

**electricity**  
**north west**  
Bringing energy to your door



# Corporate Social Responsibility Report 2012



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**north west**  
Bringing energy to your door

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## Corporate Social Responsibility

Electricity North West defines Corporate Social Responsibility as ensuring our business is successful in the inclusion of social and environmental considerations into our operations.

This means satisfying our customers' demands whilst also managing the expectations of other people such as employees, suppliers and the community around us.

It means contributing positively to the North West region and managing our environmental impacts.

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## Looking forward

### The future of our industry

We expect that in 40 years' time the physical structure of the electricity network will be largely the same as today but there will be a number of significant changes as we move towards a sustainable network.

#### Key industry consideration factors:

Between 40% - 60% increase in electricity usage

Moving from a passive to an active network as more customers utilise equipment such as heat lamps and photovoltaic cells

#### Key company specific factors:

Change for DNO's (Distribution Network Operators) to manage significant data as management control of power flows are required in real time

More automation required to respond to customers increasing electricity needs

New commercial relationships with National Grid, small generators, customers and their agents

Lack of students studying STEM subjects, including at A-Level and beyond combined with an ageing workforce

More information about the future of our network can be found in our strategic direction statement.

### Industry challenges

With the predicted increase of electricity usage expected to double by 2050, we need to ensure that our network, people and communities are ready for the changes that will occur.

Another factor that will shape our future network is the switch to a low carbon economy. With government targets to reduce greenhouse gas emissions by 34% by 2020 and by at least 80% by 2050 (compared to 1990 levels).



## Our journey

### Going forward

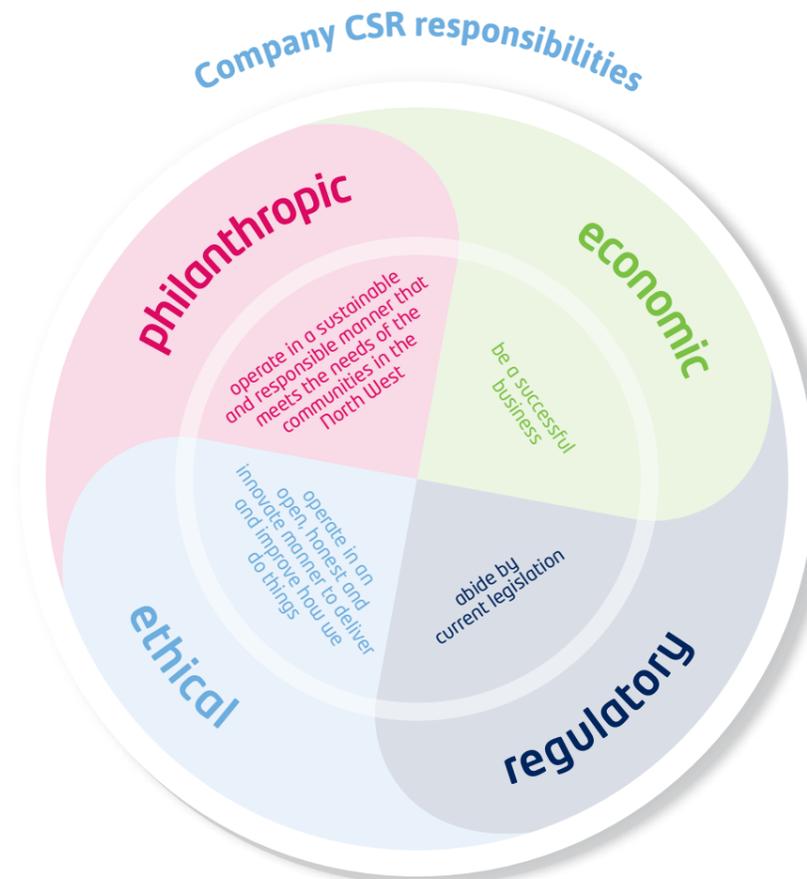
CSR has been an inherent part of the way we conduct our business and will continue to be going forward.

Our strategy has developed over the past two years and has helped us shape our future direction. We have now aligned our CSR strategy around four key areas:

- community
- workforce
- environment
- marketplace

These are the areas our stakeholders have told us matter to them and in which we can make a difference.

We have then built our future plans around this and have pledged to complete 100 commitments over the next 10 years.



## Stakeholder engagement

**We have identified the following groups for engagement. The identification of stakeholders builds on previous stakeholder mapping work.**

- Domestic customers
  - Bill payers
  - Young people (bill payers of tomorrow)
  - Employees
- Business customers /business groups
- Local government
  - Councils
  - Combined public bodies, e.g., Association of Greater Manchester Authorities (AGMA)
  - Local Enterprise Partnerships
- MPs
- Large North West employers
- Local environmental groups/charities
- Employees

### Engagement activities

Between January and April 2012 we undertook the following Stakeholder Engagement activities:

- Engaged consumer panel discussions
- Greater Manchester local government and business event (Museum Of Science & Industry)
- Qualitative elite stakeholder audit
- Engaged consumer questionnaire
- MP events and newsletters
- Employee Opinion Survey
- Executive Leadership Team internal road shows



Stakeholder engagement events in Stockport

## Stakeholder engagement

### What our stakeholders say

In 2011 we engaged with a wide range of our stakeholders, including MPs, local businesses and our engaged customer panel, in order to discover what issues are affecting them and what they think we should be doing from a CSR perspective.

Electricity North West believes that it is important to be a good neighbour and participate in the communities it serves. Do you agree?

What should Electricity North West be doing to form more constructive relationships with local communities?

We combined the feedback with what we know is happening in the North West region. As we are wholly based and operate in the North West, we recognise that we have an important part to play in the region.

Our stakeholders told us that they wanted to see more local based initiatives, focussing on education and training around electricity.

## Social and regional issues

Covering an area as diverse as the North West, there are many issues that are specific to urban areas such as Greater Manchester, and more rural areas such as Workington and Kendal. However, there are certain issues that are universal and affect all areas, and we've worked with our stakeholder groups to identify these.

Recurring issues raised included, educational support and business collaboration with schools, job opportunities for youths classified as NEETS (Not in Employment, Education or Training) and energy efficiency support.

Tackling these issues and working with our communities to provide solutions makes good business sense. We won't progress as a business without successful and innovative communities that provide the workforce of tomorrow. Our plans extend up to 2050 and therefore we need to include our future workforce and communities in these as the children of today are our customers of tomorrow.

### CSR key areas

Our CSR commitments are built around four key areas:



## Community

### Our challenge

Our business is only as strong as the communities in which we operate. It makes business sense for us to be an active partner within our communities, and we currently are. Community regeneration and our educational programme are just two of the ways we are helping to improve the North West.

### Community regeneration

With a workforce of over 1,600, all based in the North West, we know that we can make a big impact on our communities. That's why we allow our employees two days paid leave per year to volunteer in the community.

### Eden Valley Hospice, Carlisle

A team of 17 employees from across the business took part in the community project, transforming a rundown building at the hospice. This helped to improve the view from the nearby children's ward. This session was initiated from a local employee whose wife volunteers at the hospice.

### Electricity North West has provided funding for:

£500 to Sale Cricket Club to support its five senior teams and the Club's six junior teams

£500 to Youth Enterprise in Cumbria which develops and delivers enterprise and business programmes for young people

£1,000 sponsoring various employees participating in 10km runs and marathons



Eden Valley Hospice, Carlisle  
Corporate Volunteering Day



Holker Old Boys Under 7's  
and their Electricity North West  
sponsored kit

**Educational programme**

With an ageing workforce and a decrease in the number of students taking STEM subjects at GCSE and A-Level, there is a potential issue for our future workforce.

In order to combat this, we have taken a holistic approach to our educational programme, looking at supporting the national curriculum from the age of 8 to 16 with our Bright Sparks scheme and with nationally recognised STEMNET ambassadors, employees who go into school to help encourage and bring science, technology, engineering and maths alive with real world experience.

We also have an accredited Apprenticeship and Graduate scheme which caters for young people as they finish school and university, providing much needed employment opportunities in the North West.

We also got involved with a school in Sale, Manchester in their science week, providing an afternoon workshop covering the history of electricity, how circuits work, conductors and insulators and how Electricity North West delivers energy to homes businesses and schools, now and in the future.

Over the coming months we will look to develop our programmes and continue to expand upon them.



Electricity North West Graduate assisting at a school STEM club



Bright Sparks session in progress



**Priority customer list**

We recognise that certain customers will require additional support at different points in their lives. Therefore we have created a 'priority list' which people can elect to join to meet their specific needs. This allows us to contact people proactively if there is planned maintenance occurring.

**Additional support**

We have also managed to provide our communities with different types of additional support. For example this year we donated 150 wooden poles to a primary school in Kendal to assist them with the construction of an Olympic garden.



Edison meets students at a North West school



## Bright Sparks

### Goal

To inspire and excite the next generation of science students.

### Challenge

Recent reports have shown that students taking science, technology, engineering or maths (STEM) subjects at undergraduate level are considerably decreasing. This poses a challenge to us as a business as we need a qualified and capable workforce that can meet the future requirements of our organisation and the region.

### Business case

With a drop in STEM subjects studied at undergraduate level, we need to combat this to ensure that we have a future workforce capable of meeting the demands of future energy usage. To help change this situation, it is important we help the educational process where we can and we have identified that addressing the root cause of this issue means intervening at an earlier stage to help promote and encourage the enjoyment of STEM subjects.

### Action

Bright Sparks is an innovative and enjoyable one day session that takes place in schools for children aged 8-11. The day covers topics such as circuits, electricity and safety and conforms to the national curriculum for Key Stage 2 students.



## Target

Our target for 2012/13 is to reach 3,000 children in the North West.

## Our challenge

As the electricity industry evolves, so to must our workforce. We have been successfully communicating with our employees about transforming our business, and whilst we have achieved a number of successes, we still have work to do to achieve our vision of becoming the 'leading energy delivery business'.

## Investing in our people

As an integral part of the North West infrastructure and as a responsible company, we have plans in place looking at the future of our network up until 2050. Whilst it is important to look at how the network will evolve over the next 40 years, we also have to ensure that our workforce is equally prepared for the future.

That is why we are investing in a new training centre based at our Whitebirk depot in Blackburn.

The new centre will house workshops, classrooms, breakout rooms and includes 5 acres of outdoor training facilities. This will allow us to centralise our training facilities which are currently spread over a number of locations.

We will also look to minimise the carbon footprint of the building by using heat pump technologies and will explore the use of Solar Thermal Panels and Solar Photo Voltaic (PV) arrays.

## Employee Volunteer of the Month

Our Employee Volunteer of the Month scheme is awarded every month to an employee who has undertaken charitable activities in their own time.

This type of scheme allows us to support causes that are close to our people's heart, but which may not align with our CSR strategy.



Steve Johnson, CEO, and the new intake of apprentice's

### Wear It Pink Day 2011



### Payroll giving

The company has a payroll giving system in place whereby individuals can allocate part of their income directly to a charity or group of charities. This encourages and facilitates regular donations by employees.

### Employee Opinion Survey

We conduct an annual employee opinion survey which is independently conducted, allowing for complete honesty and transparency. Our participation rates demonstrate that employees are engaging in the dialogue and we action plan changes to be made out of the feedback we receive. We then provide updates on the progress of these changes through our weekly news bulletins, monthly team briefing sessions and bi-monthly internal magazine NewsWire. This ensures that employees are updated through various methods to ensure they understand the importance we place on their feedback.

### Equality & Diversity

Over the past six months, we have established the Equality and Diversity Steering group which has 17 employee representatives from different areas and roles within the organisation. As a group they have been working on the Equality and Diversity Action Plan which was finalised in September. They have also revised and are in the process of re-communicating the Equality and Diversity Policy. They have ensured that the new policy takes into account changes in legislation and includes a commitment to our customers along with our employees.

A significant amount of effort has been concentrated on looking at recruitment. We have completed an Equality Impact Assessment on the main website and careers portal. Implementing changes is vital to make sure that both sites are accessible and conform within minimum Web Content Accessibility Guidelines (WCAG). We have been working hard to establish links with community organisations and schools to raise brand awareness and the opportunities available at Electricity North West. This has been done through attending careers fairs, speed dating activities and delivering presentations.

In conjunction with our next apprentice recruitment campaign we will be running a bespoke programme for Youth Action and their members, our Community Partner based in Blackburn, and we aspire to further our positive action initiatives by hosting taster days for currently under-represented groups (via organisations such as the girl guides and by targeting specific schools).

We have also built strong relationships with organisations such as Avanta and Shaw Trust to establish how we can use their services to recruit a more diverse workforce. We are developing a Recruitment and Selection Training course for managers and have included Equality and Diversity on all development programme briefings to ensure that our employees are embedding diversity and inclusion principles into the recruitment process.

We have also delivered Equality and Diversity training to all new recruits on our development programmes to make sure that our new employees are aware of our approach and commitment to equality and diversity.





### Corporate Charity

#### Our challenge

Employee feedback suggested that the company nominate a corporate charity in order for us to provide long-term and sustainable support.

#### Business case

This appealed to the business as it meant we could provide more meaningful, focussed support to one charity rather than limited support to various charities through-out the year.

Also, it meant we could utilise our work force more effectively and provide more than just financial support, assisting in other areas to make a bigger impact in our communities.

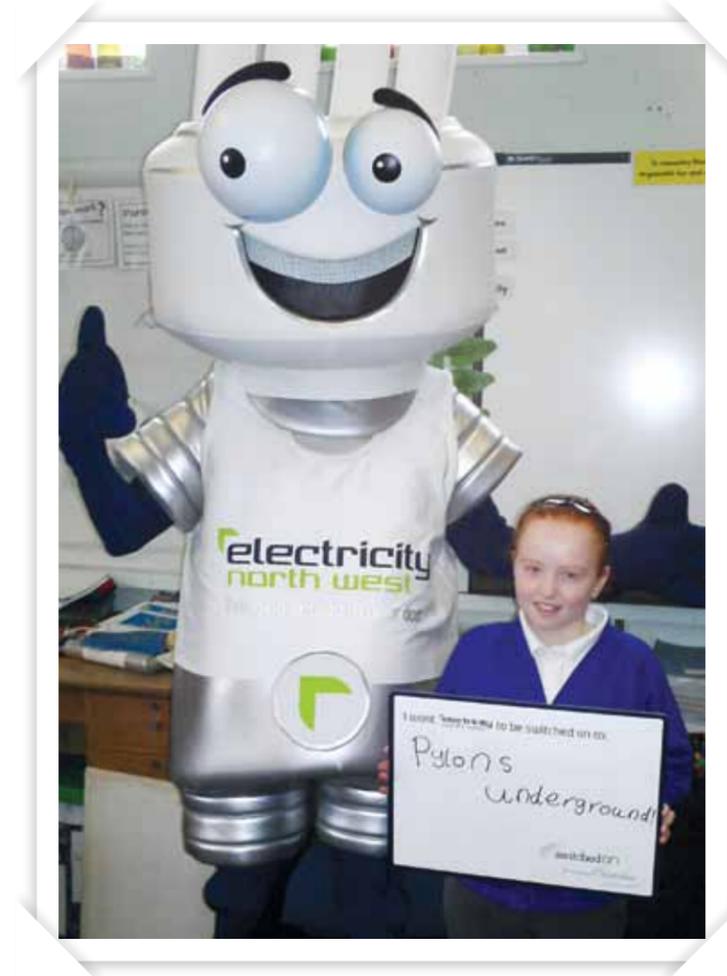
#### Actions

We engaged with our employees at the very outset of the process, asking them to choose the charity through offering selections and volunteering to be part of the Selection Committee.

This process helped ensure that the charity selected would receive the backing of the company, and would help ensure that the support provided would be from all levels of the business.



*Result*  
 We will announce our corporate charity before the end of 2012. We will work with them to scope out the relationship and the support that they require and that we can provide.



#### Our challenge

Reducing our impact on the environment is key as we move towards a low carbon economy. This move will include an increase in the amount of electricity used and we know that we have a big part in facilitating this transition.

#### Visual impact

We are also fully aware of the visual impact of our work. That is why we have allocated £35million to putting overhead cables underground. We work with key stakeholders to understand their priorities and work with them in choosing where this money is best spent.

**Fleet**

Our fleet is an integral part of our business as it enables us to travel around the North West. From urban centres, to remote farms our people rely on our fleet to get them to where they need to go.

With over 800 vehicles in total, we need to ensure they are as efficient as possible so that we are getting the most out of them.

- Fitting trackers to our fleet to ensure better route planning for our engineers
- Rev limiters in over 300 vehicles to reduce fuel usage which cuts our emissions
- Replacing older 4x4s with Toyota models, the most environmentally friendly currently on the market
- Introducing electric hybrid vehicles to the fleet, with a target of 5% conversion by 2023

**CORD (Central Oil Reprocessing Depot) is responsible for the treatment of used insulating oil, recovered from electrical distribution equipment enabling it to be re-used.**

The activities currently undertaken by CORD include: -

- Processing of used oil from maintenance activity, currently supplying Electricity North West Maintenance Operations with an average of 1 million litres of reclaimed insulation oil per year.
- Transport of reconditioned insulation oil and service aged (dirty) oil to and from depots and distribution substation sites in a controlled manner ensuring compliance with all relevant transport custom and excise and environmental legislation.
- An in-house service for the testing and analysis of oil samples.
- An emergency out of hour's service for the collection/delivery of oil, and oil analysis, in the event of major equipment faults.

Since its establishment in the late 80s the department has provided over 32.6 million litres of reclaimed insulation oil to the business.

**Environmental benefits**

CORD is contributing towards the Environmental Policy by providing a 100% target for reuse of insulation oil within the company.

The facility at CORD reduces our potential external oil purchases by an average of 950,000 litres per year helping to conserve crude oil but also reduces our oil going to waste by the same amount.

**Safety in theory and practise**

In 2011 we launched our Behavioural Safety Programme, an internationally respected method of assessment, which empowers operational teams with the skills to positively influence health and safety culture and reduce the risk of accidents.

To ensure that everyone could take part, we divided the programme into three modules which then fed into our leadership and development programme.

The feedback we've received has been positive and we commit to continue with our drive towards Health and safety excellence.



CORD plant in Blackburn

**Capacity to Customers**

Electricity North West has been granted around £10million from Ofgem's Low Carbon Network (LCN) Fund to develop its ground-breaking Capacity to Customers (C2C) initiative which aims to:

- Release previously untapped emergency network capacity for everyday use
- Enable customers to make savings by changing the way they use electricity
- Prevent huge infrastructure improvement costs being passed on to customers
- Deliver vital benefits to the region and to the whole of the UK

**How does it work?**

The electricity network is designed to keep the lights on when things go wrong and allow us to re-route power around network faults. This means that for most of the time, we only use half of our total capacity with half reserved for emergency use.

By reconfiguring the network and working smarter, we can release this extra emergency capacity to be used in your homes and businesses every day.

**Reconfiguring the network**

Our high voltage networks are often interconnected by a 'normal open point' (NOP) which is only used in the event of a network fault or planned outage. Nearly half of our circuits do not suffer faults and one third only experience faults lasting 1 - 2 hours once every five years. Closing the NOP allows all customers affected by a fault or outage to be re-supplied from the alternative circuit. By redesigning the network to allow the NOP to be run closed, we can join the two circuits and release their full capacity.

If we compare an electricity circuit to a motorway – closing the NOP is like opening up the hard shoulder – meaning we have two extra lanes allowing more traffic to use the motorway. Instead of an expensive and disruptive programme of work installing more cables and substations, we could use our emergency 'hard shoulder' and meet the electricity demands of the future.

**Safety at every level**

Our CEO and Head of Health and Safety make regular field inspections so that real life working conditions can inform and shape business decisions. It also demonstrates to our workforce the importance that is placed on safety at every level of the organisation.



## Electric cars

### Goal

To reduce our carbon footprint and the amount of waste produced by our business.

### Challenge

With an operation that spans the North West, a majority of our workforce is mobile and uses company vans and vehicles in order to maintain infrastructure.

Therefore, one of our biggest impacts on climate change is the emissions from our vehicles. As an innovative and visionary player in the industry, we believe we can reduce our impact on climate change whilst demonstrating leadership in the trial and roll out of electric vehicles.

### Business case

The constant development and innovation in the electric car field demonstrates the importance that these vehicles will play in the future. It is therefore important that we are prepared for these changes which are likely to happen in the next 5 – 10 years.

This also makes good business sense. Cutting fuel costs is hugely beneficial to us, as we currently buy 1.6million litres of fuel per annum.

### Actions

We have therefore committed to converting 5% of our current fleet (approximately 800 vehicles ranging from pool cars to 50 tonne tractor units) to electric hybrid by 2023. This represents a substantial commitment on our behalf and shows the importance we place on innovation and development of this future technology.

We also worked closely with Manchester City Council and backed their successful bid 'Plugged in Places' which will provide charging points at locations across Manchester to encourage the use of electric hybrid vehicles.

## Result

We have recently trialled two electric hybrid cars and taken delivery of a Toyota Prius Hybrid and will install a charging point at our depot in Frederick Road in Salford. We will monitor results of these vehicles and developments in the market and continue to expand this new part of our fleet.



## Our challenge

Providing electricity to a region as diverse as the North West is a challenge, but we manage it with a 99.99% reliability rate. This doesn't make us complacent, instead we are always looking to improve on this and enhance the service that we provide to our customers.

We look at how we can increase performance in all areas of our business, including customer service, asset replacement and the performance of equipment. All of these add up to helping us provide the best service we can.

## Network reliability

We have an asset replacement scheme which is designed to replace assets at the end of their life with modern equivalents. This scheme monitors assets and aims to replace them before they cease to function.

We also routinely inspect and maintain assets to ensure they remain safe and continue to provide a high level of service. The total cost of this maintenance and inspection between 2010 and 2015 will be £110million which demonstrates our commitment to this important work.

## Collaboration

In order to support and develop both the energy market and our CSR activities, our senior leaders are active in various associations:

### Energy Networks Association

Steve Johnson, CEO, was appointed chairman of the Energy Networks Association (ENA), the industry body for UK companies that carry electricity and gas to homes and businesses.

As chair of the ENA he plays a key role in representing the energy networks industry with ministers, politicians and regulators during an important period in the development and implementation of the Government's energy policy



**BITC North West Advisory Board**

Steve Johnson also accepted a position on the BITC North West Advisory Board in order to help shape and develop the priorities of BITC in the North West.

**Energy & Utility (EU) skills Group**

We are a member of the EU skills Group, which consists of EU Skills, the licensed Sector Skills Council (SSC) for the gas, power, waste management and water industries and the National Skills Academy for Power (the Skills Academy).

The National Skills Academy for Power has been created by Energy & Utility Skills (EU Skills) and employers in the power sector to address the skills challenge for the energy marketplace. As well as delivering the skills required to address the Government's energy challenge and support a low-carbon resource-efficient economy, the National Skills Academy for Power will raise the profile of the sector and be recognised as a key factor in maintaining the security of the UK power supply.

**Climate Change North West**

The Climate Change North West Partnership is a group of organisations that work together to enhance the delivery of a shared vision of a low carbon and adapting region.

**Cumbria and Greater Manchester STEM centres**

In order to address the well documented shortage in students studying Science, Technology, Engineering and Maths (STEM) subjects, we have partnered with Greater Manchester and Cumbria STEM centres in order to inspire and excite the next generation in these subjects.

These organisations collaborate with schools and business in order to provide students in the North West with the opportunities and access to STEM subjects and the careers these could lead to.



**Devon Mill**

**Goal**

To partner and work with key groups to make a difference for the community we operate in.

**Challenge**

Energy efficiency and reduction is a key part of the government's plan to reduce our greenhouse gas emissions by 2050.

Part of this effort will be producing electricity through greener, more sustainable methods.

Devon Mill, a five-storey listed Victorian mill based in Oldham is owned by Baum Trading, who were looking to create a regional demonstration centre of the usage and maintenance of 144kW solar panels.

**Business case**

Moving from a passive to an active distribution network is one of the key challenges we face as a company. As more and more people utilise solar panels, our infrastructure needs to be able to adapt to this change.

This type of project allows us to monitor these adaptations to the network and monitor the effect these changes will have on the network, preparing us for the future requirements of our customers.



*Result*  
 The 610 solar panels used at the mill are the equivalent of 30 typical household systems. They'll produce enough power to generate 110MWh of electricity per year and will save 65 tonnes of CO2 per year.  
 This scheme will provide us with significant data in order for us to forecast future requirements as we change to a low carbon economy.

2012/2013 commitments



**Community**

Commitment	Target	When by?
To support an employee nominated Corporate Charity	£2,000 through employee donations	December 2013
Set up a CSR Forum group to help steer and develop our strategy	Six meetings per annum	September 2013
To take part in safety awareness sessions throughout the North West	Four sessions	November 2013
Educate our customers about what we do and the importance of the work we carry out		2015
Work with key stakeholders to minimise any disruption our work causes	100 sessions delivered	July 2014
To work with businesses to understand and prepare for the future changes to electricity	50 sessions delivered	July 2014
To provide 10,000 hours of employee support over the next 7 years	10,000 hours	May 2019

2012/2013 commitments



**Workplace**

Commitment	Target	When by?
To invest in our new training facility	Training Centre open	August 2013
Engage with at least 85% of our people in the annual Employee Opinion survey	Minimum 85% response rate	September 2013
Measure the number of 1:1s and team briefs delivered across the business to ensure communication is occurring as required	Metrics to be decided	March 2013
Introduce a diversity forum	Meet six times per annum	December 2013
Actions to improve driving standards and reduce road Traffic accidents	Reduction of road traffic accidents	Ongoing
Provide customer service training to all employees once every two years	All employees to attend the customer training session	December 2013
Produce an annual CSR report detailing our CSR progress	Annual report	November annually
Integrate CSR metrics into monthly reporting to ensure company wide accountability	Include CSR scorecard at monthly Executive Leadership meeting	December 2013

## 2012/2013 commitments

### Marketplace



Commitment	Target	When by?
Maintain ISO14001 accreditation for Environmental management	Maintain	Ongoing
Maintain our OHSAS18001 accreditation for Health & Safety management	Maintain	Ongoing
Maintain our IET accreditation for our Graduate programme	Maintain	Ongoing
Maintain our PAS55 accreditation	Maintain	Ongoing

### Environment



Commitment	Target	When by?
Develop safety educational content for our public website and Learn website	2,000 page views	December 2013
Introduce car charging points at key locations for future technological developments	Car charging points in 2 locations	December 2014
To continue our undergrounding of overhead cables	£7million investment	December 2015
Convert 5% of the fleet to electric hybrid vehicles	5% of fleet	December 2023

## About this report

This report details the performance and achievement of our CSR activities. It covers the areas we have identified as most material to our business where we have operational control.

Our report covers our activities from September 2011 to August 2012 and unless stated otherwise, figures in this report relate to our operating year running from April 2011 to March 2012.

We produce our CSR report annually; our last report was published in September 2011, and is available on our website.

Looking forward, our aspiration is to continue to publish our CSR report annually in November.

In reporting our performance, we are guided by the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines. For information relating to the Guidelines, please visit the GRI index. This report is produced for our key stakeholders as detailed in Stakeholder Engagement (page four of this report).

### Risk Management

Electricity North West has in place a Risk Management Framework for identifying, assessing and prioritising risks that may threaten the achievement of business objectives, implementing economical strategies to manage them and designing and implementing action plans to supplement those strategies.

In order to assess and prioritise our CSR activities, we have recently instigated a CSR governance structure to ensure proper alignment between business and CSR goals.

### Assurance

Our current operating structure and engagement with stakeholders, supports our commitment to full disclosure and reporting. We do not currently seek external assurance for our CSR reporting, however we are looking to participate in the Business in the Community's Corporate Responsibility Index, and this, coupled with our robust independent certification and stakeholder engagement programmes provides an added authority and significance to our CSR programmes and reporting.





