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Phase 4: Literature review & final consumer engagement

Customer engagement methods and examples of best practice

Report prepared for:

NIE Networks

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Contents

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Key Findings

1.1 Key findings

The information contained within this chapter summarises the key findings from the phase 4 literature review and final phase of consumer engagement, and are structured under the following main headings:

- **Literature review:**
    - Introduction and approach;
    - Consumer engagement objectives;
    - Inclusion of consumer engagement within organisational policy;
    - Approaches to engagement;
    - Timetabling and costs;
    - Outputs and use of consumer engagement findings; and
    - Conclusions and recommendations
- **Final consumer input:**
    - Final consumer input

Literature review
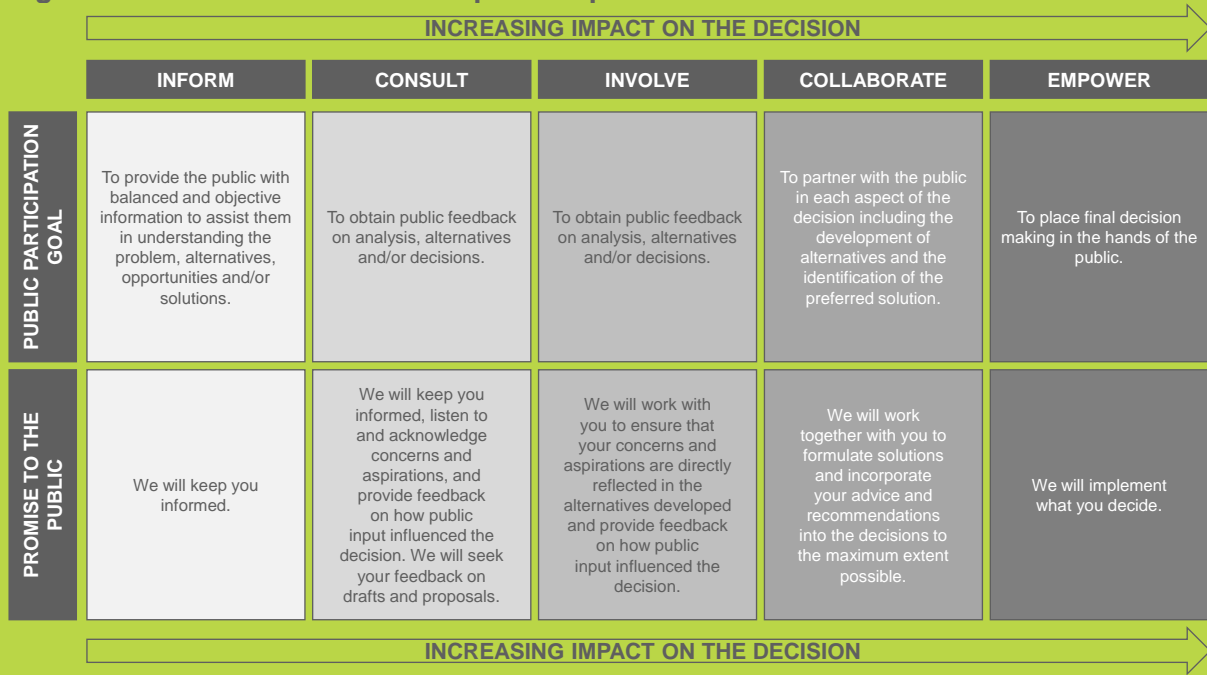
Introduction and approach

- In Perceptive Insight's original proposal from January 2015, a fourth phase of research was proposed to present consumers and stakeholders with the draft business plan and inform them of how their views have been taken on board.
- Having reviewed the research findings and the progress made to date, in discussion with the CEAP group, it was acknowledged that the requirements for phase 4 had evolved and therefore a revised approach was required.
- The revised overall aim for this phase of the research is to better understand methods for enhanced consumer engagement through analysis and assessment of case study and best practice examples from an array of sectors, and countries, from which lessons and recommendations may be transferable.
- In meeting these aims, Perceptive Insight reviewed approximately 20 research reports on the theme of best practice customer and stakeholder engagement across several sectors, including electricity, water, gas, transport and policing.

Consumer engagement objectives

Defining consumer engagement

- The International Association of Public Participation (International Association of Public Participation, 2007) published a particularly useful public participation spectrum which outlines the varying levels of participation and impact. Using this spectrum as a guide, by deciding in advance the level to which consumers will be informed, consulted, involved, collaborated with or empowered, NIE Networks has the potential to set clear boundaries and make early decision regarding the level to which the public can and should be involved in the decision making process.

Figure 1.1.1: IAP2's Public Participation Spectrum

INCREASING IMPACT ON THE DECISION →

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To obtain public feedback on analysis, alternatives and/or decisions.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision. We will seek your feedback on drafts and proposals.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will work together with you to formulate solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

INCREASING IMPACT ON THE DECISION →

▪ Clear, simple but specific guidelines and definitions are useful both in terms of engagement planning, but also how to communicate directly with consumers when informing them of their input at any given stage.

▪ Consumer engagement is about working openly and collaboratively with consumers and providing opportunities for their views and preferences to be heard and to influence service providers' decisions.

Key objectives for effective consumer engagement

▪ All literature reviewed outlined clear research objectives. Typically, these objectives tended to fall into one or more of the following three categories:
   o Emphasising the importance of consumer engagement;
   o Empowering the consumer; and
   o Supporting wider strategic and social aims.

▪ The majority of consumer engagement projects are implemented with the overall objective to empower the customer and to ensure that the consumer voice is heard.

Inclusion of consumer engagement within organisational policy
The importance of embedding engagement in core strategy

▪ There has been an increase in the inclusion of consumer engagement in both governmental and organisational strategy, reflecting the growing recognition amongst government and regulators that securing the long-term interests of consumers necessitates input from those consumers.

▪ Access to information, consultation and active participation in policy-making are noted to be important factors in the contribution to good governance.

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Examples of embedding engagement in core strategy
- Lessons could be learnt from organisations that embed community engagement within their planning and strategies, which in turn has impacted upon their day-to-day administration.
- In Australia, for example, embedding engagement into strategy has been taken one step further, as the National Electricity Rules have imposed strict guidelines around the planning, implementation and presentation of consumer engagement activities.

Conditions for successful inclusion of consumer engagement in organisational policy
- The public cannot be expected to get behind either governmental or organisational policies if they do not receive full and clear information.
- Company policies will lack support if they are liable to unravel under public pressure.
- Only if consumers buy into and engage with policies can they be expected to meet their objectives.
- Flexible arrangements are required to ensure that the benefits of choice are enjoyed by all consumers.

Approaches to engagement
The multiple approaches to engagement
- A qualitative approach was predominant across almost all examples.
- Customer or stakeholder forums were reportedly viewed as useful platforms to engage effectively with a range of participants.
- Many examples advocate the early involvement of stakeholders.
- The use of customer advisory panels or committees has proved popular.
- Other case studies employed a mixed approach to consumer engagement, including a quantitative survey or the inclusion of handheld audience response devices.
- It is important to note that throughout this in-depth period of literature review, no examples that employed a purely quantitative approach were found.
- No two case study examples utilised the same approach to consumer engagement, which emphasises the challenge in attempting to assess the relative merits of each initiative in comparison to another.

The number and type of participants involved
- In many cases, information regarding the exact number of participants, or indeed the type of participant, was not made clear.
- Almost all examples place high importance on the involvement of experts or stakeholders.
- The approaches considered to be more comprehensive tended to utilise a wider variety of participants from more varied backgrounds.
- When a customer forum, advisory group or committee was involved, project managers emphasised the importance of including a diverse range of profiles with various level of knowledge and experience. This diversity can help to create the conditions for very productive conversations.
- While some organisers of consumer panels argue that participants should participate in a personal capacity rather than as 'stakeholders', in order to ensure every member

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could contribute their own views and allow them to evolve freely, others advocate the use of the 'stakeholder' approach as it gave the group a sense of authority.

Timetabling and costs

The total duration of engagement research

- There is little to no uniformity in the amount of time dedicated to consumer engagement activities across various organisations.
- The information provided across ten case studies exemplifies the varying level of time dedicated to consumer engagement in each specific case – ranging from a couple of months, to seven years.
- Some would argue that consumer engagement should be a continuous and ongoing process rather than a 'programme'.
- The frequency and depth of engagement could be considered more important as these attributes demonstrate the level to which organisations have embedded consumer engagement into their practices.

Costs of engagement

- Meaningful and robust stakeholder engagement does not come free or easy.
- Engagement costs can be viewed as a longer term investment from which the organisation has the potential to reap rewards.

Outputs and use of consumer engagement findings

- Some organisations found that consumer engagement processes helped in a number of practical ways, including more direct help for customers and empowering customers.
- Meanwhile, the majority of case studies reviewed used consumer engagement to feed directly into policy or regulatory processes.
- As a result of effective consumer engagement, some organisations have developed new opportunities for consumer participation for future implementation, while others have been given the opportunity to develop consumer priorities that will support consumers in selecting services that suit their needs.
- One organisation noted that enabling consumers to make informed choices about the way they use electricity can lead to more efficient investment across both demand and supply sides, ultimately impacting on the price consumers pay. Similarly, in another case, the short term cost of the establishment of customer engagement was willingly exchanged for a more customer credible and focused result in terms of price and priorities.
- The inclusion of customer focused methodologies can also lead to plans and strategies that are more likely to withstand scrutiny.
- Another positive outcome from effective engagement is the potential to use the engagement process as a tool for staff development.
- Some organisations have noted that an effective engagement process can stimulate a shift in culture – towards an ethos which puts passengers first and engages and empowers staff.

Conclusions and recommendations

- Based on the key findings, which have been outlined above and throughout this report, Perceptive Insight has provided NIE Networks with a number of recommendations which could enhance their consumer engagement processes.
- It is notable, however, that the review has highlighted that the existing methods utilised by NIE Networks and the CEAP group, with particular reference to their RP6 planning, are not dissimilar from existing examples of best practice.
- The review of existing best practice has highlighted that the extent to which NIE Networks has already invested in consumer engagement, combined with their wide-ranging methodology and inclusion of varied participant types, is commendable.
- The challenge for NIE Networks is how to build on this best practice approach to customer engagement beyond the RP6 planning process in a cost effective and meaningful way.

Final consumer input

Final consumer input

- Respondents reported that they were pleased with the outline of NIE Networks' investment plans for 2017-2024, acknowledging that many of the discussion points from their previous involvement in the research have indeed been included.
- Issues emphasised as being important to respondents included:
  - The ability for vulnerable customers and households to receive guidance and help via telephone;
  - The availability of a multi-channel approach to customer service provision; and
  - Investing for the future (including reducing carbon emissions, investment in renewable energy and grid improvements).
- Additional feedback from the five respondents recognised that NIE Networks' still have a number of important decisions to make. In general, it was suggested that these decisions should be made based on the options that will:
  - Have the greatest longevity;
  - Affect the most amount of customers;
  - Represent greatest value for money; and
  - Provide maximum return on investment.
- Concerns that the average customer may be more inclined to select the cheapest option available were raised. This view was not shared by one respondent who believes that NIE Networks should be making these important decisions themselves to ensure that there is sufficient investment for the future.

Literature Review

1.2 Introduction and approach

Introduction

In Perceptive Insight's original proposal from January 2015, a fourth phase of research was proposed to present consumers and stakeholders with the draft business plan and inform them of how their views have been taken on board. We proposed to highlight any significant changes from previous proposals and to seek to identify from the research participants the key performance measures that they would like to see in place to monitor progress towards delivering on the business plan.

However, having reviewed the research findings and the progress made to date, in discussion with the CEAP group, Perceptive Insight considered that the requirements for phase 4 had evolved and therefore a revised approach was required. It was subsequently agreed by all parties involved that desk based research, around the theme of consumer engagement, would better suit the needs of NIE Networks and their research into consumer engagement services for RP6.

Aim of the research

Perceptive Insight undertook in-depth desk based research to better understand methods for enhanced consumer engagement through analysis of existing research, case studies and best practice examples.

As such, the revised overall aim for this phase of the research is to better understand methods for enhanced consumer engagement through analysis and assessment of case study and best practice examples from an array of sectors, and countries, from which lessons and recommendations may be transferable.

Approach

There is a general sense that customer relationships are increasingly important, and there is a lot of research and analysis, mostly from other industries, to demonstrate tangible value from customer engagement (OPower, 2011).

In response, the first step of the revised phase 4 was to conduct an initial review of literature to:

1. Ensure that adequate material already existed;
2. To shortlist potential best practice examples; and
3. To determine any particular countries/sectors that should be evaluated.

The initial review helped to determine what literature is best suited to the NIE Networks' consumer engagement services provision for RP6 Phase 4. The aim of this initial review was not to provide detailed findings or recommendations, but to help NIE Networks to shortlist potential literature to be reviewed, while also providing assurance of the feasibility of the adapted approach.

Summary of initial literature review

The initial literature review included a brief assessment of the following papers and case studies:

- SSE Plc (2014) Putting the Customer First: How we can drive real consumer engagement with energy / SSE and YouGov Report
- National Energy Networks (2014) Consumer engagement in energy networks: Innovations and challenges / Report on National Energy Networks Forum (2014)
- Consumer Utilities Advocacy Centre (CUAC) (2013) Meaningful & Genuine Engagement Perspectives from consumer advocates / A CUAC Research report
- Government of Tasmania, Australia (2014) Participatory fore-sighting for irrigation R&D planning
- Scottish Water (2011-14) Customer Engagement in setting water prices & investment priorities in Scotland
- U.S. National Oceanic and Atmospheric Administration, United States (2011-14) Groundwater, Climate and Stakeholder Engagement in Arizona's Santa Cruz Active Management Area
- Government of Ontario, Canada (2008 – 2015) Engaging Stakeholders and Aboriginal people on the Great Lakes
- Environment Agency, United Kingdom (Since 2011) The Catchment Based Approach
- Australian Government Department of Industry and Science (2015) Domestic Gas Strategy, Australian Government Policy and Actions
- Scotland Gas Networks (2014) 'Opening Up The Market' Customer Engagement Plan
- Office of Rail Regulation (2014) Passenger engagement: How train operators listen to their Passengers
- Police Service of Northern Ireland (General strategy) Policing Board Customer Service and Engagement

By undertaking an initial review of literature, Perceptive Insight uncovered a vast array of existing literature, case studies and examples which could be of considerable use to NIE Networks. The literature assessed during the short period of review led to additional sources and examples which were recommended for inclusion in a detailed review phase.

It became apparent that organisations in Australia has made particularly strong advances is terms of their thinking and planning around consumer engagement. Research produced by these Australian organisations also highlighted key case studies (such as the renowned Yarra Valley Water three year engagement roadmap) which could be explored further. The 'Meaningful & Genuine Engagement Perspectives from consumer advocates' report could be of particular use to NI Networks, given that information is specific to the electricity sector but also given that this report explores methods of consumer engagement within the sector at a considerable level of detail. In addition, this Australian based research report made use of a detailed literature review and best practice analysis which contained subsequent sources of information (from Australia, USA and UK) which were then recommended for a full review.

Similarly, there has evidently been extensive research conducted around best practice consumer engagement in the water and gas sectors. Again, researchers in Australia made particular progress in the analysis of consumer engagement models with regard to the water

sector, with other countries such as Canada, USA and even parts of the UK also providing some insight, which may be of use to NIE Networks. Initial searches suggested that there is an abundance of transferrable research from the water sector in particular, which could be reviewed, and considered valuable, as part of NIE Networks' research into customer engagement.

Initial research into the Transport sector has revealed that the UK's Office of Rail Regulation (ORR) has conducted significant research into consumer engagement models, acknowledging engagement as a key focus of its own business plan. The ORR also reviewed existing best practice, highlighting the Consumer Council for Water and the Parliamentary and Health Service Ombudsman as particularly good examples, which were subsequently recommended for inclusion in a more comprehensive review.

A brief review of policing in Northern Ireland revealed how the PSNI and Policing Board have placed heightened importance on customer engagement for many years. Although the initial review did not unearth an abundance of literature with regard to the methods used by the PSNI or Northern Ireland Policing Board, the level to which it is included in their strategic planning, as well as the comparable location, warranted its inclusion in any subsequent review.

This first step was crucial to ascertain the potential benefit of conducting a literature review in place of the original phase 4 proposals. Indeed, this initial research proved beneficial having unearthed potential useful case study examples and additional literature that could ultimately contribute to NIE Networks' aim to adopt/modify current strategies for continuing consumer engagement during RP6 and to better inform RP7.

Full literature review
The initial literature review, which involved a high level assessment of any potential case studies, was well received by NIE Networks. As such, the modified phase 4 approach was approved by NIE Networks, enabling Perceptive Insight to continue with a full literary assessment.

In total, Perceptive Insight reviewed approximately 20 research reports on the theme of best practice customer and stakeholder engagement across several sectors (including electricity, water, gas, transport and policing). To ensure that the research reflected up-to-date approaches, literature was reviewed only if it had been published within the past five years.

Key considerations
Inclusion of existing research into best practice
Upon commencement of the literature, it became evident that this stage of the research would benefit from an additional form of input. Although the original intention for the literature review phase was to asses and evaluate existing examples of best practice, initial research unearthed some potentially useful resources in the form of pre-existing reviews of best practice. For example, the 2013 research report published by the Consumer Utilities Advocacy Centre (CUAC) of Australia entitled 'Meaningful & Genuine Engagement: Perspectives from consumer advocates' summarises the findings of a research project about the experiences of 28 consumer advocates who were involved in extensive and varied engagement processes

with government, regulators, and energy and water businesses. The aim of the project was to identify, from the perspective of advocates, the characteristics of effective community and consumer engagement. Although this research report is not strictly an example of best practice, the evidence contained within proved particularly beneficial having provided an abundance of useful insight from leaders in the field of consumer engagement. Interestingly, this research into meaningful consumer engagement has a focus on the utilities sector (including electricity); proving to be of additional use to NIE Networks.

As such, the approach of this literature review is mixed. The subsequent report details the findings from the literature review by intertwining findings from existing research into best practice, and case study information. This approach has helped to ensure a comprehensive review with the aim to benefit NIE Networks in their overall consumer engagement planning.

The varied level of case study information available

As would be expected, upon full review of it became apparent that different case study examples contained varying levels of useful information. In any case, if any example was found to contain anything that may be of use to NIE Networks, it has been included in this review. For example, the aforementioned Police Service of Northern Ireland (PSNI) review unearthed limited published information on the approaches to consumer engagement, or indeed the outcomes. However, the review did highlight the extent to which the PSNI include engagement within their organisational policy which could perhaps be considered an important finding in itself.

The extent to which the level of material varied by case study example will become apparent throughout the remainder of this report. However, this can be viewed positively in some respects, given that a number of particularly useful examples have emerged (and will therefore feature prominently throughout many sections of this report). In essence, this report will present any potentially valuable information from the review of approximately 20 key documents while stripping out any irrelevant or non-transferable lessons.

Interestingly, this consideration was made across a number of literary examples reviewed. Indeed, Office of Rail Regulation also acknowledged that although a number of innovative and positive engagement models are available for review, it is challenging to assess the relative merits of each initiative in comparison to another (Office of Rail Regulation, 2014).

Structure of report

Literary findings are structured under the following headings:

1.3   Consumer engagement objectives
1.4   Inclusion of consumer engagement within organisational policy
1.5   Approaches to engagement
1.6   Timetabling and costs
1.7   Outputs and use of consumer engagement findings
1.8   Conclusions and recommendations
1.9   Bibliography

1.3 Consumer engagement objectives

In this section we explore:
- Defining consumer engagement; and
- Key objectives for effective consumer engagement.

Highlights

Defining consumer engagement
- Many existing examples iterate the importance of defining consumer engagement prior to commencement of any research. This includes to clearly define the purpose of the engagement and the desired level to which engagement should occur.
- The International Association of Public Participation (International Association of Public Participation, 2007) published a particularly useful public participation spectrum which clearly outlines the varying levels of participation and impact. Using this spectrum as a guide, by deciding in advance the level to which consumers will be informed, consulted, involved, collborated with or empowered, NIE Networks has the potential to set clear boundaries and make early decision regarding the level to which the public can and should be involved in the decision making process.
- Clear, simple but specific guidelines and definitions are useful both in terms of engagement planning, but also how to communicate directly with consumers when informing them of their input at any given stage.
- Overall, consumer engagement is about working openly and collaboratively with consumers and providing opportunities for their views and preferences to be heard and to influence service providers' decisions.

Key objectives for effective consumer engagement
- All literature reviewed outlined clear research objectives. Typically, these objectives tended to fall into one or more of the following three categories:
  - Emphasising the importance of consumer engagement;
  - Empowering the consumer; and
  - Supporting wider strategic and social aims.
- The majority of consumer engagement projects are implemented with the overall objective to empower the customer and to ensure that the consumer voice is heard.

Detailed findings
Defining consumer engagement

Many of the documents reviewed highlight the importance of defining consumer engagement prior to the commencement of any consumer engagement activities. Indeed, it is noted that by considering a working definition of consumer engagement in advance, an organisation would be more likely to have a clear and concise vision for what consumer engagement is likely to achieve and how much of an impact it may have.

By way of example, the Consumer Utilities Advocacy Centre (CUAC) of Australia note that:

*"'Community engagement' and 'consumer engagement' may include **informing, communicating, educating, consulting, participating, partnering and empowering."***
(Consumer Utilities Advocacy Centre, 2013)

CUAC highlight a definition provided by the International Association of Public Participation (IAP2) as particularly useful, defining community engagement or public participation as any process that involves the public in problem-solving or decision-making and uses the public input to make more informed decisions. According to the International Association of Public Participation (International Association of Public Participation, 2007), public participation occurs across a spectrum. At one end of the spectrum, engagement is one-way and involves the provision of information by an agency to the community. At the other end of the spectrum, decision-making rests in the hands of the community. Between these two extremes, engagement entails consulting, involving and collaborating with the community. As engagement moves from one end of the spectrum to the other, the likely impact a consumer could have on a final decision increases.

Figure 1.3.1 outlines the basic principal of the IAP2 public participation spectrum.

Figure 1.3.1: IAP2's Public Participation Spectrum

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To obtain public feedback on analysis, alternatives and/or decisions.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision. We will seek your feedback on drafts and proposals.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will work together with you to formulate solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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(International Association of Public Participation, 2007)

The IAP2 Public participation spectrum is particularly useful when deciding on the definition and level of consumer engagement to be employed for any specific project. By deciding in advance the level to which consumers will be informed, consulted, involved, collaborated with or empowered, NIE Networks has the potential to set clear boundaries and make early decision regarding the level to which the public can and should be involved in the decision making process. Similarly, IAP2 have provided clear guidance as to what this level of

involvement should involve – ranging from 'we will keep you informed' to 'we will implement what you decide'. These simple but specific guidelines are useful both in terms of engagement planning, but also how to communicate directly with consumers when informing them of their input at any given stage.

OPower attempts to define consumer engagement with direct regard for the utilities sector:

"Customer engagement is a combination of emotion and behaviour. Put another way, it is the interaction of how customers feel and what they actually do. Engaged customers have positive sentiments toward the company and are actively involved with the company's products or services. While there are many ways to conceptualize and measure engagement, there are two primary dimensions that are most important for utilities given the opportunities and challenges ahead: Home Energy Activity (what customers do) and Trust in the Utility (how customers feel)."
(OPower, 2011)

Many definitions of community engagement emphasise that it is an ongoing, interactive process as opposed to a programme. Community engagement is also collaborative, involves relationship building, and encompasses a variety of practices appropriate for different situations or purposes (Consumer Utilities Advocacy Centre, 2013). In essence, consumer engagement can be tailored to the specific needs of a company or organisation. It takes many forms, but a defining feature is that consumers remain at the heart of any engagement activities.

Overall, consumer engagement is about working openly and collaboratively with consumers and providing opportunities for their views and preferences to be heard and to influence service providers' decisions. Stronger consumer engagement can help to test service providers' expenditure proposals, and can raise alternative views on matters such as service priorities, capital expenditure proposals and price structures (Australian Energy Regulator, 2013).

Key objectives for effective consumer engagement

As would be expected, the objectives employed across various examples of best practice vary significantly, depending upon a number of factors including cost of engagement, timetable/deadlines and the sector within which engagement has occurred. A number of examples of the overarching objectives of consumer engagement discovered by way of the literature review have been outlined below, and include:

- Emphasising the importance of consumer engagement
- Empowering the consumer
- Supporting wider strategic and social aims

Emphasising the importance of consumer engagement

Literary findings suggest that some important research into the importance of consumer engagement has already taken place. In these instances, emphasising the importance of consumer engagement has emerged as a key objective.

As mentioned previously in the introductory section of this report, there is merit in assessing and reviewing existing literature which has already explored best practice consumer engagement to assist energy and water businesses, regulators and government to engage more effectively with the community and consumer advocates. Indeed, the overarching aim of the CUAC research report on the theme of 'Meaningful & Genuine Engagement' was to identify, from the perspective of advocates, the characteristics of effective community and consumer engagement (Consumer Utilities Advocacy Centre, 2013). As such, CUAC used an in-depth period of stakeholder interview to ascertain the principles of effective engagement. Overall, CUAC determined that involving consumers and the community in decisions and activities that affect them is regarded as good practice and critical to effective policy-making, and should therefore remain a key objective of any consumer engagement initiative. Community perspectives should not be undervalued given that they can shape and impact key policy development and business decisions, in turn leading to improved community outcomes and wider support for decisions and reform.

As determined in the initial review, it became apparent that Australian organisations have made particularly strong advances in terms of their thinking and planning around consumer engagement. In support of this, CUAC of Australia held a National Energy Networks Forum in 2014 to discuss the innovations and challenges associated with consumer engagement in energy networks and produced a subsequent report to detail the discussions held at the forum (Consumer Utilities Advocacy Centre, 2014). The National Energy Networks forum was based around greater recognition given to the importance of involving consumers in energy and water issues and a growth in engagement processes calling for input from advocates and the community. As such, the overarching objective of the forum is to highlight the importance of consumer engagement more generally; using the forum as a platform to emphasise the need for enhanced engagement practices across the energy sector.

Empowering the consumer

Further case study review highlighted that the majority of consumer engagement projects are implemented with the overall objective to empower the customer and to ensure that the consumer voice is heard.
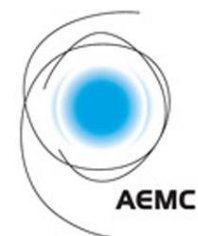
The Australian Energy Market Commission (AEMC) conducted a review of their strategic priorities for the energy sector (Australian Energy Market Commission, 2013). AEMC acknowledged that effective consumer participation can contribute to more efficient markets and could help consumers manage how much they spend on energy. In response, AEMC undertook the strategic review in order to let the customer influence a policy that will directly impact upon them in return.

*"This priority aims to **empower consumers** to **participate** in regulatory and policy processes, **voice their demand** for energy services and **choose options** right for them."*
(Australian Energy Market Commission, 2013)

In response and through thorough consumer engagement, AEMC recognised that it is important that energy markets serve consumer need. For this to happen, consumers must be able to make their needs heard and be well equipped to make decisions about energy use. In turn, organisations must provide opportunities for consumers to make their needs heard.

Sharing the objective to empower the customer, Scottish Water launched a Customer Forum in September 2011 in an effort to give water customers a voice in setting water prices and service performance levels with the organisation (Scottish Water, 2015). The forum was created in the midst of negotiations regarding the 2015-21 business plan of Scottish Water, the publicly owned water and Wastewater Corporation that serves over five million inhabitants. Indeed, the service provider was determined to include detailed customer inputs into the price-setting process and investment priorities. As detailed in the Legacy Report, the forum was "created as a means to an end: that of placing customer representation at the heart of the process whereby the regulatory contract, i.e. the level of charges and service performance for a given period, is defined."

Although Scottish Water had an overarching objective to develop a 2015-21 business plan of Scottish Water, the Customer Forum Legacy report asks that the impact of the Forum should not be assessed solely in terms of what was eventually included or not in Scottish Water's Business Plan and in the Determination of Charges that endorsed it, but also should be assessed with regard to the new dynamics that it created and the enduring legacy it will hopefully leave in the industry. This includes assessment of Scottish Water's initial aim to give water customers a voice. Through fulfilment of this objective and more structured inclusion of customer input, Scottish Water:

- Secured a more effective process for their Strategic Review of Charges;
- Shifted towards a truly customer-centric industry;
- Strengthened Scottish Water's evolving culture (that is to enthusiastically embrace the more strategic input and influence of customers);
- Ensured more transparent and robust decision making;
- Created a better balance in the regulatory contract (i.e. ensured that the objectives and strategies for the future price review period were tailored to customer needs and preferences); and
- Secured an increased legitimacy for the Scottish water industry.

Each of these important consumer engagement outputs would not have been successfully delivered if Scottish Water had not purposefully directed their Strategic Review of Charges towards their customer base. In short, by employing a key objective to empower their customer, Scottish Water both successfully delivered their 2015-21 business plan, and strengthened their customer relationship through effective, efficient and focused consumer engagement activities.

With similar objectives to those inaugurated by Scottish Water, Yarra Valley Water (Yarra Valley Water, 2015) undertook an ambitious programme of research and engagement to gather insights from customers to guide the direction of the Water Plan for the period 2013 – 2018. The objectives of the research included customer views on future prices, tariff structures, investment in water efficiency, support for customers in financial difficulty, and future levels of service. The Yarra Valley Water research was highlighted as a best practice example across a number of literary sources, including reports by CUAC, given their heightened focus on empowering the consumer and providing the customer with a platform to ensure their voices were heard. Indeed, a particular tagline used by Yarra Valley Water is "Customers at the centre of everything we do." Further detail on Yarra Valley Water's consumer engagement policy is provided in the subsequent chapters of this report, including details of how they met their overall customer engagement objective by implementing a thorough mixed-approach (qualitative and quantitative) three year customer engagement roadmap.

The Consumer Council for Water (The Consumer Council for Water, 2014) also employed a customer driven price setting process. It is their intention to ensure that customers' views and willingness to pay are at the heart of the price setting process. In support of this, the Consumer Council for Water used their consumer engagement programme to ensure that prices, investment plans, and the services delivered by companies in 2015-20 reflect evidence of:

- What customers expect to receive from water companies;
- Customers' acceptability of water company investment proposals; and
- Customers' willingness to pay.

In response to these requirements, the Consumer Council for Water developed a list of expectations for engagement, which provides some advice on how to ensure that best practice is followed, and that plans are based on good quality evidence from a representative customer base. The main objectives of their engagement plan are as follows:

- Consult with all segments of the customer base that may be affected by the decision, putting extra effort into consulting with vulnerable or hard to reach groups;
- Be open and transparent with consumers throughout the process;
- Ensure that engagement is timely;
- Make it as easy as possible for people to take part;
- Provide all the information customers will need in order to give informed views;
- Provide customers with the full range of possible operating and capital investment solutions, with associated price options based on realistic cost assumptions;
- Engage customers on all aspects of the business plan;
- Show customers how their views have influenced decisions; and
- Carry out at least one statistically robust and demographically reflective piece of research to determine customers' priorities and willingness to pay when changes in price or service are proposed.

Customer engagement practices of the UK Office of Rail Regulation (ORR) were found to place significant importance on the voice of the customer – perhaps more so than other literary examples from the energy or water sectors. The aim of engagement by the Office of Rail Regulation was to gain further understanding of the mechanisms train operators have in place to obtain customer feedback, and how they use this to make improvements in the service they deliver to passengers (Office of Rail Regulation, 2014). The objective was to promote good practice in how the industry involves its customers in delivering a better service that meets their needs. The intention was to gain insight that would help with future engagement with the industry.

The heightened importance placed on consumer engagement methods by the ORR is noteworthy. In line with previous examples, the ORR acknowledges that passenger satisfaction is at the heart of their business, hence why this notion forms the basis for their research into passenger engagement.

Supporting wider strategic and social aims

Literary review highlighted that consumer engagement often occurs as a result of a strategic fit, or as the result of the determination to fulfil wider organisational or social aims and objectives.

For example, a participatory R&D planning project was initiated by the Government of Tasmania and the Tasmanian Institute of Agriculture in 2014 (Alexandra & Associates Pty Ltd, Macquarie Franklin et. al., 2014) to identify industry and community water needs and to develop a strategy that would support the expansion of irrigation while improving economic and social benefits from water resource utilisation and supporting a wider socio-economic policy agenda. The project sought to engage stakeholders in jointly developing an agreed strategy for R&D to enhance the economic and social value of irrigation.
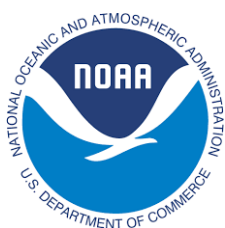
The clear strategic fit with wider policy provided backing for the inclusion of stakeholder engagement in Tasmania. This was also the case for US based research on 'Groundwater, Climate and Stakeholder Engagement in Arizona's Santa Cruz Active Management Area' (U.S. National Oceanic and Atmospheric Administration (NOAA), 2012). Indeed, it was recognised that stakeholder engagement, supported by relevant information, was needed to move towards better management of water scarcity and adaptation to increasingly extreme conditions. As such, the Water Harvesting Assessment Toolbox was created over a two and a half year period beginning in August 2011 by the University of Arizona Water Resources Research Centre (WRRC), in direct response to multiple requests from local residents for information on water harvesting and consensus among professionals that up-to-date information was too dispersed. The project employed a novel modelling framework and extensive stakeholder interactions to achieve the following three key objectives:

- Address climate uncertainties with a sophisticated modelling framework;

- Increase stakeholder capacity to adapt water planning and management to future climate uncertainties; and
- Establish the transferability of the modelling framework and capacity building approach.

As is evident from these specific research objectives, the framework for this important research stretched far beyond simple inclusion of stakeholder input to enable the customers' voice to be heard. In this instance, the input had much broader and long-term significance into large scale strategic planning and involved a two way stream of information both to better inform stakeholders and to obtain input from stakeholders in return.

Again, fitting into wider policy, research to engage stakeholders and aboriginal people on the Great Lakes undertaken by the Government of Ontario was undertaken to support the long-term protection of the lakes (OECD, 2015). The goal of the study was to stimulate an informed discussion about the complexities – and opportunities – when engaging stakeholders and First Nations and Metis communities and organisations on water and ecosystem protection. Although this primary objective relates directly to the importance of consumer engagement, the wider aim of the study ties engagement with long term environmental needs – ensuring that the engagement process has purpose and longevity.

These same principles are enforced by the UK's Environment agency, who employed specific consumer engagement objectives to ensure that long-term strategic goals would be met (Environment Agency, Department for Environment, Food and Rural affairs et. al., 2011-13). Indeed, In England, since 2011, the UK government, the Environment Agency and a variety of other organisations have been experimenting with the development of catchment-based approach. The aims of the approach are:

- To better engage river catchment stakeholders;
- To establish common ownership of problems and their solutions;
- To build partnerships that balance environmental, economic and social demands; and
- To align funding and actions within river catchments to bring about long-term improvements.

It was hoped that the research would generate more co-ordinated "on-ground" local action; generate more evidence for buy-in to problems; and enable a search for innovative, more cost-effective solutions. Overall, however, the research was closely aligned with the EU Water Framework Directive which placed notable, wider strategic importance on the potential future success of the initiative and the lessons learnt.

1.4 Inclusion of consumer engagement within organisational policy

In this section we explore:
- The importance of embedding engagement in core strategy;
- Examples of embedding engagement in core strategy; and
- Conditions for successful inclusion of consumer engagement in organisational policy.

Highlights

The importance of embedding engagement in core strategy
- There has been an increase in the inclusion of consumer engagement in both governmental and organisational strategy reflecting the growing recognition amongst government and regulators that securing the long-term interests of consumers necessitates input from those consumers.
- Access to information, consultation and active participation in policy-making are noted to be important factors in the contribution to good governance.

Examples of embedding engagement in core strategy
- Lessons could be learnt from organisations that embed community engagement within their planning and strategies, which in turn has impacted upon their day-to-day administration.
- In Australia, for example, embedding engagement into strategy has been taken one step further, as the National Electricity Rules have imposed strict guidelines around the planning, implementation and presentation of consumer engagement activities.
- THE PSNI is another example of the extent to which engagement can be embedded in organisational policy. Thier aim is to 'ensure that engagement and partnership with communities are at the core of everything the police do'.

Conditions for successful inclusion of consumer engagement in organisational policy
- The public cannot be expected to get behind either governmental or organisational policies if they do not receive full and clear information.
- Company policies will lack support if they are liable to unravel under public pressure.
- Only if consumers buy into and engage with policies can they be expected to meet their objectives.
- Flexible arrangements are required to ensure that the benefits of choice are enjoyed by all consumers.

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Detailed findings

Importance of embedding engagement in core strategy

"Customer engagement will continue to grow in importance for most utilities. It's therefore critical for utilities to have a clear framework for understanding and measuring customer engagement."
(OPower, 2011)

CUAC acknowledge that an increase in the inclusion of consumer engagement in both governmental and organisational strategy reflects the growing recognition amongst government and regulators that securing the long-term interests of consumers necessitates input from those consumers (Consumer Utilities Advocacy Centre, 2013). In response, CUAC highlight that reviews by the Limited Merits Review Expert Panel, the Senate Select Committee on Electricity Prices and the Productivity Commission have highlighted the need for better and more effective consumer engagement in regulatory processes.

In support, the Chair of the Australian Energy Regulator (AER) stated that:

"Consumer involvement is critical if the regulatory regime is to be focused on promoting consumers' long-term interests"
(Consumer Utilities Advocacy Centre, 2013)

CUAC and other consumer advocates have seen a marked increase in the number of government, regulatory and business engagement processes calling for input from advocates and the community in recognition of the importance of such input.

In summary, the OECD emphasise the importance and benefits of engaging consumers in policymaking and developed a Handbook on Information, Consultation and Public Participation in Policy-making. Their Policy Brief states that:

"Access to information, consultation and active participation in policy-making contributes to good governance by fostering greater transparency in policy-making, more accountability through direct public scrutiny and oversight; enhanced legitimacy of government decision-making processes; better quality policy decisions based on a wider range of information sources; and, finally, higher levels of implementation and compliance given greater public awareness of policies and participation in their design."
(OECD, 2001)

Examples of embedding engagement in core strategy

Across many examples reviewed, consumer engagement has featured prominently within internal policies, while for many, consumer engagement remains at the core of their strategy.

Police Service of Northern Ireland

Although the initial review of PSNI consumer engagement research and publications unearthed limited published information on the approaches to consumer engagement, or indeed the outcomes, the review did highlight the extent to which the PSNI include engagement within their organisational policy. Indeed, the PSNI have consistently regarded customer engagement as a key objective in their forward-looking strategies. For example, as part of the Policing with the Community 2020 Strategy (PSNI and PwC, 2011), the aim to 'ensure that engagement and partnership with communities are at the core of everything the police do' is reinforced.

As part of this aim, the objective 'to improve the quality of community engagement to support effective partnership working' is followed with a proposed action to develop a variety of engagement methods that identify and support local priorities and enhance the delivery of Policing. The aim to engage with customers in a more efficient manner is also included in the PSNI and Policing Board Continuous Improvement Strategy (PSNI, 2014). In addition, the Policing Board of Northern Ireland has a community engagement responsibility to encourage people to work with and support the police to prevent crime.

The PSNI 2020 strategy emphasises that engagement between the police and the community should be embraced within the Police Service as its core function. The first objective in the Policing Strategy emphasises the importance placed on community engagement:

"To embed Policing with the Community into everything we do"
(PSNI and PwC, 2011)

In response to these objectives, The Policing Board consults with the community in a range of ways such as supporting and monitoring the work of Policing and Community Safety Partnerships (PCSPs), through the formation of The Strategic Consultation Group and through consultation with a youth advisory panel. Customer and community engagement has formed part of the PSNI and Policing Board's main objectives for many years, and thus they have gained pertinent experience in this area.

Australian Energy Regulator

In Australia, embedding consumer engagement firmly within policy has been taken one step further, as the National Electricity Rules now require service providers to describe how they have engaged with consumers, and how they have sought to address any relevant concerns identified as a result of that engagement. Service providers present this information in an overview report to their regulatory or revenue proposals (Australian Energy Regulator, 2013).

The AER released guidelines centred on best practice principles, which overarch four components that are considered to constitute a robust approach to consumer engagement. Together, the principles and components seek to drive consumer engagement and a commitment to continuously improve that engagement across all business operations.

As part of these rules, service providers are expected to develop consumer engagement approaches and strategies that address the following:

- **Principles -** a set of best practice principles to guide effective engagement with consumers;
- **Priorities -** the need to identify issues and set priorities for engagement with consumers (that is, developing a process to analyse and understand consumers' needs as part of business planning) recognising that consumers may have diverse interests;
- **Delivery -** the activities that service providers would be expected to undertake to engage effectively with consumers (set at a high level);
- **Results -** an articulation of the outputs and measures of success, focusing on explaining how consumer input affected the service providers' decision making; and
- **Evaluation and review -** a robust process to identify, and make renewed commitment to addressing, areas of improvement.

These rules, which are in place throughout Australia, demonstrate the high level of importance placed upon consumer engagement activities within the energy sector.

The Great Lakes
Another important consideration to make regarding the relationship between consumer engagement and policy is the potential impact engagement can have on future policy. The Great Lakes basin multi-level engagement process proved to be an appropriate mechanism to set policy direction and inform the development of a long-term strategy for water protection on a large geographic scale (OECD, 2015). In this example, a deeper level of engagement on focused issues enabled decision makers to further develop protection policies and programmes, as well as effective implementation partnerships.

As a result of the effective consumer engagement, Ontario's Great Lakes Strategy established long term goals, performance measures and commitments by many provincial Ministries to support the long term protection of the Lakes. In light of the positive impact of the consumer engagement, environmental NGOs formed a Great Lakes Alliance to remain in place over the longer term, which would preserve stakeholder, First Nations and Metis peoples' involvement in Great Lakes decision-making.

Conditions for successful inclusion of consumer engagement in organisational policy

SSE Plc, a British energy company, in association with YouGov, undertook industry specific research to assess 'How we can drive real consumer engagement with energy' (SSE plc and YouGov, 2014). CEO of YouGov, Stephen Shakespeare, acknowledged that the public cannot be expected to get behind either governmental or organisational policies if they do not receive full and clear information. Similarly, Shakespeare commented that policies will lack support if they are liable to either unravel under public pressure or be made 'on the hoof'.

"Simplicity of information, greater understanding of the benefits of taking action and possible 'nudged' behavioural change can help bring this about. However, trust and engagement

derive from personal experience, and it is clear that all actors with an interest in the energy sector must listen to customers and put them at the heart of this debate."
(SSE plc and YouGov, 2014)

Fundamentally, the report concludes that policies alone are not sufficient to help the UK meet its energy challenge. Only if consumers buy into and engage with those policies can they meet their objectives.

Another condition for success was suggested by The Energy Retailers Association of Australia (ERAA), who noted that consumer engagement measures would not succeed if they were too prescriptive. Instead, flexible arrangements are required to ensure that the benefits of choice are enjoyed by all consumers (Australian Energy Market Commission, 2013).

1.5   Approaches to engagement

In this section we explore:
- The multiple approaches to engagement;
- The number and type of participants involved;
- Conducting genuine engagement;
- The level of input required; and
- Methods of communication;
- Suitable presentation of information.

Highlights

The multiple approaches to engagement
- A qualitative approach was predominant across almost all examples.
- Customer or stakeholder forums were reportedly viewed as useful platforms to engage effectively with a range of participants.
- Many examples advocate the early involvement of stakeholders.
- The use of customer advisory panels or committees has proved popular, particularly as this method tends to evoke a feeling of responsibility or common ownership from the selected participants.
- Other case studies employed a mixed approach to consumer engagement, including a quantitative survey or the inclusion of handheld audience response devices.
- It is important to note that throughout this in-depth period of literature review, no examples that employed a purely quantitative approach were found.
- No two case study examples utilised the same approach to consumer engagement, which emphasises the challenge in attempting to assess the relative merits of each initiative in comparison to another.

The number and type of participants involved
- In many cases, information regarding the exact number of participants, or indeed the type of participant, was not made clear.
- Almost all examples place high importance on the involvement of experts or stakeholders (either in the form of a stakeholder workshop, or though targeted in-depth interviews).
- The approaches considered to be more comprehensive tended to utilise a wider variety of participants from more varied backgrounds.
- When a customer forum, advisory group or committee was involved, project managers emphasised the importance of including a diverse range of profiles with various level of knowledge and experience. This diversity can help to create the conditions for very productive conversations.
- While some organisers of consumer panels argue that participants should participate in a personal capacity rather than as 'stakeholders', in order to ensure every member could contribute their own views and allow them to evolve freely, others advocate the use of the 'stakeholder' approach as it gave the group a sense of authority.

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Key findings (cont.)

The level of input required

- The participant should be informed of what would be expected of them from the outset to enable them to make an informed decision as to their capacity to contribute to the level expected by the research team. However, the requirements of participants should not be limited or downplayed just to encourage participation.
- Participants should be provided ample opportunity to make their voices heard, and should be given responsibilities within the engagement process as this tends to elicit a feeling of duty.

Conducting genuine engagement

- Across all examples of consumer engagement, a significant amount of importance was put on the effectiveness of such engagement. In order to elicit effective engagement from consumers, stakeholders or other participants, there had to be genuine buy-in and interest from all parties.
- An engagement process was perceived to be more meaningful and genuine when it had the support of top-level management and senior executives and where the contributions made by people participating in the process were valued.
- Eliminating bias, identifying the appropriate people to undertake engagement and accounting for consultation feedback are considered to be indispensable to a meaningful engagement process.
- There needs to be a two-way dialogue between the customer and the business.

Methods of communication

- Common channels of communication could include (but are not limited to) letters, press releases, information leaflets, face-to-face discussions, online project page, social media channels, email, telephone contact and meetings.
- Consideration should be given to the various types of customers with whom contact may be necessary and tailored communication methods should be designed to suit any specific needs.
- By providing a range of options by which to engage with customers, the opportunity for more frequent engagement could be enhanced.

Suitable presentation of information

- Consideration should be given to how to present information to participants.
- Information should be presented in plain English and be 'jargon free'. It should also be framed in such a way that it is made relevant to the participant and should remain unbiased, objective, impartial and accessible for all.
- Arming customers with more accessible information could help to drive greater engagement.
- It is critical to breakdown complex terminology into digestible components which customers can relate to, in order to ensure that engagement is accessible, meaningful and transparent.

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Detailed findings

The multiple approaches to consumer engagement

Across the examples studied, an array of approaches to consumer engagement were employed. Overall, there was acknowledgement across many literary examples that the subject matter of the engagement determines the method of engagement. With this in mind, the different types of approaches have been outlined in the section that follows.

Qualitative approaches

A qualitative approach was predominant across almost all examples, dominated by the inclusion of in-depth qualitative research such as focus groups, depth interviews and literature reviews. The paragraphs that follow detail the approaches used across a number of the literary examples studied.

CUAC's research into conducting meaningful & genuine engagement employed a predominantly qualitative methodology including a review of Australian and international literature, as well as depth semi-structured interviews with 28 consumer advocates who are experts on community engagement (Consumer Utilities Advocacy Centre, 2013). They advise that any approach to engagement should be shaped by the United Nations (UN) Guidelines for Consumer Protection which was developed to help countries achieve adequate protection for citizens as consumers (United Nations Department of Economic and Social Affairs, 2003). Two statements of particular reference for the UN guidelines include:

- **The right to be heard:** to have consumer interests represented in the making and execution of government policy, and in the development of products and services.
- **The right to consumer education:** to acquire knowledge and skills needed to make informed, confident choices about goods and services, while being aware of basic consumer rights and responsibilities and how to act on them.

Similarly, CUAC's National Energy Networks Forum used a qualitative approach to engagement (Consumer Utilities Advocacy Centre, 2014). The forum brought together experts from regulatory bodies, government departments, industry, and consumer organisations to grapple with various approaches to consumer engagement. This approach was also favoured by AEMC, who kick-started their review of their strategic priorities for the energy sector by conducting a public forum held in collaboration with the Australian Energy Research Institute (Australian Energy Market Commission, 2013). The forum provided an opportunity for discussion between the AEMC and stakeholders on the challenges facing the energy market. It included presentations from a range of stakeholders. Following the successful forum, AEMC held three stakeholder workshops in various locations across Australia.

Scottish Water provides an additional example of the effective use of a forum (Scottish Water, 2015). The established Customer Forum met on a regular basis throughout the research period with the support of the service supplier to discuss information from a range of sources and to share their views and priorities across a wide range of expertise. The study relied upon direct face-to-face discussions between a small group of 'customer representatives' and the service provider Scottish Water. Structurally it was essential to have Regulator and to a lesser degree Government support and agreement.

As part of Scottish Water's more general consumer engagement planning, the organisation focused on talking to customers in discussion based panel activities and one-to-one conversations, meaning customers were asked open ended questions they could answer in their own way. Scottish Water advocated this approach given that it didn't provide limiting choices, but allowed customers to express their thoughts and feelings. As part of their general engagement, Scottish Water spoke to a range of household customers, business customers as well as Licensed Providers.

In Tasmania, preliminary consultations with stakeholders were used to identify critical issues and the potential scope for the participatory R&D planning project (Alexandra & Associates Pty Ltd, Macquarie Franklin et. al., 2014). Additional consultations were conducted via telephone and face-to-face interviews. Stakeholder consultations took place across a broad range of local actors (business, service providers, farmers, civil society, etc.) to discuss foresighting methods, in order to ensure that an array of opinions were incorporated.

Research conducted by the U.S. National Oceanic and Atmospheric Administration on the subject of Groundwater, Climate and Stakeholder Engagement also utilised a predominantly qualitative approach (U.S. National Oceanic and Atmospheric Administration (NOAA), 2012). The research included an extensive approach to stakeholder engagement in order to inform stakeholders on the project methodology and obtain their input into the development of the case study scenarios. Project managers recognised the importance of engagement stakeholders at an early stage (i.e. in project planning) given the potential challenges that would arise from the complex subject matter. This early engagement enabled the project team to foster understanding of the technical methodology.

In addition to engaging stakeholders through multiple workshops, the lead team engaged four experts through establishment of a Project Advisory Committee to the project. The establishment and implementation of the committee's role relied on email communications, web site postings, and workshops. The series of workshops, to interest and engage stakeholders, included continuous lines of communication such as:
- The development and monitoring of a project web site;
- The production of news briefs/updates;
- The establishment of a project forum; and
- A reliable telephone point of contact for use by interested parties.

A similar approach was employed by the Government of Ontario, who utilised an extensive and intense engagement process across the various stakeholders in order to develop the Lake Simcoe Protection Act and the Lake Simcoe Protection Plan (OECD, 2015). It was the intention that the stakeholders would remain actively involved in implementing the resulting strategies.

The UK Environment Agency focused their engagement investment on the development of "catchment partnerships" in the 87 management catchments across England (plus 6 cross-border catchments with Scotland and Wales) (Environment Agency, Department for Environment, Food and Rural affairs et. al., 2011-13). Initially, however, the Environment

Agency conducted an extensive trial into the potential success of the initiative, which included a 12-month pilot phase and a formal independent evaluation of the 25 catchment scale trials across England. The Environment Agency worked with public, private and not-for-profit sectors to set up the collaborative partnerships, and as a result they now employ over 60 dedicated "catchment co-ordinators" to support these independently-led groups and enhance engagement and partnerships for effective catchment governance across England. Central to this approach is the engagement of local stakeholders to establish common ownership of problems and their solutions, building partnerships to implement actions at the local level.

Mixed approaches

In their research into how to drive real consumer engagement, SSE Plc and YouGov adopted a mixed approach, comprising a quantitative survey with 2,400 members of the UK public, as well as qualitative in-depth interviews with industry leaders across a number of sectors (SSE plc and YouGov, 2014). This mixed approach was undertaken so as to ascertain what consumers really think about energy and what this means in relation to how industry, the government and all stakeholders can work together to engage them with the energy challenge. The depth interviews with industry leaders were conducted in the attempt to form a new relationship between companies and their customers.

Western Power Distribution (WPD) also undertake a comprehensive mixture of qualitative and quantitative engagement activities (Western Power Distribution, 2015). Table 1.5.1 summarises the key engagement activities undertaken by WPD.

Table 1.5.1: WPD engagement activity summary

Activity	Description	Estimated attendance
Broad Measure Survey	A WPD commissioned monthly customer satisfaction survey of connections customers.	2000
CCSG Workshops	Panel of experts across connections market informing, influencing and feeding back on WPD connections plans and activities.	15
WPD Stakeholder Workshops	Workshops covering wide range of topics with roundtable discussions facilitated by WPD managers and electronic voting on issues for prioritising objectives.	230
S. West DG Connection Event	WPD hosted event addressing the effect of the large number of requests for DG connection schemes in the S. West	46
Community Energy Workshops	Series of workshops facilitated on behalf of WPD to help community energy stakeholders navigate connections processes and work with WPD	120
Connection Surgeries	Allows customers to discuss face-to-face with one of our engineers about their connection requirements.	120
UMS User Groups	Unmetered Supply (UMS) user groups for Local Authorities in the Midlands, South West and South Wales giving opportunity to discuss connection issues and performance	40
WPD DG Connection Workshop	Allowing DG connections stakeholders to understand and feedback on improvement plans	60
ENA DG Forum	Giving opportunity to network with others from the industry and to discuss issues and potential improvements with DNOs.	100
DG Survey	Annual survey of WPD DG connection customers measuring satisfaction with service at quotation and connection stages of the process.	400
LCNI 2015	Low Carbon Networks & Innovation Conference: Industry event to share information and feedback on innovation projects including innovative connection-related projects.	800
REX: Renewable Energy Exchange Events	Expert-led sessions help inform those interested in investing in renewable or energy-efficiency tech, taking advantage of the Government's Feed in Tariff and Green Deal schemes. Help customers understand the connection process, timescales, and costs.	150
Large Scale Solar Event	Industry event to discuss ongoing development of innovative solutions to familiar issues regarding the connection of large scale solar DG.	300
Low Carbon Hub Event	WPD event to disseminate the learning from the techniques of the Low Carbon Hub along with the curtailment tool and discuss the commercial arrangements for Alternative connections.	60

(Western Power Distribution, 2015)

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The mixed approach undertaken by Western Power Distribution is comprehensive, utilising a variety of methods to engage with an array of participants. It is for this reason that the WPD approach is much respected as an example of best practice with regard to their approach to consumer engagement.

The much admired approach undertaken by Yarra Valley Water was also mixed (Yarra Valley Water, 2015). Their insights were garnered through a broad combination of research and engagement utilising extensive market research (both qualitative and quantitative), key stakeholder briefings and ongoing review and input from our Customer Advisory Group. They predominantly based their approach around the IAP2 Spectrum that was discussed in section 1.3 of this document, including a determined focus on meeting the requirements and promises across the different stages of engagement (i.e. inform, consult, involve, collaborate and empower).
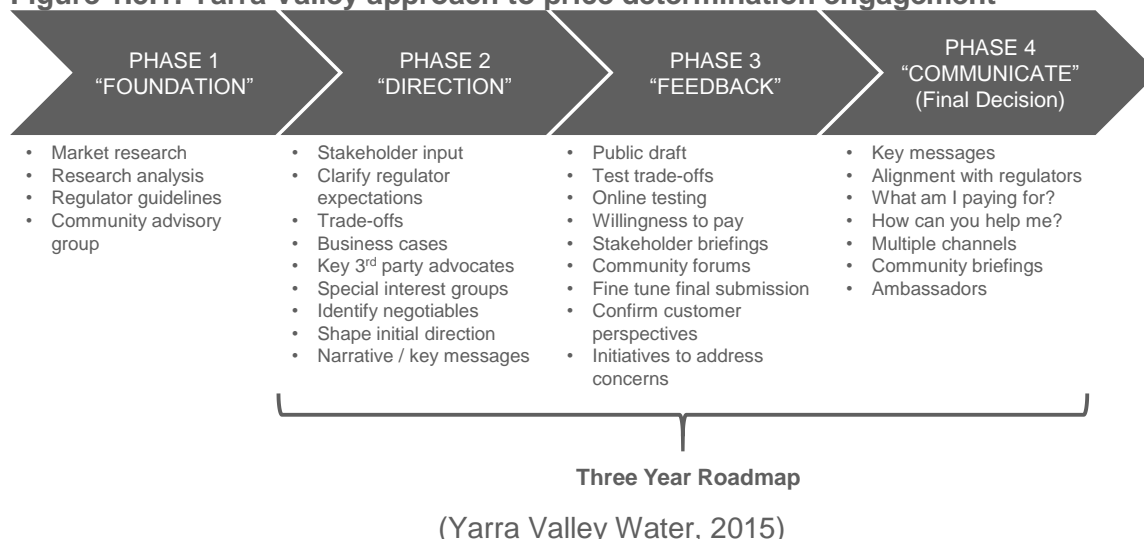
As part of the qualitative research, Yarra Valley Water conducted:
- A number of focus groups across many stages of their planning (e.g. groups were held during the initial planning stage to help to steer the direction of the research, while other focus groups were held towards the end of the research to discuss the potential impact on future prices and price options);
- An additional three-hour qualitative focus group session to test the key materials to be used in a deliberative forum, allowing for refinement of the materials to help maximise research effectiveness;
- A six-hour deliberative forum held with 39 residential customers (comprising a cross-section of different customer segments);
- A presentation of proposed service levels for the five-year Water Plan, including proposed prices;
- A workshop held with the metropolitan water authorities, consumer peak bodies and social service organisations; and
- A two-hour 'round-table' forum with over 100 business customers during which a high level overview of the Water Plan was provided with an emphasis on key issues for business customers.

As part of these processes, attendees also provided Yarra Valley Water with quantitative data, by utilising handheld audience response devices to gather individual responses to quantitative questions, a written survey which was conducted at the round-table event and an online quantitative survey conducted with 800 customers, representing a cross-section of the Yarra Valley customer base.

A summary of the Yarra Valley price determination engagement process and their three year engagement roadmap has been provided in figure 1.5.1.

Figure 1.5.1: Yarra Valley approach to price determination engagement

PHASE 1 "FOUNDATION"	PHASE 2 "DIRECTION"	PHASE 3 "FEEDBACK"	PHASE 4 "COMMUNICATE" (Final Decision)
• Market research • Research analysis • Regulator guidelines • Community advisory group	• Stakeholder input • Clarify regulator expectations • Trade-offs • Business cases • Key 3rd party advocates • Special interest groups • Identify negotiables • Shape initial direction • Narrative / key messages	• Public draft • Test trade-offs • Online testing • Willingness to pay • Stakeholder briefings • Community forums • Fine tune final submission • Confirm customer perspectives • Initiatives to address concerns	• Key messages • Alignment with regulators • What am I paying for? • How can you help me? • Multiple channels • Community briefings • Ambassadors

Three Year Roadmap

(Yarra Valley Water, 2015)

Throughout the Yarra Valley consultation period, an on-line portal was provided for customers and relevant stakeholders or interested parties to access any relevant information. Yarra Valley Water subsequently encouraged the use of such online portals, stating:

"We are increasingly finding that online engagement is helping us consult more closely with our customers on specific projects, particularly in the planning stages. We established an on-line portal for customers to access all relevant information, ask questions and provide feedback on our proposals. This website facilitated participatory information sharing so that community members could provide their opinion in a user friendly manner that is moderated continuously."
(Yarra Valley Water, 2015)

Although online methodologies are favoured in modern day times, it has been acknowledged that web-based forms of engagement, including social media, tend to work better for young people. However, for low income and vulnerable people, cost can be a significant barrier to participation in telecommunications-based engagement. This consideration should be made during the planning stage of any engagement process (Consumer Utilities Advocacy Centre, 2014) (Consumer Utilities Advocacy Centre, 2013).

Quantitative approaches
It is important to note that throughout this in-depth period of literature review, no examples that employed a purely quantitative approach were found.

Summary of approaches to engagement
Table 1.5.2 summarises the different approaches to consumer engagement unearthed from a number of key examples that have been explored through this literature review.

Table 1.5.2: Summary of approaches to engagement

Project / organisation (Country)	Qualitative											Quantitative	
	Pilot / test phase	Literature review	Customer focus groups / workshops	Stakeholder focus groups / workshops	Customer depth interviews	Stakeholder depth interviews	Customer forum	Stakeholder forum	Presentation / roundtable event	Development of committee or advisory groups	Interactive website / online portal	Quantitative survey (including online or face to face)	Audience response technology
Western Power Distribution (United Kingdom)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Yarra Valley Water (Australia)			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Scottish Water (United Kingdom)			✓	✓	✓	✓	✓			✓	✓		
Consumer Utilities Advocacy Centre (Australia)		✓			✓	✓		✓	✓				
The Australian Energy Market Commission (Australia)				✓			✓	✓	✓				
Consumer Council for Water (United Kingdom)			✓	✓	✓	✓							
Government of Tasmania R&D planning (USA)	✓			✓	✓	✓				✓			
U.S. National Oceanic and Atmospheric Administration (USA)				✓		✓				✓	✓		
Government of Australia Domestic Gas Strategy (Australia)			✓	✓			✓	✓					
Scotland Gas Networks (United Kingdom)			✓	✓	✓						✓		
Government of Ontario (Canada)				✓		✓				✓			
UK Environment Agency (United Kingdom)	✓			✓						✓			
Office of Rail Regulation (United Kingdom)			✓		✓						✓		
SSE Plc (United Kingdom)						✓						✓	
Police Service of Northern Ireland (United Kingdom)										✓			

As can be seen, no two case study examples utilised the same approach to consumer engagement, which again emphasises the aforementioned challenge in attempting to assess the relative merits of each initiative in comparison to another.

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However, it is clear that the more comprehensive consumer engagement project examples utilised a mixed approach, through the use of qualitative and quantitative assessment (for example, Yarra Valley Water) and also utilised multiple qualitative platforms (for example, Yarra Valley Water, Scottish Water, and the energy and utilities organisations from Australia). These approaches tended to be more comprehensive in their remit and also tended to include a wider range of consumers (including domestic customers, expert stakeholders, businesses etc.). As will be explored further in section 1.7 of this report, these more comprehensive engagement processes resulted in greater tangible outputs. In short, the companies who invested more in effective and fit-for-purpose consumer engagement tended to reap additional benefits when likened with those who utilised a comparatively limited methodology.

Number and type of participants involved

The number and type of participants involved varied across the various literary examples. In many cases however, information regarding the exact number of participants, or indeed the type of participant, was not made clear. This may be, in part, due to the fact that many of the examples and case studies utilised many forms of engagement (including focus groups, workshops, interviews, forums, surveys) across various groups (including domestic customers, business customers, stakeholders and interested parties) (see table 1.5.2). With regard to the number of participants, however, many studies emphasised the importance of the quality of consumer participation as opposed to the quantity of people participating in the process.

What has become clear, however, is that almost all examples place high importance on the involvement of experts or stakeholders (either in the form of a stakeholder workshop, or though targeted in-depth interviews). Indeed, all but two of the examples included in table 1.5.2 utilised some form of stakeholder engagement[1].

CUAC (Consumer Utilities Advocacy Centre, 2013) advocated the use of sector experts with direct expertise in the immediate field of study, as well as the use of stakeholders who may have more general expertise, such as those who may have valuable insight into general customer issues.

The approaches considered to be more comprehensive tended to utilise a wider variety of participants from more varied backgrounds. This approach is again supported by CUAC who found that there is a distinct need for a transparent engagement process with open communication and the participation of a diverse range of stakeholders including groups of people who are often overlooked (Consumer Utilities Advocacy Centre, 2013). The Government of Tasmania conducted preliminary consultations with approximately 70 participants, ranging from businesses, policy advisors, governmental bodies and those from within the education sector. In turn, these consultations fed into the successful completion of a two-day stakeholder workshop with over 40 expert stakeholders in attendance. Indeed, other examples of effective engagement who gained insight from an array of participants such as

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[1] It is important to note that one of the examples that did not appear to use stakeholder engagement is the Police Service of Northern Ireland. As aforementioned, this example has not been well documented through published information. Table 1.5.2 outlines the various approaches to engagement through material that is publically available only.

the general public, government, businesses and stakeholders included the UK Environment Agency (Environment Agency, Department for Environment, Food and Rural affairs et. al., 2011-13), Scottish Water (Scottish Water, 2015), Yarra Valley Water (Yarra Valley Water, 2015) and the U.S. National Oceanic and Atmospheric Administration (U.S. National Oceanic and Atmospheric Administration (NOAA), 2012).

For example, as part of their extensive engagement programme, Yarra Valley Water aim to engage with a wide variety of participants. Figure 1.5.1 demonstrates the areas of engagement at Yarra Valley Water.

Figure 1.5.1: Areas of engagement at Yarra Valley Water

(Yarra Valley Water, 2015)

Organisations who included the establishment of a committee or advisory group within their approach were more inclined to provide detail on the type of participant required for such a role. For example, Scottish Water (Scottish Water, 2015) made innovative use of a 'Customer Forum'. The Customer Forum's strength was that it provided the opportunity for a panel of experienced public figures to fine tune Scottish Water's business plan in the heat of a negotiation process, while simultaneously disregarding any regulatory responsibility. In this case, the Forum members were selected to provide a diverse range of profiles with various level of knowledge of the water sector and experience across a number of areas, including consumer affairs, law and regulation, business, policy. This diversity of participant created the conditions for very productive conversations within the group as each member could bring their own perspective on the issues that were discussed. Another key feature of the Forum's composition was the fact that members participated in a personal capacity and not as 'stakeholders' representing an organisation or a group of customers. This ensured that every member could contribute their own views and allow them to evolve freely as a result of the interaction with the group or Scottish Water. As affirmed by Scottish Water:

"This openness was critical to the quality of discussions that took place and the Forum's ability to reach a consensus. Being involved in their own name also made the Forum members feel a greater responsibility for the successful outcome of the process, and ensured their full commitment and participation."
(Scottish Water, 2015)

Scottish Water suggest that the use of a short term customer panel to play a direct role in price setting can easily be replicated, but it does require the absolute engagement of the Service Provider and any Statutory Regulators and benefits from Government acceptance whether national or local. Scottish Water advise that this approach could apply to any significant decision process where a strong customer voice would be helpful.

Through their general consumer engagement strategy, Scottish Water primarily consulted with household customers in the form of consumer groups and panels. They also met with household customers, business consumers and licensed providers face-to-face, in order to conduct depth interviews. As such, it is evident that Scottish Water placed high value on obtaining insight from a wide range of customers and in a variety of capacities.

Another example of the establishment of an advisory group is provided by the U.S. NOAA (U.S. National Oceanic and Atmospheric Administration (NOAA), 2012). In this case, the lead team engaged four experts through establishment of a Project Advisory Committee (PAC) to the project. The Arizona Department of Water Resources, the Salt River Project, the U.S. Geological Survey, and the City of Nogales are represented on the PAC. Although this approach varies significantly from that of Scottish Water (i.e. by targeting a smaller number of participants who are organisational rather than personal representatives), the NOAA found that this approach suitably met their needs and enabled their engagement programme to reach further than it would have done if the advisory committee was not involved.

The Consumer Council for Water note that Consumer groups continue to be a platform for scrutiny and challenge of company business plan proposals (The Consumer Council for Water, 2014). However, there is a need to ensure they are (and are seen to be) independent in both their role and chairmanship. The Council suggest the inclusion of an independent chairperson on any future consumer panel, however, in order to ensure commitment to the role it is suggested that this chairperson should receive some form of payment.

"Our research shows that customers want an independent Chair for CCGs and recognise that they have to be paid. However, customers believe that direct payment undermines their view of Chairs' independence from companies. A centrally held pot, funded by companies, could be one way around having companies directly paying Chairs, and give distance to the companies."
(The Consumer Council for Water, 2014)

Organisations who are more customer facing, such as SSE Plc (SSE plc and YouGov, 2014), were more inclined to put heightened value on input from household customers rather than experts or stakeholders. Indeed, SSE set out to interview a representative sample of 2,400

members of the UK public in order to get a unique insight into what their customers really think. Similarly, The Office of Rail Regulation's entire engagement strategy is directed towards the importance of customer views (Office of Rail Regulation, 2014). In situations where the voice of the everyday customer is valued, CUAC argue that organisations need to direct more attention towards encouraging and facilitating the participation of people from certain groups (i.e. those with disabilities, single mothers, ethnic minorities etc.). Indeed, gathering direct feedback from vulnerable groups can be challenging, and in these situations, CUAC emphasises that organisations should look to other methods, such as engaging with organisations and community representatives who are the 'gate openers' to the community, in order to ensure that the voices of these hard to reach groups are still heard (Consumer Utilities Advocacy Centre, 2013).

Level of input required

Literary evidence suggests that the participant must be informed of what will be expected of them from the outset to enable them to make an informed decision as to their capacity to contribute to the level expected by the research team. Subsequently, the participants' expectations should be met to ensure that the specified level of input required is adhered to.

Research also suggests that the requirements of participants should not be limited or downplayed just to encourage participation, as this may in turn limit the potential benefits of engaging with the consumer in the first instance. Instead, participants should be provided ample opportunity to make their voices heard, and should be given responsibilities within the engagement process as this tends to elicit a feeling of duty. This tactic worked well for Scottish Water, with particular reference to their Customer Forum (Scottish Water, 2015). The Forum's 'sponsors' all had a stake in the process, which gave them a strong incentive to fully participate and support it. Given the fast pace and intensity of the engagement process, it required significant commitment from the Forum members and sponsors, which at times could be strenuous. However, given the level of briefing conducted at the start of the process, participants were prepared to undertake the required commitment. It was noted, however, that at times the members from some business organisations struggled to maintain attendance in light of the workload that they had to manage internally.

In other cases, placing the responsibility on the shoulders of the participant has led to engagement processes that now have the opportunity to be maintained over the longer term. For example, at the Great Lakes level, the engagement has involved longer term, moderately paced processes which has secured the interest and commitment of participants in the longstanding decision-making processes related to the management of water resources in the area (OECD, 2015). Similarly, in the case of the NOAA's engagement processes regarding groundwater and climate in Arizona's Santa Cruz Active Management Area, verbal feedback and continuity of involvement has been an indication of acceptance of the stakeholder engagement effort (U.S. National Oceanic and Atmospheric Administration (NOAA), 2012).

Conducting genuine engagement

Across all examples of consumer engagement, a significant amount of importance was put on the effectiveness of such engagement. In order to elicit effective engagement from consumers, stakeholders or other participants, there had to be genuine buy-in and interest from all parties,

inclusive of those undertaking the research. Indeed, CUAC's research into best practice also found that a recurring theme across research was that engagement needs to be meaningful and genuine.

"CUAC is of the view that effective engagement requires a commitment to genuinely engage and communicate openly and honestly with consumer advocates and the community on an ongoing basis."
(Consumer Utilities Advocacy Centre, 2013)

"It is imperative that the relationship between companies and their customers should not be one in which customers are seen as passive receivers of services, but one in which there is a continuing dialogue, in which customers are genuinely engaged and empowered and become part of how the sector delivers. The more companies can build a responsive and effective relationship with their customers' that fosters trust and confidence, the more opportunities they will have to work with customers to create value that can then be shared with those customers as well as with investors and potentially with the environment and wider society. The relationship between companies and their customers should be at the heart of everything."
(OFWAT, 2015)

CUAC found that a number of their interviewees had previously participated in engagement processes which were tokenistic or had predetermined outcomes, or where the body undertaking the engagement was not prepared to have their views challenged (Consumer Utilities Advocacy Centre, 2014). Instead, an engagement process was perceived to be more meaningful and genuine when it had the support of top-level management and senior executives and where the contributions made by people participating in the process were valued.

CUAC found that a participant is more likely to feel valued when they are informed about the key milestones of an engagement process, the outcome that has been reached and how their input influenced the decision making process. The interviewees who participated in CUAC's research into meaningful and genuine engagement identified the following actions to guide a meaningful and genuine consultation:
- Define the objectives and purpose of consultation;
- Develop a transparent engagement process;
- Allow for adequate time to consult;
- Consult with diverse stakeholder groups;
- Overcome barriers to access;
- Target underrepresented groups for consultation;
- Challenge your own views;
- Consider feedback received; and
- Acknowledge peoples expertise.

In support of the above key actions, interviewees stressed that eliminating bias, identifying the appropriate people to undertake engagement and accounting for consultation feedback were indispensable to a meaningful engagement process.

With specific regard to the electricity sector, the National Energy Networks Forum, which took place in Australia, stressed that trust is the foundation of a long-term partnership with consumers. Participants at the forum emphasised the need to assure consumers that consumer engagement is worth their time and that it makes a difference (Consumer Utilities Advocacy Centre, 2014). Indeed, it was suggested that a customer will better appreciate what an energy network business does when consultation is meaningful and rigorous, and not a 'sales' job or a tick-box exercise where the business sells the regulatory proposal it has developed. Instead, "there needs to be a dialogue between the customer and the business."

A particularly good example of best practice with regard to the implementation of genuine customer engagement is provided by Scottish Water (Scottish Water, 2015). The organisation recognised that in order to achieve a 'real impact', all parties must 'buy in' to the process intellectually and with resources.

"The quality of engagement between Scottish Water and their Customer Forum was essential to the success of the overall process. It was characterised by Scottish Water's remarkable openness and willingness to consider any challenge brought up by the Forum."

As a result, regulators, the Government and utility bodies had confidence in the methods employed which in turn resulted in tangible benefits for the customer.

Similarly, the Office of Rail Regulation emphasised the importance of buy-in from all participants in order to ensure effective engagement which has the potential to result in palpable improvements.

"Train operators stressed that an effective customer-centric culture needed a unified vision across the organisation and buy-in from management. This was not just about training frontline staff it was about actively seeking staff feedback, delivering a clear message from the top and being visible. It was also about being prepared to benchmark performance and seek continuous improvement."
(Office of Rail Regulation, 2014)

Methods of communication

A key consideration to make when attempting to engage with consumers in an effective manner is the method(s) used to contact participants.

As is the case for the overall method of engagement employed, the chosen method of communication should be directly linked to the subject matter. This should be considered carefully prior to engagement implementation. CUAC report that participants that have been involved in engagement processes feel that face-to-face discussions are essential for complex topics because they provide the opportunity for more deliberative engagement and interaction between the body undertaking the consultation and the participants (Consumer Utilities Advocacy Centre, 2013). However, CUAC report that nearly all participants in their best practice research agreed that a variety of engagement methods need to be used to reach as

wide a group of people in the community as possible, given that different people respond to different methods of engagement.

"A good engagement process will use a range of engagement methods including face-to-face discussions (e.g. working groups, focus groups, public forums, and customer consultative committees), emails and other web-based methods, telephone surveys, and community events…the methods used should attract a large demographic, serve to encourage participation, and make the process accessible."
(Consumer Utilities Advocacy Centre, 2013)

In summary, CUAC emphasise that there is 'no one-size-fits-all approach to engaging with the community on complex energy and water issues', so bodies should use a variety of engagement methods to capture both qualitative and quantitative data from as representative a group of people as possible.

As part of the Scottish Gas Networks (SGN) customer engagement plan, consideration was given to the effective channels of communication (Scottish Gas Networks, 2014). These channels included letters (which became the primary communication channel to individual customers), press releases (for the entire community), information leaflets, a project webpage, the use of social media channels, direct correspondence (by letter or email), telephone contact and local meetings to discuss plans with customers and stakeholder groups. Consideration was also given to the various types of customers with whom contact may be necessary (e.g. priority customers) and tailored communication methods were designed to suit any specific needs. To take this further, SGN asked customers to provide their contact preferences at any stage of the engagement process, which were subsequently recognised and implemented in the event of further contact. By considering a wide range of contact methods, SGN were able to achieve active participation and provide customers with a positive engagement experience that was tailored to their needs.

Similarly, the ORR advocates the use of a number of principals of best practice from other consumer engagement reports in order to assess their own level of consumer engagement across a number of platforms, including social media, mail, telephone, face-to-face, online, through mystery shopping exercises, newsletters, focus groups and community action (Office of Rail Regulation, 2014). The ORR suggest that by providing a range of options by which to engage with customers, the opportunity for more frequent engagement is also enhanced which in turn reflects positively on the organisation.

"A further indicator of positive engagement comes from the nature and frequency of consumer feedback. Quantitative statistics such as these are a useful measure of consumer willingness to engage."
(Office of Rail Regulation, 2014)

Regardless of the method of communication chosen, however, it is important to consider that engagement requirements should not be duplicative and should recognise any respective time commitments of consumers. For example, engagement fatigue proved to be a particular problem throughout the activities undertaken by the Government of Ontario (OECD, 2015). As

part of this process, a limited number of stakeholders were repeatedly called upon by multiple levels of government to provide input into policy decisions, which led to some negative opinions of the process.

Suitable presentation of information

When considering the most appropriate methods of communication, literature suggests that consideration should also be given to how to suitably present information to participants.

"A good engagement process breaks down complex information so that it is more digestible. This would encourage more informed participation."
(Consumer Utilities Advocacy Centre, 2013)

"We expect service providers to provide information to consumers that is clear, accurate, relevant and timely, recognising the different communication needs and wants of consumers."
(Australian Energy Regulator, 2013)

Some of the key suggestions from across a range of the literary examples include:
- To ensure that information is in plain English and 'jargon free';
- To ensure that information is framed in such a way that it is made relevant to the participant;
- To ensure that information is unbiased, objective, impartial and accessible for all (for example, accounting for those with a disability, or ethnic minorities etc.);
- To build knowledge through social learning and deliberative processes.

CUAC suggest that an important step that should be undertaken when trying to present information in a suitable way is to take a realistic amount of time to gauge any existing understanding in advance of the research (Consumer Utilities Advocacy Centre, 2013).

SSE Plc argue that arming customers with more accessible information about their usage helped drive greater engagement (SSE plc and YouGov, 2014). This view is supported by Scottish Water. For the first time, Scottish Water had to explain its decisions to non-specialists, which required significant efforts with regard to details, clarity and intelligibility. The organisation supports the need to maintain these efforts in order to ensure that their customers are given access to accessible and usable data and information and have a seat at the negotiating table (Scottish Water, 2015). In summary, it is critical to breakdown complex terminology into digestible components which customers can relate to, in order to ensure that engagement is accessible, meaningful and transparent.

1.6 Timetabling and costs

In this section we explore
- The total duration of engagement research;
- Costs of engagement.

Highlights

The total duration of engagement research
- There is little to no uniformity in the amount of time dedicated to consumer engagement activities across various organisations.
- The information provided across ten case studies exemplifies the varying level of time dedicated to consumer engagement in each specific case – ranging from a couple of months, to seven years.
- Some would argue that consumer engagement should be a continuous and ongoing process rather than a 'programme'.
- The frequency and depth of engagement could be considered more important as these attributes would demonstrate the level to which organisations have embedded consumer engagement into their practices.

Costs of engagement
- Meaningful and robust stakeholder engagement does not come free or easy.
- Engagement costs can be viewed as a longer term investment from which the organisation has the potential to reap rewards.
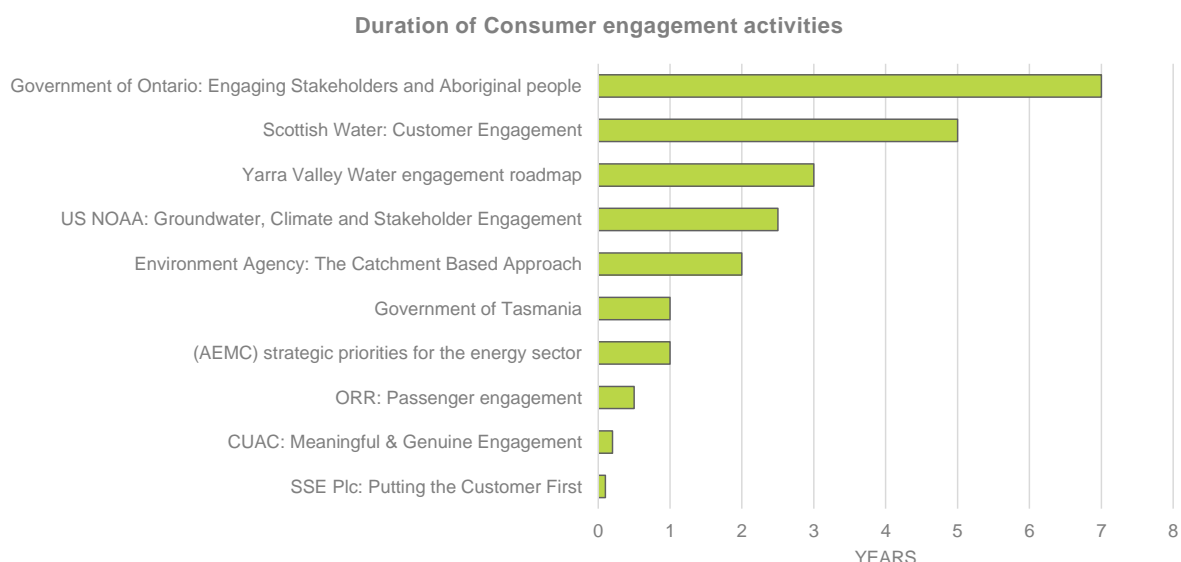
Detailed findings

Total duration of engagement research

A review of existing examples of best practice has revealed that there is little to no uniformity in the amount of time dedicated to consumer engagement activities across various organisations.

Figure 1.6.1 details the varying durations unearthed through review of a number of examples. It is important to note that some examples do not specifically provide timetabling information. As such, figure 1.6.1 only details those examples for which this information was available.

Figure 1.6.1: Duration of consumer engagement activities by research example

Duration of Consumer engagement activities

Research example	Years
Government of Ontario: Engaging Stakeholders and Aboriginal people	7
Scottish Water: Customer Engagement	5
Yarra Valley Water engagement roadmap	3
US NOAA: Groundwater, Climate and Stakeholder Engagement	2.5
Environment Agency: The Catchment Based Approach	2
Government of Tasmania	1
(AEMC) strategic priorities for the energy sector	1
ORR: Passenger engagement	0.5
CUAC: Meaningful & Genuine Engagement	0.2
SSE Plc: Putting the Customer First	0.1

Despite the lack of timetabling evidence across many of the examples, the information provided for the ten case studies for which information is available exemplifies the varying level of time dedicated to consumer engagement in each specific case – ranging from a couple of months, to seven years.

One case study example provided additional detail on the duration of the research, including insight into some of the considerations made when research commenced. Launched in 2011, Scottish Water's research programme was well underway by the time their Customer Forum was formally in place (Scottish Water, 2015). Although the first meeting took place in 2011 (more than three years from the planned date for the final determination of charges), project planners considered that this time period did not leave very long for such a long and complex process to take place. The engagement process therefore was conducted at a fast pace in order to meet their deadline of March 2015. In connection to this, the Government of Ontario advised that aggressive timelines should be avoided as fast-paced engagement can act as a deterrent to participants (OECD, 2015). Instead, clear and realistic timeframes for consumer input should be established (Australian Energy Regulator, 2013).

Although it is notable that many of the examples contained within this review explore consumer engagement which has a deadline or an end goal (such as price setting or a business plan), some would argue that consumer engagement should be a continuous and ongoing process. For example, CUAC is of the view that effective engagement requires a commitment to genuinely engage and communicate openly and honestly with consumer advocates and the community on an ongoing basis.

> *"Engagement is an ongoing, interactive process as opposed to a programme."*
> (Consumer Utilities Advocacy Centre, 2013)

This view was reiterated at the National Energy Networks Forum, when it was stated:

"Consumer engagement should not be tagged onto normal business processes, but should form part of or be embedded into the normal behaviour of the business."
(Consumer Utilities Advocacy Centre, 2014)

In this case, there is an argument that the total duration of a programme of engagement activities is irrelevant. Instead, the frequency and depth of engagement could be considered more important as these attributes would demonstrate the level to which organisations have embedded consumer engagement into their practices.

Indeed, across many of the case study examples, consumer engagement is regarded not as a singular activity, but instead is embedded into organisational policy. For example, Scottish Water conducts an annual programme of research which is designed to listen to customer feedback on services and outline the service opportunities that could improve future customer experience (Scottish Water, 2015). Similarly, Yarra Valley Water has taken a longer-term approach to consumer engagement with their 'three year engagement roadmap', after which they will reassess the need for any further research (Yarra Valley Water, 2015). Meanwhile, organisations such as the Consumer Council for Water (The Consumer Council for Water, 2014), OFWAT (OFWAT, 2015) and Scottish Gas Networks (Scottish Gas Networks, 2014) aim to time their engagement activities around major publications or review periods such as price controls. Although each of these approaches vary, all can be considered to have merit given that consumer engagement is conducted either continuously or regularly.

Costs of engagement

It was originally intended that this review of best practice would gather any literary evidence on the potential cost of effective engagement. Upon deeper review, it became clear that the vast majority of publications do not reveal any detail on the costs of their engagement activities.

Despite the lack of detail on the costs of effective consumer engagement, it was acknowledged in a few of the research reports that the resources required to undertake valuable engagement activities should not be underestimated.

"Some still think that holding a workshop (or workshops) requires little or no resources. Meaningful and robust stakeholder engagement does not come free or easy."
(U.S. National Oceanic and Atmospheric Administration (NOAA), 2012)

Further to this, it is argued that although effective consumer engagement has short term cost implications, such interventions can help to control long terms costs for the organisation provided that they undertake genuine engagement from which longer term strategic aims can be derived. In this sense, the associated engagement costs can be viewed as a longer term investment from which the organisation has the potential to reap rewards.

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1.7 Outputs and use of consumer engagement findings

In this section we explore:
- The different outputs that have resulted from engagement processes and activities.

Highlights

Outputs from consumer engagement
- Some organisations found that consumer engagement processes helped in a number of practical ways, including more direct help for customers and empowering customers.
- Meanwhile, the majority of case studies reviewed used consumer engagement to feed directly into policy or regulatory processes.
- As a result of effective consumer engagement, some organisations have developed new opportunities for consumer participation for future implementation, while others have been given the opportunity to develop consumer priorities that will support consumers in selecting services that suit their needs.
- One organisation noted that enabling consumers to make informed choices about the way they use electricity can lead to more efficient investment across both demand and supply sides, ultimately impacting on the price consumers pay. Similarly, in another case, the short term cost of the establishment of customer engagement was willingly exchanged for a more customer credible and focused result in terms of price and priorities.
- The inclusion of customer focused methodologies can also lead to plans and strategies that are more likely to withstand scrutiny.
- Another positive outcome from effective engagement is the potential to use the engagement process as a tool for staff development.
- Some organisations have noted that an effective engagement process can stimulate a shift in culture – towards an ethos which puts passengers first and engages and empowers staff.

Detailed findings

Outputs from consumer engagement

Evaluation of the engagement process is important because it enables the body undertaking the engagement to review their processes, find out if they have achieved their desired outcomes, identify areas for improvement and pinpoint community concerns (Consumer Utilities Advocacy Centre, 2013). The following paragraphs detail the outputs from effective engagement, unearthed through subsequent evaluation, by use of a number of case studies.

SSE Plc found that an enhanced period of consumer engagement helped in a number of practical ways, such as assisting more customers to make bigger energy efficiency improvements to their homes, raising awareness of the UK's energy challenge by making it

more engaging while also convincing customers that they can both help and benefit and empowering customers by helping them understand and then act on their energy usage by giving them simpler information (SSE plc and YouGov, 2014).

The majority of case studies reviewed, however, used consumer engagement to feed directly into policy or regulatory processes. Indeed, the Australian Energy Market Commission advocates that consumer representation in such processes is key to the future development and success of organisational policies (Australian Energy Market Commission, 2013). As a result of their own engagement activities to date, the AEMC has unearthed a range of new opportunities for consumer participation, and these processes are currently being developed and implemented. Similarly, as a result of the success of the engagement process, a proposal for a national energy consumer advocacy body was developed. The body is intended to increase consumer advocacy on national energy market matters of strategic importance and of material consequence for energy consumers, particularly households and small businesses. Overall, the consumer priority will support consumers in selecting energy services that suit their needs. It will also help to promote more efficient market outcomes more broadly. Here, effective participation from both supply and demand sides should result in the lowest cost options, thereby promoting the long-term interests of all consumers.

In addition, the AEMC found that enabling consumers to make informed choices about the way they use electricity can lead to more efficient investment across both demand and supply sides (Australian Energy Market Commission, 2013). For example, consumer participation leading to a reduction in peak demand would contribute to lower generation and network costs, in turn minimising what consumers pay for energy. The outcomes of these processes ultimately impacted the price consumers pay for energy.

In Scotland, the temporary Customer Forum to set water prices and investment priorities is currently being assessed by the Scottish government and regulator to decide whether it can stand the test of time or whether it can only work as a time-limited tool introduced to influence particular events or strategies (Scottish Water, 2015). Although the establishment of the Customer Forum added to the time and expense burden, this was willingly exchanged for a more customer credible and focused result in terms of price and priorities. The results and outputs from the Customer Forum, and Scottish Water's additional consumer engagement activities, informed the published Scottish Water business plan and the Water Industry Commission for Scotland determination of charges. As reported by Scottish Water:

"The involvement of the Customer Forum made the nature of the Strategic Review of Charges itself evolve: instead of a duel between the service provider and the regulator, which can sometimes turn into a cat and-mouse game, if not serious tension and dispute, the process amounted to a constructive challenge, whereby all energies were focused on finding acceptable compromises rather than debunking the other party's positions. This created the right conditions for Scottish Water to willingly stretch itself and make the best possible offer of prices and services. In addition, this new process appears to have been less resource-intensive (and thus less costly) and more rewarding for all those involved, in comparison to previous strategic reviews."
(Scottish Water, 2015)

In short, Scottish Water advocates that the 'customer informed debate' over what level of charges was acceptable, along with what service performances were desirable led to a satisfactory balance of opinion in the final outcome.   Similarly, by employing a customer focused methodology, Scottish Water has found that the resulting business plan is more likely to withstand scrutiny, enabling them 'to support their claim that they listen to customers and deliver according to their needs'. Indeed, the rigorous scrutiny and probing by the Forum has ensured that the investment plan for the 2015-2021 period is based on robust and transparent decision making, reflects consumers' preferences and represents good value for money.

With regard to outputs for the customer, the Forum secured positive outcomes in relation to customer prices including stability of prices, greater focus on affordability, value for money and acknowledgment by Scottish Water of its duty to care for customers in vulnerable situations not able to pay for their water bills.

The Forum and Scottish Water have recognised the value of deepening customer engagement and will implement additional measures to that end including:
- On-going, wide-ranging customer research activities; and
- More comprehensive customer education, care and support arrangements.

In Tasmania, the foresighting R&D research project identified strong support for cooperative partnerships across the research, education, policy and private sectors (Alexandra & Associates Pty Ltd, Macquarie Franklin et. al., 2014). In turn, this resulted in the establishment of a R&D coalition and a formal stakeholder advisory group to steer the work in the future. Outputs from the engagement process were used to develop a collaborative national Irrigation RD&E Program for Tasmania, which is in turn likely to lead to a more efficient and cost-effective use of natural resources and infrastructure. Another interesting output is that the Government of Tasmania has emphasised the importance of the engagement process as a tool for staff development, in that staff have learnt many lessons throughout the process which can be taken forward to benefit future strategic planning. Overall, the strong level of support from stakeholders has led to commitments to follow through with implementation of the strategy and has also led to the accumulation of further funding from governments and R&D partners.

The engagement process in Ontario, which was developed to ensure the safekeeping of the Great Lakes, has been regarded as a successful model in bringing together a diverse set of stakeholders, with divergent views, and come to an understanding of the issues facing the Lake Simcoe watershed and potential solutions (OECD, 2015). Indeed, stakeholders and other public participants were satisfied with efforts to run policy processes to enable stakeholders and First Nations and Metis communities to more easily relate to the myriad of initiatives that were underway. Stakeholders were particularly satisfied with the development of longer-term advisory committees and their overall involvement in policy decision making.

Engagement processes undertaken by the Office of Rail Regulation have resulted in the acknowledgement that the key to good customer service is consistent delivery and involvement from staff at all levels, with training now being embedded into practice. Findings

from the ORR's engagement have ensured that performance indicators and service quality standard models are monitored and adhered to. In some cases, the recognition of the importance of consumer engagement, alongside train operators' aims to meet customer engagement targets has resulted in recruitment to fulfil roles such as customer insight and experience managers and social media managers, who are devoted to customer engagement. In turn, this has led to the initiative to encourage a culture which puts passengers first and to engage and empower staff. In response, some train operators have rolled out cross-organisation training programmes specifically designed to achieve this.

1.8 Conclusions and recommendations

Conclusions and recommendations

The following chapter summarises the findings from the in-depth literature review, and provides recommendations to NIE Networks based on existing literary examples.

Consumer engagement objectives

Defining consumer engagement

It is clear that many examples of best practice took the time to design a clear and fit-for-purpose definition of consumer engagement prior to the commencement of consumer engagement activities. Although this definition varied across the various research reports, depending on factors such as the aim of the engagement, timetable and available funding, it is apparent that this step is important to enable the responsible organisation to have a clear and concise vision for what consumer engagement is likely to achieve and how much of an impact it may have.

The Public Participation Spectrum produced by the International Association of Public Participation (IAP2) may be of particular use to NIE Networks (International Association of Public Participation, 2007). At one end of the engagement spectrum, engagement is one-way and involves the provision of information by an agency to the community. At the other end of the spectrum, decision-making rests in the hands of the community. Between these two extremes, engagement entails consulting, involving and collaborating with the community. As engagement moves from one end of the spectrum to the other, the likely impact a consumer could have on a final decision increases. This tool may be of use given that it provides examples of the necessary activities, and likely impacts, of varying levels of engagement.

Using the IAP2 spectrum as a guide, NIE Networks has the potential to set clear boundaries and make early decision regarding the level to which the public can and should be involved in the decision making process.

Recommendations 1 and 2

1. Review the IAP2 Public Participation Spectrum to determine its potential use for NIE Networks.

2. Prior to the commencement of engagement activities, decide upon a fit-for-purpose definition of consumer engagement and align desired outcomes of the engagement process with key activities. The definition and desired outcomes should be clear and realistic.

On the other hand, many definitions of community engagement emphasise that it is an ongoing, interactive process as opposed to a programme. This 'ongoing process' may take two forms:

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- Embedding engagement into the day-to-day administration of the organisation; or
- Ensuring that engagement activities take place on a regular basis.

If desired, NIE Networks could consider the potential benefits of designing a consumer engagement process that is embedded into the everyday administration of the organisation, rather than to use consumer engagement for specific tasks (such as regulatory price control). Should this option be unfavourable, NIE Networks should ensure that regular engagement is facilitated so as to benefit from the continuing input of the customer voice.

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Recommendation 3

3. Consider the potential benefits of designing a consumer engagement 'process' rather than a 'programme'. Should this option be unfavourable, NIE Networks should facilitate engagement which takes place on a regular basis.

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Key objectives for effective consumer engagement

The objectives employed across various examples of best practice vary significantly. However, the majority of examples tend to share one or more of the following key objectives:
- Emphasising the importance of consumer engagement;
- Empowering the consumer; and
- Supporting wider strategic and social aims.

With regard to emphasising the importance of consumer engagement, literary evidence suggests that involving consumers and the community in decisions and activities that affect them is regarded as good practice and critical to effective policy-making, and should therefore remain a key objective of any consumer engagement initiative. Indeed, research emphasised that community perspectives should not be undervalued given that they can shape and impact key policy development and business decisions, in turn leading to improved community outcomes and wider support for decisions and reform.

It is notable that NIE Networks has already entrenched this objective within their consumer engagement activities. Indeed, from the activities to date (which have included a quantitative survey of domestic customers, in-depth interviews with non-domestic customers, stakeholder workshops and consumer focus groups), it is clear that NIE Networks has acknowledged and promoted the importance of consumer engagement. NIE Networks has dedicated significant time and effort to ensuring that their customers' voices are heard in advance of RP6, and should continue to do so going forward.

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Recommendation 4

4. Continue to acknowledge the importance of consumer engagement and support with continued action to engage with consumers.

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With regard to empowering the customer, which was the predominant objective across the majority of literary examples, the importance of ensuring that the customer voice is heard was

emphasised. It was stressed further that this is of particular importance in the energy sector where it is of heightened importance that markets serve and meet consumer need. As such, consumers must be able to make their needs heard and be well equipped to make decisions about energy use. In turn, organisations must provide opportunities for consumers to make their needs heard. In short, customer representation should be placed at the heart of the process.

Again, NIE Networks has already endeavoured to empower the customer for RP6 by providing an array of opportunities for customers to have their say.

Recommendation 5

5. Place customers at the heart of organisational processes by continuing to provide the opportunity for customers to voice their opinions thereby allowing for customer feedback to feed directly into price control setting and other organisational decisions.

Similarly, literary review highlighted that consumer engagement often occurs as a result of a strategic fit, or as the result of the determination to fulfil wider organisational, governmental or social aims and objectives. In this case, the framework for engagement stretches far beyond simple inclusion of stakeholder input to enable the customers' voice to be heard. By aligning consumer engagement with wider strategy, the activities conducted tend to have heightened importance and more long-term significance.

Recommendation 6

6. Assess current organisational policies and strategies, as well as sectoral or governmental aims, in order to better align consumer engagement endeavours with wider strategic aims.

Inclusion of consumer engagement within organisational policy

An increase in the inclusion of consumer engagement in both governmental and organisational strategy reflects the growing recognition amongst government and regulators that securing the long-term interests of consumers necessitates input from those consumers (Consumer Utilities Advocacy Centre, 2013). In response, it is deemed important to embed engagement with consumers in organisational policy. Without a policy or target based approach to engagement, organisations will lack incentive to embark upon effective engagement.

The extent to which some organisations have included community engagement within their planning and strategies has impacted heavily upon the overall governance of the organisations. Lessons could be learnt from these organisations, with particular reference to the extent to which community engagement is incorporated in their day to day administration.

Recommendation 7

7. Firmly embed consumer engagement activities within organisational policy.

In order to achieve recommendation 6, NIE Networks should acknowledge that the public cannot be expected to get behind either governmental or organisational policies if they do not receive full and clear information. In any attempt to embed consumer engagement activities in organisational policy (recommendation 6), care should be taken to ensure that these policies will not 'unravel under public pressure' or be made 'on the hoof'. Similarly, policies should be designed in such a way that they can adapt to all public needs in a flexible manner. In essence, policies will only meet their objectives if consumers buy into and engage with them.

Recommendation 8

8. Ensure strategic consumer buy-in by ensuring that organisational policies are flexible, will withstand scrutiny and will encompass the needs of all consumers.

Approaches to engagement

Approaches

Across the examples studied, an array of approaches to consumer engagement were employed. Overall, there was acknowledgement across many literary examples that the subject matter of the engagement determines the method of engagement.

Notably, however, a qualitative approach was predominant across almost all examples, dominated by the inclusion of in-depth qualitative research such as focus groups, depth interviews and literature reviews. Similarly, customer or stakeholder forums were reportedly viewed as useful platforms to engage effectively with a range of participants. Other examples utilised a mixed approach to consumer engagement, which included both qualitative and quantitative elements. For example, the much admired approach undertaken by Yarra Valley Water was mixed (Yarra Valley Water, 2015), given that their insights were garnered through a broad combination of research and engagement utilising extensive market research (both qualitative and quantitative), key stakeholder briefings and ongoing review and input from our Customer Advisory Group. They predominantly based their approach around the aforementioned IAP2 Spectrum.

It is important to note that throughout this in-depth period of literature review, no examples that employed a purely quantitative approach were found.

Overall, no two case study examples utilised the same approach to consumer engagement, which emphasises the challenge in attempting to assess the relative merits of each initiative in comparison to another. However, it is clear that the more comprehensive consumer engagement project examples utilised a mixed approach, through the use of qualitative and quantitative assessment (for example, Yarra Valley Water) and also utilised multiple qualitative platforms (for example, Yarra Valley Water, Scottish Water, and the energy and

utilities organisations from Australia). These approaches tended to be more comprehensive in their remit and also tended to include a wider range of consumers (including domestic customers, expert stakeholders, businesses etc.). These more comprehensive engagement processes resulted in greater tangible outputs. In short, the companies who invested more in effective and fit-for-purpose consumer engagement tended to reap additional benefits when likened with those who utilised a comparatively limited methodology.

NIE Network's consumer engagement activities to date have involved a mixed approach, which tends to align closely with the more comprehensive examples of best practice. For example, NIE Networks has utilised a literature review, depth interviews, focus groups, workshops, a quantitative survey and handheld audience response devices – suggesting that the approach taken has been full, wide-ranging and in line with other best practice research examples.

Despite the comprehensive approach to date, NIE Networks could potentially benefit from the addition of a customer or stakeholder advisory panel – a feature of some of the highest rated based practice examples (such as Yarra Valley Water and Scottish Water). These customer panels often resulted in greater buy-in from consumers and the development of organisational policies that could withstand public scrutiny.

Recommendations 9 and 10

9. Continue to utilise a mixed approach to consumer engagement (including qualitative and quantitative strands of research).

10. Consider adapting existing consumer engagement activities to include the development and maintenance of a customer/stakeholder advisory panel.

Number and type of participant

Although information regarding the exact number of participants, or indeed the type of participant, was not made clear, many studies emphasised the importance of the quality of consumer participation as opposed to the quantity of people participating in the process. In particular, almost all examples place high importance on the involvement of experts or stakeholders. Similarly, the approaches considered to be more comprehensive tended to utilise a wider variety of participants from more varied backgrounds. Many literary examples emphasised the importance of diversity across the participant base given that this created the conditions for very productive conversations with a range of perspectives.

Another potential consideration, put forward by Scottish Water, includes the participation of stakeholders from a personal perspective. Indeed, Scottish Water found that this ensured that every member could contribute their own views and allow them to evolve freely as a result of the interaction with the group or Scottish Water.

Recommendations 11, 12 and 13

11. Focus participant recruitment on obtaining quality rather than quantity – i.e. including stakeholders and experts in the discussions.

12. Include a diverse range of participants across all stages of consumer engagement.

13. Consider including stakeholders in engagement activities but ask them to comment from a personal perspective in order to profit from freedom of speech, while also benefitting from expert knowledge.

Level of input

Literary evidence suggests that the participant must be informed of what will be expected of them from the outset to enable them to make an informed decision as to their capacity to contribute to the level expected by the research team. Subsequently, the participants' expectations should be met to ensure that the specified level of input required is adhered to. Research also suggests that the requirements of participants should not be limited or downplayed just to encourage participation, as this may in turn limit the potential benefits of engaging with the consumer in the first instance. Instead, participants should be provided ample opportunity to make their voices heard, and should be given responsibilities within the engagement process as this tends to elicit a feeling of duty.

Recommendation 14

14. Endeavour to inform participants of the level of commitment and responsibility required prior to engagement.

Conducting genuine engagement

Across all examples of consumer engagement included within this review, a significant amount of importance was put on the effectiveness of such engagement. In order to elicit effective engagement from consumers, stakeholders or other participants, there had to be genuine buy-in and interest from all parties, inclusive of those undertaking the research. Indeed, CUAC's research into best practice also found that a recurring theme across research was that engagement needs to be meaningful and genuine. In short, an engagement process was perceived to be more meaningful and genuine when it had the support of top-level management and senior executives and where the contributions made by people participating in the process were valued.

Research suggests that a participant is more likely to feel valued when they are informed about the key milestones of an engagement process, the outcome that has been reached and how their input influenced the decision making process. Eliminating bias, identifying the appropriate people to undertake engagement and accounting for consultation feedback were also considered to be indispensable to a meaningful engagement process.

Recommendations 15 and 16

15. Endeavour to undertake genuine engagement with consumers which should include support from top-level management and senior executives i.e. engagement should have a meaning and purpose and should not be considered a 'tick-box' exercise.

16. Engagement processes should be tailored in such a way so as to ensure that the participant feels valued. Amongst other attributes, this should include keeping the participant informed, incorporating their feedback into decisions and eliminating bias.

Contact methods

Another key consideration to make when attempting to engage with consumers in an effective manner is the method(s) used to contact participants. Indeed, the chosen method of communication should be directly linked to the subject matter and this should be considered carefully prior to engagement implementation. Overall, there is 'no one-size-fits-all approach to engaging with the community, so bodies should use a variety of engagement methods to capture both qualitative and quantitative data from as representative a group of people as possible.

Recommendation 17

17. Employ a range of methods when communicating with various participants.

Presenting information

Similarly, literature also suggests that consideration should be given to how to suitably present information to participants. Some of the key suggestions from across a range of the literary examples include:

- To ensure that information is in plain English and 'jargon free';
- To ensure that information is framed in such a way that it is made relevant to the participant;
- To ensure that information is unbiased, objective, impartial and accessible for all (for example, accounting for those with a disability, or ethnic minorities etc.);
- To build knowledge through social learning and deliberative processes.

Recommendation 18

18. Careful consideration of how information is presented to each type of participant should be made in advance of any engagement activity. This should include the use of plain English, ensuring material is relevant to the participant and ensuring information is accessible.

Timetabling and costs

Timetable

A review of existing examples of best practice has revealed that there is little to no uniformity in the amount of time dedicated to consumer engagement activities across various organisations – with examples ranging from a couple of months, to seven years.

Although it is notable that many of the examples contained within this review explore consumer engagement which has a deadline or an end goal (such as price setting or a business plan), some would argue that consumer engagement should be a continuous and ongoing process. In this case, there is an argument that the total duration of a programme of engagement activities is irrelevant. Instead, the frequency and depth of engagement could be considered more important.

Recommendation 19

19. Consumer engagement processes, and their timings, should be tailored to individual organisational needs. NIE Networks should therefore design an engagement plan and timetable that is specific to their own requirements and deadlines.

Costs

It was originally intended that this review of best practice would gather any literary evidence on the potential cost of effective engagement. Upon deeper review, it became clear that the vast majority of publications do not reveal any detail on the costs of their engagement activities. However, it was acknowledged that the resources required to undertake valuable engagement activities should not be underestimated.

Recommendation 20

20. NIE Networks should not underestimate the costs and resources required to undertake genuine, valued and meaningful engagement.

Outputs and use of consumer engagement findings

While some organisations found that an enhanced period of consumer engagement helped in a number of practical ways, the majority of case studies reviewed used consumer engagement to feed directly into policy or regulatory processes. For example, some examples emphasised the importance of consumer engagement given that it can lead to more efficient investments while for others, the efficient use of consumer input has led to long-term development of groups or bodies that will directly influence organisational policy.

With regard to the contribution to policy, literary evidence suggests that by employing a customer focused methodology, resulting plans are more likely to withstand scrutiny. Meanwhile, other examples of best practice unearthed positive outcomes for the consumers themselves, such as stability of prices, greater focus on affordability and value for money.

Recommendations 21 and 22

21. NIE Networks should determine the desired outputs of consumer engagement in advance of the engagement activities. (I.e. a practical, policy or customer driven initiative). This early planning will enable NIE Networks to develop tailored and appropriate consumer engagement activities and mechanisms for delivery and to better understand the potential benefits of engagement from the outset.

22. Upon completion of the consumer engagement period, NIE Networks should take the time to evaluate and review of engagement tools, mechanisms and activities. This evaluation may also take place at intervals throughout the engagement process. This should include an evaluation of any key outputs.

Summary of recommendations

Recommendations

The table below summarises the key recommendations for NIE Networks based on findings from an in-depth review of best practice.

Theme	Number	Recommendation
Defining consumer engagement	1	Review the IAP2 Public Participation Spectrum to determine its potential use for NIE Networks.
Defining consumer engagement	2	Prior to the commencement of engagement activities, decide upon a fit-for-purpose definition of consumer engagement and align desired outcomes of the engagement process with key activities. The definition and desired outcomes should be clear and realistic.
Defining consumer engagement	3	Consider the potential benefits of designing a consumer engagement 'process' rather than a 'programme'. Should this option be unfavourable, NIE Networks should facilitate engagement which takes place on a regular basis.
Key objectives for effective consumer engagement	4	Continue to acknowledge the importance of consumer engagement and support with continued action to engage with consumers.
Key objectives for effective consumer engagement	5	Place customers at the heart of organisational processes by continuing to provide the opportunity for customers to voice their opinions thereby allowing for customer feedback to feed directly into price control setting and other organisational decisions.
Key objectives for effective consumer engagement	6	Assess current organisational policies and strategies, as well as sectoral or governmental aims, in order to better align consumer engagement endeavours with wider strategic aims.
Inclusion of consumer engagement within organisational policy	7	Firmly embed consumer engagement activities within organisational policy.
Inclusion of consumer engagement within organisational policy	8	Ensure strategic consumer buy-in by ensuring that organisational policies are flexible, will withstand scrutiny and will encompass the needs of all consumers.
Approaches to engagement	9	Continue to utilise a mixed approach to consumer engagement (including qualitative and quantitative strands of research).
Approaches to engagement	10	Consider adapting existing consumer engagement activities to include the development and maintenance of a customer/stakeholder advisory panel.
Number and type of participant	11	Focus participant recruitment on obtaining quality rather than quantity – i.e. including stakeholders and experts in the discussions.

Number and type of participant	12	Include a diverse range of participants across all stages of consumer engagement.
Number and type of participant	13	Consider including stakeholders in engagement activities but ask them to comment from a personal perspective in order to profit from freedom of speech, while also benefitting from expert knowledge.
Level of input	14	Endeavour to inform participants of the level of commitment and responsibility required prior to engagement.
Undertake genuine engagement	15	Endeavour to undertake genuine engagement with consumers which should include support from top-level management and senior executives. I.e. Engagement should have a meaning and purpose and should not be considered a 'tick-box' exercise.
Undertake genuine engagement	16	Engagement processes should be tailored in such a way so as to ensure that the participant feels valued. Amongst other attributes, this should include keeping the participant informed, incorporating their feedback into decisions and eliminating bias.
Contact methods	17	Employ a range of methods when communicating with various participants.
Presenting information	18	Careful consideration of how information is presented to each type of participant should be made in advance of any engagement activity. This should include the use of plain English, ensuring material is relevant to the participant and ensuring information is accessible.
Timetabling	19	Consumer engagement processes, and their timings, should be tailored to individual organisational needs. NIE Networks should therefore design an engagement plan and timetable that is specific to their own requirements and deadlines.
Costs	20	NIE Networks should not underestimate the costs and resources required to undertake genuine, valued and meaningful engagement.
Outputs	21	NIE Networks should determine the desired outputs of consumer engagement in advance of the engagement activities. (I.e. a practical, policy or customer driven initiative). This early planning will enable NIE Networks to develop tailored and appropriate consumer engagement activities and mechanisms for delivery and to better understand the potential benefits of engagement from the outset.
Outputs	22	Upon completion of the consumer engagement period, NIE Networks should take the time to evaluate and review of engagement tools, mechanisms and activities. This evaluation may also take place at intervals throughout the engagement process. This should include an evaluation of any key outputs.

Final thoughts

Through completion of an in-depth literature review of existing best practice on the theme of consumer engagement, NIE Networks has the opportunity to develop a consumer engagement process that will suitably meet the needs of the organisation based on existing, tried and tested models. However, the review has highlighted that the existing methods utilised by NIE Networks, with particular reference to their RP6 planning, are not dissimilar from such existing examples.

Indeed, NIE Networks has invested time, funding and resource into a lengthy period of consumer engagement which has involved the use of both qualitative and quantitative tools to delve into consumer feedback. These tools have included a literature review, focus groups, workshops, depth interviews, quantitative surveys and surveying by use of handheld audience response devices. This level of engagement is on power with many of the comprehensive examples of best practice which have been included in this review.

With this in mind, the abovementioned recommendations have been provided while acknowledging that NIE Networks already endeavours to undertake many of these actions. These recommendations should therefore be considered for any future consumer engagement planning from the view that they could potentially enhance the existing engagement methodology, which can already be considered to be comprehensive.

In summary, the review of existing best practice has highlighted that the extent to which NIE Networks has already invested in consumer engagement, combined with their wide-ranging methodology and inclusion of varied participant types, is commendable.

The next step is to decide how consumer engagement should take place outside the framework of RP6 planning, whether this is on a specific project basis, a regular programme of consultation or a mix of both.

Final Consumer Input

perceptive
insight

1.9 Final consumer input

In line with prior commitments made as part of the original Phase 4 proposals, it was acknowledged that it would still be important to make contact with those who had participated in other phases of the research. As such, NIE Networks created a booklet containing feedback to customers and stakeholders which was subsequently distributed to those that participated in the research throughout Phases 1 and 3.   This booklet included:

▪   Details of how their views have been taken on board;
▪   What options are being proposed as part of NIE Networks' business plan; and
▪   How NIE Networks propose to engage with customers and stakeholders during RP6.

Following the dissemination of the booklets and questionnaires, Perceptive Insight made contact with those who had originally taken part in phase 1 or 3, in order to prompt them for further feedback on the business plan proposals. Indeed, all domestic customers, non-domestic customers and stakeholders who participated across phases 1 to 3 were re-contacted for comment. A total of five participants were willing to provide direct feedback on NIE Networks' 'The Way Forward' document. It is worth noting that all of the responses received were from stakeholders. Domestic and non-domestic customers, in general, said that they were content with the extent to which NIE Networks had sought and incorporated their views.

Non-domestic customer comments

Respondents reported that they were pleased with the outline of NIE Networks' investment plans for 2017-2024, acknowledging that many of the discussion points from their previous involvement in the research have indeed been included. For example, issues emphasised as being important to respondents included:

▪   The ability for vulnerable customers and households to receive guidance and help via telephone;
▪   The availability of a multi-channel approach to customer service provision; and
▪   Investing for the future (including reducing carbon emissions, investment in renewable energy and grid improvements).

However, additional feedback from the five respondents recognised that NIE Networks' still have a number of important decisions to make. In general, it was suggested that these decisions should be made based on the options that will:

▪   Have the greatest longevity;
▪   Affect the most amount of customers;
▪   Represent greatest value for money; and
▪   Provide maximum return on investment.

For others, 'The Way Forward' document raised more questions. For example, it appeared to generate further interest for some, with particular reference to how the timescale, costs for customers and the overall implementation process will be applied going forward.

With regard to the overall engagement process undertaken as part of NIE Networks' RP6 planning, one respondent was keen to express a view that the consumer engagement process

that has been implemented to date should be regarded as a 'paper exercise'; expressing the view that the general consumer does not have enough knowledge on the subject to make an informed decision. Indeed, the respondent expressed concern that the average customer may be more inclined to select the cheapest option available, which is not a view shared by the respondent who believes that NIE Networks should be making these important decisions themselves to ensure that there is sufficient investment for the future.

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