

# SGN Independent Stakeholder Group

## Terms of Reference

*These Terms of Reference will be reviewed annually or at any point at which Ofgem issues guidance which may impact on the role of the group.*

## Introduction

SGN is committed to building strong and enduring relationships founded on trust and open communication with a wide variety of customer and stakeholder groups.

SGN believes these relationships are of advantage to all parties, will help improve their performance and deliver better service to customers and stakeholders who might be affected by, or have an interest in, their activities.

SGN own and operate the second largest gas distribution network in the UK and their operations have the potential to impact on some 5.9 million gas consumers, through the charges they make and the services they provide.

SGN's Independent Stakeholder Group (ISG) – previously known as the Customer and Stakeholder Engagement Group - will provide expert advice, support and challenge on a range of issues which are of interest to all customers and stakeholders to ensure that their feedback continues to shape the company's decision-making. The Group remains independent from SGN but will work with SGN to facilitate best practice in customer and stakeholder engagement and deliver better outcomes for its customers and stakeholders.

### 1. The Group's role and responsibilities

- To provide expert advice, support and challenge in relation to the following areas related to RIIO2 (and subsequently RIIO3) delivery:
  - SGN's performance in relation to any RIIO commitments not monitored through the Regulatory Reporting Pack (RRP).
  - Company performance in areas of the RRP where there is a significant impact on consumers and stakeholders and there is a particular need for consumer insight.
  - Relevant price control reopener projects, particularly those that are likely to have a significant impact on customers.
- To produce an annual report to SGN, which will be publicly available, on the company's performance in relation to its RIIO commitments as set out above.
- To help shape planning around the development of the RIIO3 plan specifically in the following areas:

- Helping to define SGN's customer and stakeholder engagement strategy.
  - Supporting the identification of appropriate stakeholders to engage with and topics of discussion.
  - Aiding the development of the engagement planning timeline, based on previous experience.
  - Supporting stakeholder engagement activities.
  - Supporting and critiquing the triangulation of evidence across different sources.
  - Identifying areas of certainty and uncertainty (based on stakeholder feedback) and how these could be reflected in the RIIO3 plans.
  - Identifying new and emerging consumer issues that may need to be reflected in the development of the RIIO3 price control.
- To provide challenge and scrutiny to SGN as it develops its RIIO3 business plan, in line with the Business Plan Guidance which Ofgem is developing. This is expected to require the ISG to provide a statement to be included in the business plan and to respond to Ofgem's Call for Evidence on the plan.

## **2. Membership**

- The group shall consist of up to eight appointed external members.
- All members shall be independent of SGN and agree to:
  - Declare any potential conflict of interest.
  - Agree not to share any confidential company information they have access to and sign a Non-Disclosure Agreement to this effect.
- The members will be made up of appropriately experienced and qualified individuals reflecting the diversity of all SGN's customers and stakeholders.
- Members are expected to attend all meetings wherever possible. Video conferencing and dial in facilities will be provided where possible.
- The role of Group's Chair will be undertaken by one of the Group members.
- The Group's Secretary will be provided by SGN.

### **2.1 Chair**

The Chair will be appointed by SGN and will be responsible for:

- Chairing meetings.
- Ensuring that decision-making is by consensus and is clearly and correctly reported to SGN.

- Ensuring the Group is proactive in advising SGN of issues which are relevant to customers and stakeholders.
- In conjunction with SGN Executive Committee and Senior Leadership team members, evaluating the success of the Group in delivering its objectives.
- Working with ISG members and SGN before, during and after the meeting to maintain an overview of all work and to ensure effective co-ordination and progress.
- Attending Ofgem hosted meetings of Group chairs.
- Providing the external voice of the group to Ofgem, the Board, and in any public communication.
- Meeting with SGN's Stakeholder, Environment, Social and Governance Committee (SESGC) on a regular basis and once a year providing an update on the ISG's position to the full Board.

## **2.2 Other ISG members**

Other ISG members will be appointed through an open call for expressions of interest. SGN will work with the Chair to recruit a suitable balance of skills and styles.

The Group will, as far as possible, include expertise in the following areas:

- Consumer vulnerability and fuel poverty
- Stakeholder/customer engagement
- Business customers
- Local government and community energy
- Whole system decarbonisation – technical and policy expertise
- Environmental performance

The Group will also, as far as possible, include a balance of membership across SGN's two regions.

The list is not exhaustive and will be subject to regular review. ISG members will be appointed on an individual basis for the skills and experience they bring, not to represent particular organisations. As such deputies are not allowed.

At least one ISG member will be required to maintain a role on SGN's Environmental Advisory Panel and one member on SGN's Vulnerability Steering group and to adhere to the Terms of Reference of these groups.

## **2.3 Secretariat**

The Group's Secretary shall:

- Develop an annual work plan for the Group and plan meeting dates, in co-ordination with the Chair, and circulate invites.
- Prepare meeting minutes and circulate to members.

- Track SGN requests for the Group's feedback or other advice, and subsequent responses.
- Circulate meeting agendas and associated papers to Group members no less than a week prior to each meeting.
- Organise any site visits or training required by members to improve their knowledge of SGN and its stakeholders.

### **3. Group workload and frequency of meetings**

- The full Group shall meet at least three times a year, with meeting frequency increasing during the RIIO3 business planning process. Main meetings will be a full day in duration.
- Members will meet independently where appropriate.
- Members may also be requested to support key stakeholder and customer engagement activities throughout the year.
- SGN and the Chair will monitor the input required from members.

### **4. Accountability, decision-making and routes into SGN**

The Chair will have regular two-way communication with SGN's Chief of Staff on the overall arrangements for the Group.

Day to day issues, including development of the forward agenda, will be dealt with by the Secretariat, co-ordinating with the Director of Strategy and Regulation as required.

The CEO will attend meetings on a regular basis to provide an update. Relevant members of SGN's Executive Team will also attend ISG meetings to discuss particular areas of their responsibility.

The ISG is not a decision-making body but will need to provide its views into SGN and Ofgem. The Chair will look to ensure that such views represent the consensus view of the group.

In the event that any member of the ISG has a concern about the behaviour of the Chair they should contact the Secretariat who can arrange for them to meet with an independent non-executive board member. All other concerns should be raised directly with the Chair in the first instance.

### **5. Code of Conduct**

Members will agree to adopt the following set of principles in their working relationship and interactions with the SGN team and other members of the Group:

- Be respectful
- Consider others' perspectives and the impact of your behaviour on others

- Be patient and courteous
- Be inclusive

## **Remuneration**

Members of the Group will receive remuneration, on a daily rate basis, for attendance at meetings and providing advice as requested. Any time commitment above 3 days per month must be discussed and agreed with the ISG chair and SGN prior to invoicing. Reasonable expenses incurred for travel and overnight accommodation will be met by SGN. (N.B. accommodation and travel arrangements must comply with the SGN travel policy).

There are requirements on members of the Group under both legislation and regulation as to the disclosure of inside information. Consequently, members should avoid making any statements that might risk a breach of these requirements without prior clearance from the Chief of Staff.

## **Other**

It will be beneficial for members to understand the nature of SGN's operations. On appointment, all new members will receive induction, covering the day-to-day working of SGN to get an appreciation of its various departments and their functions, health and safety. This will also enable members to understand the rules and constitution of the Group, confidentiality and conflicts of interest.

The Chair will be appointed for a period of five years subject to their full participation as described above. This will be reviewed every two years with SGN, in consultation with Ofgem as necessary, reserving the right to end the appointment in the event of unsatisfactory performance at review stage.

Members of the Group will be appointed for a period of five years subject to their full participation as described above. All such appointments will be subject to annual review with the Chair, in consultation with SGN, reserving the right to end any appointment in the event of unsatisfactory performance at review stage or in the event of changes to the requirements of the group.