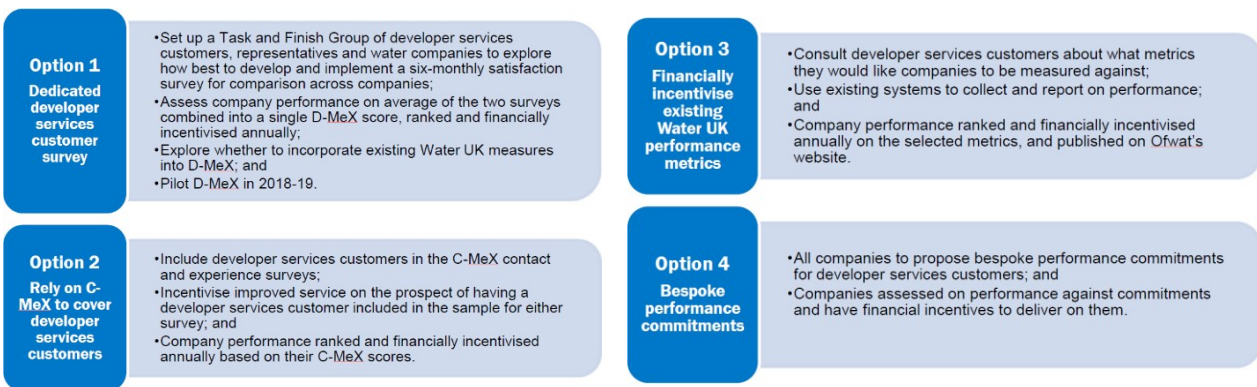
The poorest performers would receive a penalty of up to 2.4% of residential retail revenues annually (2.4% annually holds the incentive at the same level as the SIM of 12% of residential retail revenues over five years).

Developer services measure of experience (D-MeX)

D-MeX is a mechanism to incentivise water companies to provide an excellent customer experience for developer services (new connections) customers. These customers include small and large property developers, self-lay providers (SLPs) and new appointments and variations (NAVs).

Ofwat consulted on four options for the design of the measure:

Figure 5 Ofwat D-MeX proposals



The financial incentive for D-MeX will be asymmetric: performance payments will be up to 2.5%, and performance penalties will be up to 5% of a company's annual developer services revenue.

Ofwat will set up a D-MeX working group of developer services customers and water companies to further explore: (a) how best to develop and implement a regular satisfaction survey that could be compared across companies, and (b) whether the existing Water UK quantitative measures should be incorporated into D-MeX in any way.

Customer segmentation

A consultation respondent considered that there should be an appropriate representation from large developers in the surveys, as these repeat customers represent a significant proportion of the overall value of developer services transactions.

Ofwat is considering segmentation and notes that using more segments is likely to result in smaller sample sizes, which would make it more difficult to make comparisons across companies.

Ofwat notes that Ofgem's incentive for new connections customers for RIIO-ED1 has just two segments: large and small connections customers.

RIIO-ED1 Broad Measure of Customer Service (BMCS)

The BMCS consists of three elements: -

- A customer satisfaction survey (CSS)
- A complaints metric
- A stakeholder engagement incentive

Common targets are set for all DNOs and categories of customer.

There are maximum reward and penalty scores for RIIO-ED1. They have been based on 1.75 standard deviations from the mean (i.e. how much scores differ from the mean score) and will ensure that any DNO that scores significantly above or below the average will incur its maximum reward or penalty.

Table 10 RIIO-ED1 BMCS reward/penalty range

Maximum Penalty Score	Target	Maximum Reward Score
6.8	8.2	8.9

Gas and electricity suppliers – retail market

Gas and electricity supply is a competitive retail market in the UK. Ofgem protects consumer’s interests through the promotion of effectively functioning competitive markets.

As the market is not regulated; there is no regulatory measure for customer satisfaction.

Ofgem allows customers to compare supplier customer satisfaction performance on its [website](#).

The data comes from the GfK Energy Research Panel, which is a semi-continuous nationally representative panel of 10,000 homes in Great Britain. The panel provides ongoing satisfaction and switching information.

Key aspects:

- Customers are asked the question “How satisfied are you with the service you get from your current supplier?”
- Surveys are completed online.
- Overall satisfaction, ease of contact and ease of understanding their bill are now scored by the customer on 7-point scales.
- Recommendation is asked on a scale of 0-10.

Summary

As detailed above, there are several methods of measuring customer experience across the energy industry and wider customer-service industry. In summary, the key findings are:

- Survey-based measures, such as CSAT, CES, and NPS, are key measures across the industry that can be benchmarked and provide customers/or stakeholders with the opportunity to provide a direct assessment of a company’s customer performance.
- The way in which customers and stakeholders engage with companies is continually evolving, and companies need to adapt to ensure all voices are heard and responded to.
- Companies are not relying on one type of customer service measure and are increasingly evaluating various survey and non-survey-based measures to gain a true reflection of customer sentiment.

We have a wide range of customers and stakeholders and provide a variety of services which range from paid-for services that can be recommended (e.g. gas connections), to services that customers do not directly pay for but which impact their lives (e.g. emergency responses to gas escapes). There is an opportunity in RIIO-2 to adopt various aspects of best practice to establish measures for all of our customer and stakeholder experiences.

2.3. What options have we considered?

Another factor that we must apply when considering the measurement options is what Ofgem have already confirmed will form part of the RIIO-2 framework.

Guaranteed Standards of Performance

Sitting below the current customer satisfaction measures are Guaranteed Standards of Service that all GDNs must deliver against as part of their licence conditions. The Guaranteed Standards of Performance set out a minimum level of service that gas GDNs should deliver to all of their customers and are applied in the same way across all GDNs. Customers are entitled to a compensation payment if their gas network operator fails to deliver

against these standards. The standards were first introduced for gas distribution in 2002, updated again in 2005 and again amended in 2008.

There are currently 14 GSOPs, six related to customer service (GSOP 1-3, GSOP 12-14) and eight related to connections (GSOP 4-11).

In addition to the Guaranteed Standards, under licence condition Standard Special Condition D10 (Quality of service standards) GDNs have Overall Standards of performance to meet which cover:

- Emergency call handling (90% of calls answered within 30 seconds).
- Attendance at emergency gas escapes (97% of calls attended in 1 or 2 hours).
- Connections activities (90% of connections activities completed on time).

As these standards were last updated in 2008, we are supportive of reviewing and updating them (including performance and compensation levels) and ensuring they are supported by our customers. In addition, we will explore whether there is a need to introduce new GSOPs where there is a requirement from customers for a minimum level of service from all gas networks.

Ofgem's Sector Specific Framework Decision – May 2019

Overall, Ofgem recognises that the current GSOPs have not been reviewed for over 10 years and, therefore, may no longer reflect customers' expectations or business-as-usual activity for the industry. Ofgem wants to ensure that companies pay customers appropriately when these standards are not met. Ofgem also wants to ensure that customers in vulnerable situations are adequately protected across all GSOPs.

Performance standards

Ofgem will tighten certain standards where there is strong evidence of consumer demand or where there is a clearly outdated minimum standard. Where there is no clear rationale or evidence to suggest a GSOP standard should be tightened, Ofgem's decision is to make no change.

We are supportive of Ofgem's methodology for updating GSOP performance standards for RIIO-2.

Payment levels

Ofgem will update payment levels by at least inflation for RIIO-2. The values have not been increased for over 10 years, and therefore are significantly out of date. Ofgem will continue to consider whether there should be any additional uplift to GSOP payments beyond CPIH. Ofgem will also consider indexing payments to future inflation levels beyond the start of RIIO-2.

We are supportive of payment levels being increased in line with inflation. However, it is important that any changes to payment levels are supported by customers to ensure we are targeting the right areas of value. In RIIO-1 GSOP payments were not included within totex and therefore was fully funded by shareholders. We believe that for RIIO-2, an efficient level of GSOP payments should be allowed within costs and accounted for within totex. We set out this level and the reasons why GSOP payments should be funded in section 8 of Appendix 09.21 Cadent's Regional Factors.

Payment caps

Ofgem will be increasing all payment caps in line with the associated payment increase. This will be an increase by inflation as a minimum. Ofgem will remove the cap for GSOP 1. Customers face significant disruption to their lives if an unplanned gas interruption occurs and they should receive payments for as long as the interruption continues.

It is important that any changes to the compensation amounts and caps are supported by customers to ensure we are targeting the right areas of value. We are not supportive of the removal of compensation caps as this would expose us to unlimited liabilities. It could also drive undesirable behaviours from both customers and networks and undermine the concept of fairness in payments.

Automatic payments

All GSOP payments will be automatic in RIIO-2 as Ofgem believes that this is in the best interest of customers. Ofgem stated that some GDNs have indicated that making payments automatic would increase costs. Ofgem notes that some GDNs are already in the process of doing this without additional allowances. Should a GDN consider that it needs additional allowances to take this forward, it would need to be clearly set out and well justified in its business plan for Ofgem to consider it.

In line with making all GSOP payments automatic, Ofgem will remove the exemption for GSOP13 which stipulates that payment claims must be made within three months. Ofgem will retain all other exemptions for existing GSOPs as it has seen no evidence to justify changing these.

We are supportive of making all GSOP payments automatic, including GSOP3 and GSOP13, as customers who have a lack of information with regards to the standards and penalty arrangements should not be discriminated against. However, there are challenges with data sharing and attaining the required customer information to make the compensation payments. We are currently undertaking a joint data sharing project with Xoserve to mitigate some of these issues and should make automatic payments much easier.

Customer Satisfaction Surveys

Within Ofgem's Sector Specific Framework decision document published in May 2019, they decided that:

- The current CSAT survey will continue to target customers in three categories: planned works, emergency response and repair, and connections.
- Ofgem support the GDNs' recommendation to extend the connections survey to customers that have experienced work relating to paid-for disconnections, as well as non-standard connection work in RIIO-2.
- The current quarterly volumes of customers required to respond to each survey will become monthly volumes to increase the representation of customer views under planned and ER&R (150 and 200 respectively). For connections work, 100% of customers will be surveyed as the number of customers affected by this type of work are much lower.
- The survey will be distributed through various media, consistent with the results of the GDNs' customer engagement research, as follows:
 - Replacement work: paper, with the option for telephone or a link sent via text.
 - ER&R: telephone, with the option for paper or a link sent via text.
 - Connections work: option chosen by customers at point of application (either paper, telephone or link via text).
- The survey will be distributed to customers the week after work has been carried out at a property for all components of the survey.

Design of the financial incentive

Ofgem will retain CSAT as a financial output delivery incentive and will continue to consider either of the following options for the design of the incentive:

- Retain the current mechanism, where rewards and penalties are available up to 0.5% of base revenue, depending on performance against a target score.
- A defined 'penalty and pot' approach, where a reward pot would be split between companies exceeding a particular score (e.g. 9/10) and companies would be penalised for scoring below the target.

GDNs will be undertaking a trial of the new survey format ahead of the start of RIIO-2 between October 2019 to March 2019. Outcomes from the trial will be used to finalise the approach for RIIO-2 and establish targets.

Defining options

Reflecting on the insights we have received from our customers and stakeholders, good practice across the industry, and Ofgem's future proposals, we generated a number of options of additional measurements that we should establish in order to meet the expectations of our customers.

Table 11 Options we have considered

Option 1: Enhanced CSAT measure	
<p>Type of measure CSAT survey sent to customers following works:</p> <ul style="list-style-type: none"> • ER&R – Telephone (default), with the option for paper or link via text • Planned work – Paper (default), with the option for telephone or link via text • Connections – via a route selected by customers at the point of application <p>Scope of services</p> <ul style="list-style-type: none"> • ER&R • Planned Work, • Connections (including paid-for disconnections and non-standard connections) <p>Benchmarking scope CSAT benchmarking only</p>	
Assessing the merits and drawbacks	
Pros	Cons
<ul style="list-style-type: none"> • Increased customer channels for response • Increased number of responses due to more channels and weekly frequency • Limited change process • A common measure used by most businesses 	<ul style="list-style-type: none"> • Customer effort required to complete a survey through another method • Lagging measure of customer service • Limited opportunity to make improvements • Customer service representation limited to only three services • Customers unable to compare with wider customer-service industry • Does not recognise the different segments of customers for each service
Potential unintended consequences	
<ul style="list-style-type: none"> • Reduced overall customer scores due to responses received from a different demographic of customers caused by offering multiple channels. 	

Option 2: Customer balanced scorecard	
<p>Type of measure: A set of tangible measures across all services to drive improvements and target the areas which matter most to customers. Measures brought together into a balanced scorecard and provide a single score for a networks customer-service performance.</p> <p>Scope of services: Measure a wide range of services, including ER&R, planned work, connections, disconnections, diversions, alterations, plant protection services, plant maintenance, land owner liaison, call handling, and pressure management services.</p> <p>Benchmarking scope: Benchmarking across GDNs and energy/utility industry where applicable (e.g. reinstatement performance).</p>	
Assessing the merits and drawbacks	
Pros	Cons
<ul style="list-style-type: none"> • Increased customer representation • Leading measures of areas important to customers • Increased opportunity to make improvements • Allows focus on the areas where significant improvement is required • Single score simple for customers to understand • Wide range of services allowing for greater representation of true customer base • Allows targeting of all areas of customer service • Wider benchmarking against similar companies • Allows direct comparison of services 	<ul style="list-style-type: none"> • Need for confidence that tangible measures cover the right areas • Limited comparability as many areas may not be measured in the same way • Lack of historic data may limit setting appropriate targets • May become a burden to measure and manage performance • Does not measure stakeholder experiences • Not common measures of customer service within the wider customer-service industry

<ul style="list-style-type: none"> Removes subjectivity 	
Potential unintended consequences	
<ul style="list-style-type: none"> Customer expectations continually evolve. Setting measures and targets in one area may be appropriate at the start of RIIO-2 but may change within RIIO-2. 	

Option 3: Establishing and raising the bar for all our core customer and stakeholder experiences

Type of measure:	
<ul style="list-style-type: none"> Combination of multiple customer service measures: Enhanced CSAT measure (see option 1) Customer balanced scorecard (see option 2) Customer Effort Score (CES) – incorporate with CSAT survey Net Promoter Score (NPS) – for services that customers can recommend to others 	
Scope of services:	
<ul style="list-style-type: none"> Measure a wide range of services, including ER&R, planned work, connections, disconnections, diversions, alterations, plant protection services, plant maintenance, land owner liaison, call handling, pressure management services. Establish measures for different customers, including business customers, recognising the segments that exist within this categorisation Measure stakeholder experiences, including local authorities and councils, highway authorities, other utility providers, the Government, press/media organisations, housing associations, and emergency services. 	
Benchmarking scope:	
<ul style="list-style-type: none"> Benchmarking against GDNs, energy industry and various other industries. 	
Assessing the merits and drawbacks	
Pros	Cons
<ul style="list-style-type: none"> Increased customer representation Leading measures of areas important to customers Recognises the different segments of customers for each service Increased opportunity to make improvements Measures all aspects of customer service Wide range of service allowing for greater representation of true customer base Allows targeting of all areas of customer service Measures our relationship with stakeholders Allows comparison with the majority of other businesses Allows direct comparison of services 	<ul style="list-style-type: none"> Could become a burden to measure and manage all types of customer service measures Lack of confidence that tangible measures are the right areas Limited comparability as many areas may not be measured in the same way Lack of historic data may limit setting appropriate targets
Potential unintended consequences	
<ul style="list-style-type: none"> Customer expectations continually evolve. Setting measures and targets in one area may be appropriate at the start of RIIO-2 but may change within RIIO-2. There is a challenge that customers would not be able to easily understand our performance due to a complex landscape of differing measures. 	

2.4. Why are these the options?

Our options range from enhancing the existing CSAT incentive to setting a broader set of measures which represent all our core customer and stakeholder experiences. These options are based on insights from customers and stakeholders, and best practice on how other organisations measure customer and stakeholder services.

Table 12 Options appraisal against objectives

	Option 1: Enhanced CSAT measure	Option 2: Customer balanced scorecard	Option 3: Establishing and raising the bar for all our core customer and stakeholder experiences
Improve the customer experience for all our customers and stakeholders			
Measure performance closer to the time the service was offered			
Provide multiple channels for customers/stakeholders to contact Cadent with feedback			
Allow benchmarking with the wider industry			

No delivery	Weak delivery	Some delivery	Delivery	Strong delivery
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2.5. Customer and stakeholder preference

Based on business insights and qualitative engagement, the preference is option 3, to establish and raise the bar for all our core customer and stakeholder experiences. We will do this by developing measures for all customer experience areas and measure our relationship with the key stakeholders which we work. These measures will form a customer balanced scorecard which sets tangible measures based on insights from RIIO-1 to drive improvements and target the areas which matter most to customers along with avenues for customers to provide direct feedback through CSAT, CES and NPS (where appropriate). We'll seek to establish separate measures within each service area for different customers, including business customers, recognising the segments that exist within this categorisation.

Option 3 will allow us to improve the experience for all our core customers and stakeholders and allow us to benchmark ourselves against the wider energy industry and other customer-facing industries. This will drive us to transform all our services so that they are truly focussed on delivering what our customers and stakeholders want and need.

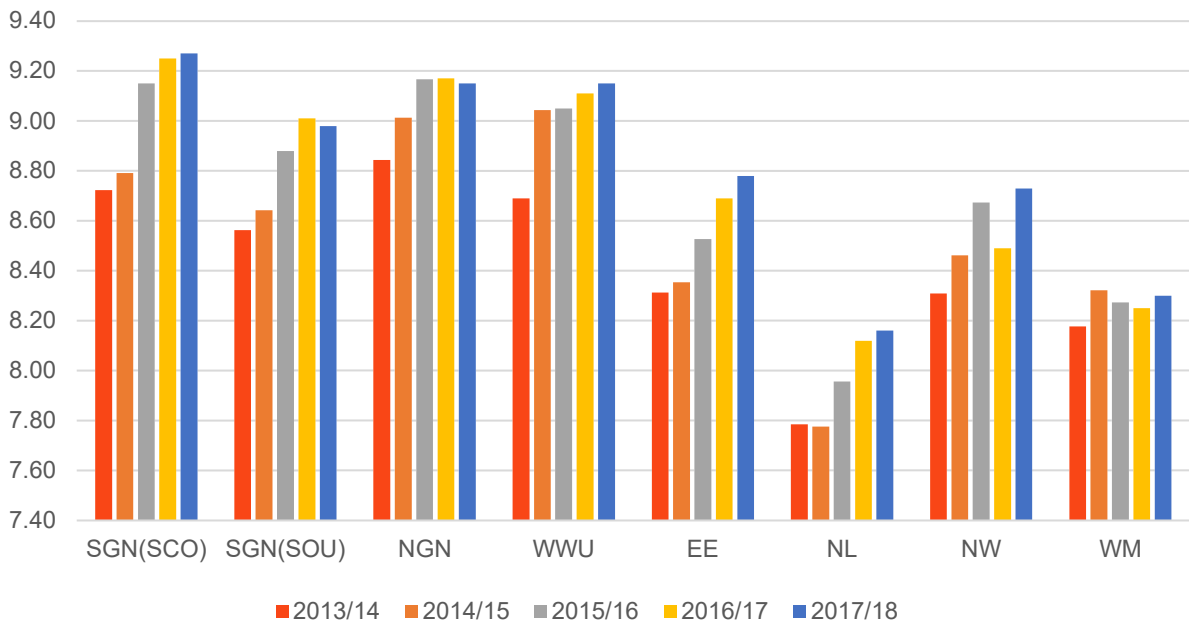
3. Assessing performance levels



3.1. RIIO-1 performance

During RIIO-1 we have seen customer satisfaction increase across all services in each of our networks and performance can be shown to compare favourably against external benchmarks. At a macro level across all GDNs, performance against our customer satisfaction measures have improved in the five years since the RIIO-1 framework was introduced.

Table 13 GDN RIIO-1 CSAT performance (overall)



While these overall results are positive, our current customer satisfaction scores are lower than those of the other GDNs and, more importantly, we see significant inconsistency in the experience different types of customers receive. We are already undertaking transformational programmes to improve this.

4. Customer testing



As explained, we are not proposing performance levels for our commitment to establish and raise the bar for all customer and stakeholder experiences. Therefore, we have not tested these proposals as part of our Business Options Testing. However, we have undertaken qualitative engagement testing with our customers and stakeholder to understand their priorities. Here is a summary of the insights from our engagement events.

4.1. Summary of insight from engagement events

Table 14 Engagement insights

Area	Insights
Communication	<ul style="list-style-type: none"> Customers believe Cadent should use less formal, more colloquial language and infographics (this was also supported by our Stakeholder Advisory Panel in November 2017). Keeping people up to date with what is happening locally should be a priority (e.g. when roadworks would be happening). Cadent should try to raise its profile. Making information easy to find (e.g. a call centre without multiple dial-ins, based in the UK). Findings from the Britain Thinks report noted that each customer interaction was the most essential element when building trust in a company, which again highlights the importance of effective communication.
Keeping appointments	<ul style="list-style-type: none"> Customers stressed that sufficient notice should be given before any planned works and customers should be kept updated throughout. Some customers suggested using a variety of communication channels (e.g. an app tracker so customers can see if the engineer was on the way). Specifically relating to roadworks, participants highlighted the importance of finishing any roadworks within the originally announced timetable. Some even suggested setting expectations low to make sure that they were always met. Hard-to-reach customers echoed the importance of keeping people up to date and that Cadent should stick to its promises on timing.
Respecting customers	<ul style="list-style-type: none"> Frequent reasons for low scores include respect to property and the customer, competency or skill of staff. The professionalism of engineers is particularly important to customers. Some customers have expressed that they would like Cadent to use fewer subcontractors and to use in-house staff for works as much as possible. Cadent should place a greater emphasis on staff training.
Putting things right	<ul style="list-style-type: none"> Good customer service with quick response times is essential. Cadent must be responsive to customer needs and keep communication channels open.

	<ul style="list-style-type: none"> • Customers have highlighted the importance of a friendly, accessible telephone line system that allows for any issue to be easily transferred to the right team. • Customers highlighted the importance of seeking feedback once a job is completed so Cadent can learn and improve.
Minimising disruption	<ul style="list-style-type: none"> • Customers believe Cadent should focus on prompt restoration of holes (i.e. reinstatement) following completion of any roadworks. • Roadworks should be completed within the originally announced timetable. • Customers feel that overall Cadent should seek to find ways to close or dig up roads less often.

These insights provide us with a view of what our customers and stakeholders value and would want us to focus on. Measures could be set against these key areas with targets agreed with our customers and stakeholders to assure them that we are focussing on the areas which matter most to them.

Recommendations for improving how we measure customer satisfaction

Customer satisfaction surveys are an effective method to obtain direct customer feedback and provide valuable insight for us to make further improvements to our services. However, the current regulatory surveys account for only domestic customers impacted by three services. There is an opportunity to broaden the scope of services measured to cover both domestic and non-domestic customers through survey and non-survey-based measures.

Our engagement with the wider industry and Ofgem has highlighted a variety of ideas on how we can improve the measurement of customer satisfaction. During the RIIO-2 Customer and Social Working Groups we have actively proposed improvements to measuring the customer experience beyond the existing CSAT approach and gained support from key stakeholders.

We aim to satisfy our customers, leaving them with enthusiasm about their experience with us. To do so, it is essential that we have a clear understanding of their views on different services across our regions. Through stakeholder feedback, two competing needs regarding performance measurement have been identified: improving the ability to collect useful and insightful feedback from a wide range of customers, while maintaining the comparability that will demonstrate continued CSAT improvement over time.

During the Customer and Social Working Group on 30 August 2018, Ofgem confirmed that gas distribution networks tended to go above and beyond the minimum standards and have improved customer satisfaction in RIIO-1. They stated that networks should seek to broaden the customer base that is represented and explore different ways to measure, expand survey methods and simplify the questions asked. These views were reiterated in the RIIO-2 sector-specific methodology consultation on 30 January 2019, where Ofgem indicated that it wants to lock-in increased customer-service performance in GSOP for customer service.

The current CSAT survey scores inform us of the areas of our service that customers are most or least satisfied with. In addition, customers are able to provide additional comments about the service they received. The key themes that emerged are; good communication and keeping customers informed, respecting customers and their properties, keeping the site and road tidy, and completing work efficiency in line with customer expectations.

Given our feedback from customers and stakeholders, for RIIO-2 we will enhance minimum standards and increase compensation payments, and ensure automatic payments when we fail (in-line with regulatory changes). We will enhance the current CSAT measure through improved customer friendly questions and offer multiple response channels. In establishing these new measures we will seek to establish separate measures within each service area for different customers, including business customers, recognising the segments that exist within this categorisation. We will provide benchmark data to set the base performance level for RIIO-3 and beyond, allowing us to deliver long term benefit for customers and stakeholders. We plan to measure and report our progress against the breadth of our MOBs customer service commitments in a balanced scorecard. We will also measure the transparency, accessibility and inclusivity of our communications and establish measures for this.

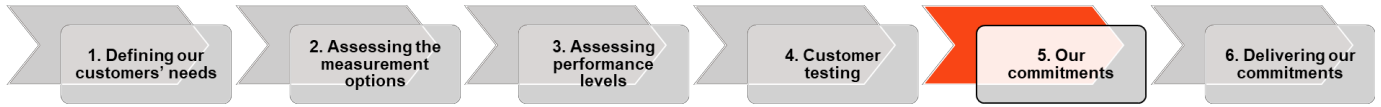
4.2. Acceptability testing of our Quality Experience customer outcome

In our acceptability testing, the quality experience aspects of our business plan were generally found to be acceptable:

- Of domestic customers, 83% of those surveyed found the quality experience section of the plan acceptable, and only 1% found it unacceptable. When asked what would make it acceptable, those who answered that they found it neither acceptable nor unacceptable suggested a further reduction in prices (14%) or wanted more detail on how it would be implemented (6%). This was broadly consistent across the regions.
- 49% of Cadent business customers said that they found the quality customer experience aspects of Cadent's business plan "very important" and 37% "fairly important" (86% in total). The breakdown across business sizes was broadly consistent, but overall acceptability increased with business size, with the percentages finding the plan either very acceptable or acceptable being 79%, 87% and 90% for sole traders, businesses with 1-9 employees and business with 10-49 employees respectively. Customers said that a quality experience was an essential element of delivering a service.
- At our acceptability testing focus groups with the general population, participants were supportive of Cadent's commitment to go beyond its legal responsibilities. They were pleasantly surprised by Cadent's social action. Quality experience Participants did not see any issues with Cadent's quality experience commitments, and thus supported them. The majority of participants thought that this outcome was either important or very important. 89% of participants found Providing a Quality Experience important, with 53% finding it very important.
- Overall, customers in our acceptability testing focus groups with CIVS were supportive of the Quality Experience commitments outlined by Cadent.
- Generally, customers at our acceptability testing focus groups with those in fuel poverty felt that Cadent's plans to provide a quality experience were going 'above and beyond' what was expected.
- Future generation focus groups did not see any issues with Cadent's quality experience commitments, and thus supported them.

As part of the Verve business plan consultation, a quality experience was seen as critical obligation for any organisation. Most customers saw this as a hygiene factor and it surprised a few that it was part of the plan, although many welcomed it being spelt out. Many expected the commitments to be manageable, though no customers had any real experience of Cadent's services. Providing detail of what the commitments should entail provides comfort, though failure to deliver will quickly harm trust. Reliability and reassurance in relation to safety and service delivery stood out. Some customers had issues with jargon e.g. PSR and some commitments felt hard to achieve. Despite Cadent admitting that direct contact with their customers is rare, the promise that they are available, if needed, was reassuring.

5. Our commitments



Raising the bar for all core customer and stakeholder experiences

We have explored minimum standards together with the CSAT and Complaint Handling measures and the proposed changes that Ofgem will put in place for RIIO-2. There are a number of areas beyond these measures where we want to raise the bar for our customers and stakeholders in terms of the service they receive from us. To do this, we want to develop new measures and transform services across our business.

Measures for all key service areas

The most stretching of our commitments is to establish measures for all of our core service areas including non-domestic customers and our broader stakeholder base. For example, measuring our plant protection service, the experience of our street works by local authorities, micro-businesses and industrial customer's services as well as our service to other utility infrastructure providers.

We recognise that each customer or stakeholder experience is unique to the service we provide, therefore the measures we set need to align with the type of service we provide. For example, NPS may only be appropriate to service that customers can recommend (i.e. a paid-for service).

Table 15 Applicable measures for each service

Service type	CSAT survey	CES	NPS	Bespoke service measures
Emergency response	✓			✓
Repair		✓		✓
Planned work		✓		✓
Connections			✓	✓
Disconnections			✓	✓
Diversions			✓	✓
Alterations			✓	✓
Plant protection services		✓		✓
Plant maintenance		✓		✓
Land owner liaison		✓		✓
Call handling	✓	✓		✓
Pressure management services		✓		✓

For each service type, we will work with our customers and stakeholders to understand specific needs across each customer segment and seek to establish separate measures within for different customers, including business customers.

A separate stakeholder survey could be developed and measured for the following stakeholders who are impacted by our activities:

- Local authorities and councils
- Highway authorities
- Other utility providers
- Government

- Press/media organisations
- Housing associations
- Emergency services

In RIIO-2 we will enhance and improve our performance in the following areas:

Table 16 Enhancements to existing customer measures

Output commitment	Measure definition	Benefits to current customers	Benefits to future customers
Customer service GSoP 1-3, 12-14	Adherence to minimum standards and compensation for failure	Protection against networks delivering standards below minimum requirements and compensation for failure	Benefit from improved network performance above the minimum standard
Connections GSoP 4-11	Adherence to minimum standards (>90%) and compensation for failure		
Customer satisfaction	Customer satisfaction score	Domestic customers receive a high level of customer service	Continual improvements to the domestic customer experience encouraging higher baselines

Over the RIIO-2 period we will commit to establishing bespoke measures for the following commitments leading to benefits to our current and future customers.

Table 17 New bespoke customer and stakeholder measures

Output commitment	Measure definition	Benefits to current customers	Benefits to future customers
Establishing and raising the bar for all our core customer experiences	Combination of customer measures for each service type including separate measures/targets for different customer types e.g. business customers	The majority of customers receive a high level of customer service	Establishing measures will encourage continual improvements to the experience for customers in the future
Stakeholder satisfaction	Stakeholder satisfaction score	Stakeholder ability to provide feedback and improvements to the stakeholder experience	Establishing stakeholder measures will encourage continual improvements to the experience for all key stakeholders in the future
MOBs balanced scorecard	MOBs balanced scorecard metric	Improved services for customers living in MOBs impacted by our works	Measuring MOBs specific commitments will establish a robust baseline to make further improvements benefitting future MOBs customers

MOBs customer balanced scorecard

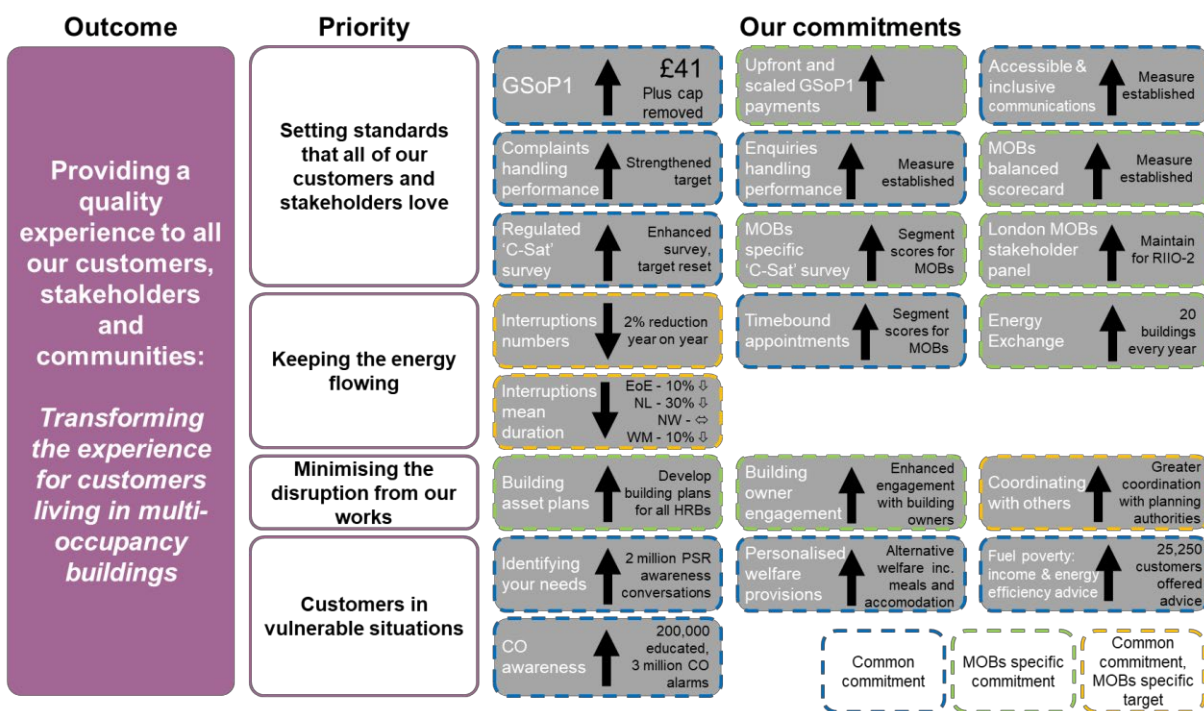
We understand that some of our customers who live in MOBs have experienced significant delays in the restoration of their supply compared to our standard domestic customers and they have been significantly inconvenienced in the process. We are very aware that whatever the obstacles, we need to overcome them. We are committed to transforming the overall customer experience and have already made commitments relating to performance step-changes during the remainder of RIIO-1. We have created a plan which includes a series of short, medium and long-term actions. These actions and commitments span several different elements within

our plan and include some specific commitments for our North London network as it has by far the greatest population of these customers. Our key proposals for RIIO-2 build further on the improvement plan we have created and span and interact with several other commitments.

In addition to our targeted asset management strategy for MOB's which includes developing building by building plans for each high-rise building. We plan to measure and report our progress against the breadth of our MOB's customer service commitments in a balanced scorecard. We will work with our customers and stakeholders to develop a set of tangible measures across all aspects of the service we provide to MOB's customers to drive improvement and target the areas that matter most to them. We will use the measures we have already identified as a starting point and bring them together into a balanced scorecard that we will report on as a reputational ODI. This scorecard will include a MOB's specific CSAT survey measure helping us to directly measure and improve the service we provide to these customers.

Here is an example of how the MOB's balanced scorecard could be formed:

Figure 6 MOB's balanced scorecard



See Appendix '09.04 Transforming the experience for multiple occupancy building customers' for full details on all our commitments related to improving the experience for customers living in MOB's.

Assessment of how to treat commitments

We have undertaken an assessment of these bespoke outputs against Ofgem's criteria to understand the best form of regulatory treatment

Table 18 Regulatory treatment assessment

Regulatory treatment	Criteria	Rating	Further explanation of assessment
Reputational ODI	Demonstrate this is important to customers and/or stakeholders.	Green	Our preferred option for this output focuses on directly improving the service we provide to our customers.
	Funded elsewhere in our plan, or inappropriate for funding.	Light Green	Ofgem has proposed to retain a financial ODI for the customer satisfaction survey. Our additional proposals are to provide further clarity on how

			customer satisfaction is measured, and therefore do not relate to additional funding.
	Can robustly measure performance improvement.		Our preferred option of this output includes several measures to robustly capture different elements of customer service and to allow comparisons between GDNs.
Financial ODI	Demonstrate this is important to customers and/or stakeholders and they are willing to pay.		As described for reputational ODI.
	Not funded elsewhere in our plan.		There are overlaps between our preferred option for this output, and Ofgem's proposals to retain a financial ODI in relation to the customer satisfaction survey.
	Can robustly measure performance improvement.		As described for Reputational ODI.
Price control deliverable	Specific deliverable with a clear timeline and targets.		Our preferred option for this output does not involve a specific deliverable – instead it relates to improving existing performance and introducing new customer service metrics.
	Demonstrable benefit to customers which they support.		Our preferred option for this output is associated with ambitious performance targets across a range of customer service metrics.
Licence Obligation	Absolute minimum, with significant customer harm if we do not deliver it.		This output is not appropriate to be viewed as a minimum standard. At present, rewards and penalties are paid in relation to a target level of performance. We are proposing to continue improving our performance, and to do so across a broader range of metrics.
	Applicable to all GDNs.		Our proposed approach for this output would introduce new approaches to customer service metrics that could be applied to other GDNs.
Business Plan Incentive	Adds to the quality of our plan, but not a specific deliverable or performance measure.		Our preferred option for this output includes a specific performance measure.
	Funded elsewhere in our plan, or inappropriate for funding.		Ofgem has proposed to retain a financial ODI for the customer satisfaction survey. Our additional proposals are to provide further clarity on how customer satisfaction is measured, and therefore do not relate to additional funding.

Doesn't meet criteria	Weakly meets criteria	Partially meets criteria	Meets criteria	Strongly meets criteria
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Therefore, we propose to use reputational ODIs for the bespoke output measures proposed. This will enhance the way we measure customer experience and allow us to focus on transforming the service that we provide.

Table 19 Common output measures

Output	East of England	North London	North West	West Midlands	Cadent	Comparison to RIIO-1	Cost (over RIIO-2)
Customer service GSOPs 1-3, 12-14	✓	✓	✓	✓	✓	Increased compensation payments, automatic payments and some updated targets (in-line with regulatory GSOP changes)	£10.4m (efficient level)
Connections GSOPs 4-11	>90%	>90%	>90%	>90%	>90%		
Customer satisfaction	<i>Confirmed following CSAT trial between October 2019 – March 2020. We will also measure PSR CSAT to understand and improve services for customers in vulnerable situations.</i>					Updated scope, questions and increased number of response channels	£0

Table 20 Bespoke output measures

Output	East of England	North London	North West	West Midlands	Cadent	Comparison to RIIO-1	Cost (over RIIO-2)
Establishing and raising the bar for all our customer experiences	We will establish measures for all our key customer service areas including separate measures/targets for different customer types e.g. business customers and set robust baselines in order to drive improvement for all customer experiences.					New measure for RIIO-2	£0
Stakeholder satisfaction	We will establish a stakeholder satisfaction measure in order to understand how satisfied our stakeholders are with our services and drive improvements.					New measure for RIIO-2	£0
MOBs balanced scorecard	We will establish a scorecard of customer measures related to improving the experience for customers living in MOBs including a MOBs specific CSAT measure.					New measure for RIIO-2	£0

How are we incentivised to perform?

For the bespoke outputs we are proposing that reputational output delivery incentives (ODIs) are set. There will be a positive reputational impact from measuring all our customer and stakeholder experiences and setting a robust baseline for future improvements.

We are supportive of the continuation of financial incentives against the existing customer measures, including GSOP (financial compensation for missing standards) and the CSAT incentive (reward and penalty).

Table 21 Financial incentives

Output	Type	ODI	Target levels	Incremental cost	Incremental benefit	Min (collar)	Max (cap)
Guaranteed standards of performance	Common	F-	Compensation levels increased in line with inflation	£10.4m (efficient level)	Zero	Caps against connections related GSoP	Zero – penalty only
Customer satisfaction	Common	F+/-	Ofgem will decide based on results from the RIIO-2 CSAT trial	Zero – improvements expected to come at no cost (e.g. through other commitments)	Ofgem common ODI – assumed incentive rate is as-per RIIO-1	Ofgem proposed range of -0.5% revenue	Ofgem proposed range of +0.5% revenue

6. Delivering our commitments



6.1. How we will deliver our commitments

Table 22 How we will deliver our commitments

Area	What we will do to deliver commitments
Customer communications	<ul style="list-style-type: none"> We are looking to improve our customer performance levels by simplifying call agent scripts, making improvements to the processes followed by Customer Liaison Officers and the continuation of a number of improvement activities already being implemented across the business. We will continually review our written and digital communications, included website accessibility with videos in multiple languages which help give greater context to our works.
Processes / systems	<ul style="list-style-type: none"> We will enhance the technological capability of our systems to support improved customers insights and multi-channel communication. We will look to make use of Automated Intelligence (AI) including self-service portals and chat functionality to ensure we can continue to respond promptly to enquiries from our customers.
Partnerships	<ul style="list-style-type: none"> We are continuing to work with Perpetual Experience on our service transformation journey. This work will help to ensure that our service design and delivery is aligned to our customer ambition. We will develop partnerships with organisations who can effectively benchmark our services to allow us to measure continual improvement.
Engagement	<ul style="list-style-type: none"> Engagement will be ongoing with Ofgem and the other Gas Distribution Networks (GDNs) to trial the new CSAT survey and multi-channel approach. We will be establishing ongoing regional customer forums to monitor and improve our customer performance.
Skills and resource	<ul style="list-style-type: none"> We will train for front line delivery teams and customer call agents to ensure they are equipped with the latest skills in engaging with customers and ensuring they are always satisfied with our services.

6.2. How we will protect against non-delivery

Table 23 Protections against non-delivery of our commitments

Regulatory tool	How it will help in protecting customers from non-delivery
Guaranteed standards of performance	Minimum delivery standards for interruptions, communications, priority customers and Connections. Compensation is payable to customers if GDNs fail to meet a minimum standard. (Connection standards are also stipulated in the GDN Licence)
Customer satisfaction incentive	Financial incentive +/-0.5% of revenue for customer satisfaction performance across Emergency Response and Repair, Planned Work and Connections processes.
Reputational	Non-delivery against the reputational incentives proposed will have a negative reputational impact