

Sustainability First

**New Energy and Water Public Interest Network
'New-Pin'**

Workshop 2
Trust and Confidence
24th February 2016

**This slide-set is not intended for wider circulation please beyond members
of the sponsor group and the New-Pin Network**

Agenda – 24th February 2016

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| 1 | Welcome, apologies and introductions | 10:00 |
| 2 | Feedback - Network member actions from October affordability workshop | 10:05 |
| 3 | Overview of Sustainability First ' <i>Trust and Confidence</i> ' paper | 10:20 |
| 4 | Case studies
1) Unplanned service disruption 2) Ownership & stewardship | 10:50 |
| | COFFEE | 11:50 |
| 5 | Case studies
3) Trust in retail markets 4) Relationships: companies, regulators, gov'ment | 12:00 |
| | NETWORKING LUNCH | 13:00 |
| 6 | Practical steps to build trust and confidence – break out groups | 13:45 |
| 7 | Resilience– brief scoping discussion for June meeting | 15:00 |
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Agenda item 2 - Feedback

Network member actions on long-term affordability

- In the spirit of keeping New-Pin practical / things concrete, can people share any **examples of practical actions** they took as a result of the last workshop?
- Recap – **themes** to help ensure long-term affordability discussed in October:
 - **Efficiency** eg - examine balance between short and long-term efficiency savings to ensure short-term decisions don't foreclose future options
 - **Transparency** eg - provide comparative information to enable engaged consumers to compare the sectors to the 'best in class'
 - **Stability** eg – use scenarios to identify commonalities so that whatever happens there is a degree of certainty
 - **Co-ordination** eg – analyse long-term & cross sector impacts of different investment requirements on those that will have to pay
 - **Public accountability, oversight & engagement** eg – work with customers in vulnerable circumstances, their reps. & providers in other sectors to develop forward looking vulnerability strategies

Agenda item 3 - Overview of trust and confidence paper

Approach and methodology

- Paper is collaborative effort – thank you
- Involved in-depth literature review & 13 interviews with Network members & other stakeholders – draws on your case studies
- Slides are high level - **DRAFT** paper is far more detailed
- Comments on paper by **9th March**

- Paper in three parts
 - What is trust and confidence?
 - Factors shaping trust for different stakeholders
 - Practical steps to build & maintain trust (health warning – a nuanced approach is needed to these - hard to communicate)

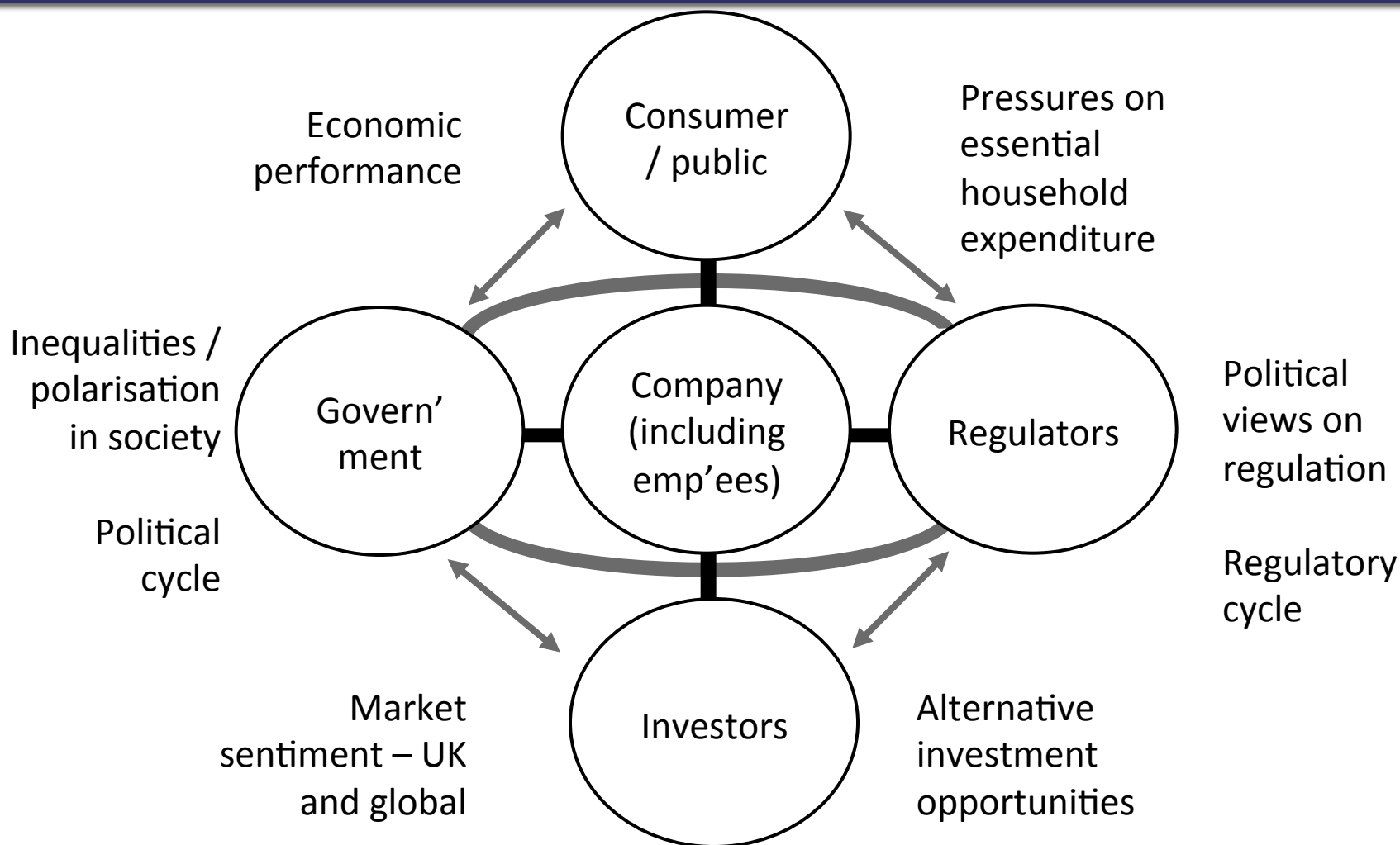
Agenda item 3 - Overview of trust and confidence paper

Trust – definitions and comparisons

- Energy and water – unique features
- Trust is judged on three dimensions
 - Competence
 - Motives
 - Honesty
- There are differences between – and within – the sectors
 - Energy retail – needs trust repair / to build trust
 - Energy networks & water companies – need to maintain trust
- Trust is a relational concept
- There are significant inter-dependencies between different stakeholders

Agenda item 3 - Overview of trust and confidence paper

Interdependencies and wider sentiment



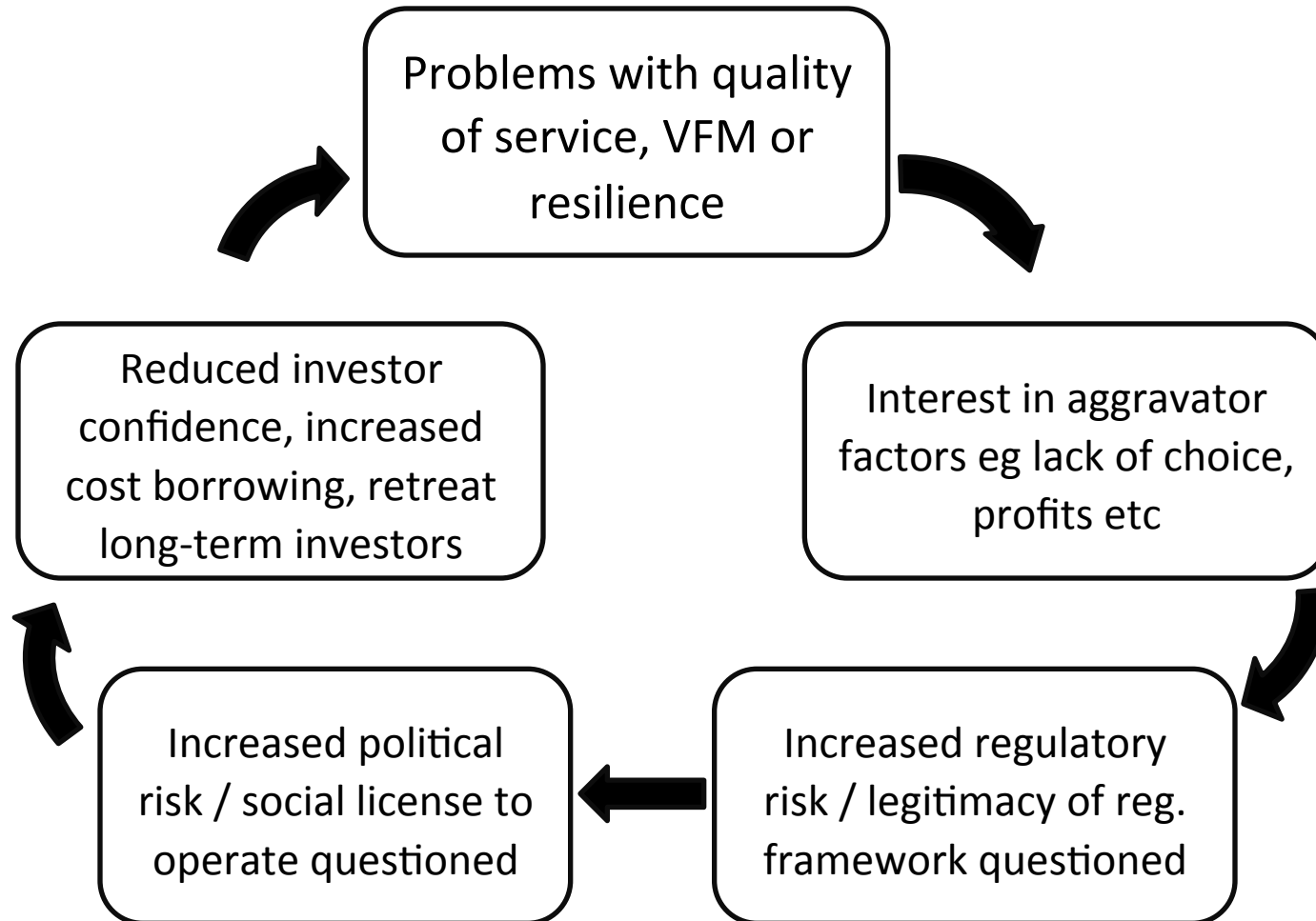
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Different perspectives

- Different perspectives
 - Customers – Quality of service, resilient services and VFM
 - The public - Democratic voice in social / environmental issues?
 - Investors – Stability / predictability, managed regulatory and political risk
 - Government – Clear & stable frameworks. Signaled change
 - Economic regulators – Accountable for duties, adaptable
- Common requirements – continuous / resilient service, stability / predictability, ‘fair’ treatment from other stakeholders
- Each group can be further segmented (eg I&C & domestic users)
- The interests of different ‘segments’ can sometimes conflict
- Relationships are dynamic
- There are spill over effects if things go wrong

Agenda item 3 - Overview of trust and confidence paper

Possible downward spirals of trust



Agenda item 3 - Overview of trust and confidence paper

Four key factors shaping trust

1. **Unplanned service disruption**

- Things happen - how you respond is vital

2. **Ownership and stewardship**

- Ownership can be a red-herring - underlying drivers of investors important
- Service delivery on ground & transparency, accountability & ethos also key

3. **Trust in retail markets**

- Competition; keeps companies honest or as clear as mud?
- Experience and perceptions; prices, profits & costs
- Smart services – new risks and opportunities to rebuild trust

4. **Relationships between companies, regulators & government**

- Toothless watchdogs v snarling guard dogs – legitimate frameworks
- ‘Competition’ appeals – benefiting the lawyers or blowing away cobwebs?

Agenda item 3 - Overview of trust and confidence paper

Practical steps that can build & maintain trust

1. Openness and communications

- Opportunities- informed decisions, honest dealing, learning from mistakes
- Risks – commercial confidentiality, rhetoric, confused & slow decisions

2. Stakeholder engagement

- Opportunities - consumer focused services, social license to operate
- Risks – mismatch of expectations, false legitimacy to decisions, can focus on ‘average’ consumer – not individual current or future needs

3. Motivations and long-term outcomes

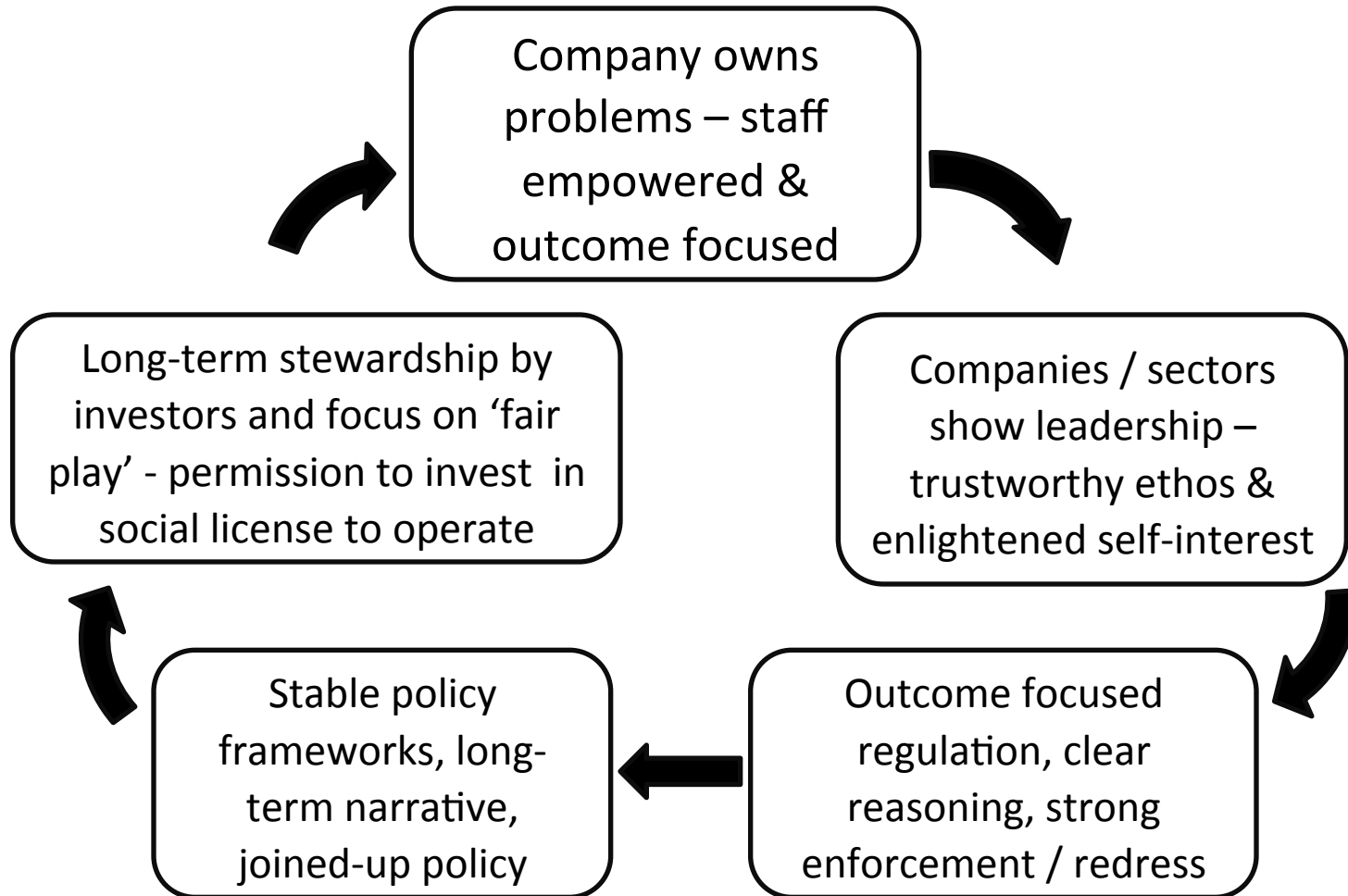
- Opportunities - clear narrative for long-term for internal & external use
- Risks – loss of flexibility or responsiveness

4. Leadership, culture and values

- Opportunities – strong ethos can take a company beyond rhetoric
- Risks – how to embed when memories of incidents fade, people move on or you want change?

Agenda item 3 - Overview of trust and confidence paper

Possible upward spirals of trust



Agenda item 3 - Overview of trust and confidence paper

Seeing trust in the round – a DRAFT suggested check-list

Basics of trust	'Must do' steps to build trust	Steps to maintain trust	How to implement steps to build & maintain trust
Overarching principles	Efficient Adaptable	Focused on role Accountable Predictable	Honest Coherent & consistent
Approach, culture, behaviour	Outcomes focused Proactive Simplicity	Clarity of long-term purpose Leadership	Transparent / open Values driven Fair play
Actions / deliverables	Eg skills audits for future	Eg tone from top	Eg rhetoric audits
Relationships	Eg embedded stakeholder engagement	Eg sharing lessons learnt / near misses across sector	Eg open not defensive mindset
Possible measures	Eg VFM – short and long term	Eg strong collective sector narrative	Eg do appraisals judge conduct as well as outcomes?

Agenda items 4 and 5 – Case studies

<p>Unplanned service disruption</p> <p>Jean Spencer, Anglian Water</p> <p>Alison Sleightholm, WPD</p>	<p>Ownership and stewardship</p> <p>Clare Hierons, ShareAction</p> <p>Tom Sharples, WICS</p>
<p>Trust in retail markets</p> <p>Richard Hall, Citizens Advice</p> <p>Chris Harris, RWE Npower</p>	<p>Relationships between companies, government and regulators</p> <p>Phil Marshall, CCW</p> <p>Jim Cardwell, NPG</p>

Agenda items 4 and 5 - Case studies

From the case studies or your experience with this topic, discuss:

- **Relevance** - Does this topic shape trust in the sectors?
- **Different perspectives** - What does this topic look like through the following lenses – consumers / public, investors, companies, government, regulators?
- **Balance** - Can these perspectives be balanced?
- **Lessons learnt** - Given potentially polarised views, what wider lessons can be learnt from this topic to build & maintain trust elsewhere in the sectors?

Agenda item 6 – Possible practical steps to ‘a balanced way forward’ to building and maintaining trust

Openness & communications

- Presumption in favour of openness
- Explaining judgments & trade offs
- Consistent, accessible & usable info
- Collective, sector-wide narrative
- Rhetoric audits
- Open – not defensive mindset
- Willingness to admit mistakes

Stakeholder engagement

- Clear objectives & ‘right’ approach
- Timely & embedded
- ‘Legitimacy’ of those engaged
- Diversity – segmentation & moving beyond average consumer
- Resourcing of public interest grps
- Formal reporting & feedback

Motivations and long-term outcomes

- Clear & stable policy / regulatory frameworks
- Signaling change in advance
- Board oversight of horizon scanning & stress-tested scenarios
- Skills audits for the future

Leadership, culture and values

- ‘Live’ codes of conduct
- Staff judged on conduct & ethos as well as outcomes
- Culture audits
- Sharing lessons learnt / near miss exercises

Agenda item 6 – Seeing trust in the round – is the DRAFT check-list helpful?

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Agenda item 6 – Practical steps to build & maintain trust

Possible practical steps

- Openness & communications
- Stakeholder engagement
- Motivations and long-term outcomes
- Leadership, culture and values

Questions for discussion on 'balanced way forward'

1. What works well?
2. What gets in the way?
3. What can be done internally?
4. What needs to be done together?
5. Can this be measured?
6. How to communicate so rhetoric matches reality?
7. Is it important to look at this *in the round*?

Agenda item 7 – Resilience

Scoping discussion for workshop on 22nd June

- Public expectations on resilience – different perceptions of Twentieth and Twenty First Century standards
- Definitions – *‘Resilience is the ability to cope with, & recover from, disruption, & anticipate trends and variability in order to maintain services for people and protect the natural environment now & in the future’* OTFG
- Current responsibilities for resilience – different stakeholders
- Similarities and differences for energy and water
- What are the public interest issues? Could include:
 - Are current standards the right ones for the future?
 - Who thinks end to end – regionally, nationally & across sectors?
 - In networks, how best to diversify to manage risks?
 - Is there a right balance between supply, demand & local approaches?
 - How might the data revolution impact the approach to resilience?
- New approaches – commercial, investor and regulatory implications

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