

# Stakeholder Engagement in Heat Networks

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A guide for project managers



## PUBLICATION



The Carbon Trust prepared this guide based on an impartial analysis of primary and secondary sources, drawing on the knowledge and expertise of our heat network stakeholder engagement experts. The Carbon Trust is an organisation of independent experts with the mission to accelerate the move to a sustainable, low carbon economy. We operate globally from London, Cardiff, Edinburgh, Washington DC, Beijing, Delhi, Johannesburg, Rio de Janeiro, and Mexico City.



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# List of Abbreviations

**DNOs:** Gas and electricity network operators

**DPD:** Detailed Project Development

**ESCo:** Energy Service Company

**FBC:** Full Business Case

**HMMP:** Heat Mapping and Masterplanning

**HNDU:** Heat Networks Delivery Unit

**HNIP:** Heat Networks Investment Project

**KPI:** Key Performance Indicator

**M&E:** Measurement and Evaluation

**NCCMT:** National Collaborating centre for Methods and Tools

**OBC:** Outline Business Case

**O&M Providers:** Operations and Maintenance Providers

**RFI:** Request for Information

**SHEAP:** Shetlands Heat Energy and Power Ltd

**USP:** Unique Selling Point

# How to Use This Guide

This guide is intended for anyone involved in heat network development, but has primarily been written with local authority project managers and project sponsors in mind. Many of the considerations and processes described are universal to heat network development so will be equally valid to public or private-sector project sponsors. It can also offer valuable insights to stakeholders who are not project sponsors as it sheds light on the process in which they are engaged.

This guide can be approached as a series of connected mini-guides to different aspects of stakeholder engagement or stages in the project development process, but project managers and sponsors would benefit from reading the entire guide in order to understand the overall process and how the different elements of stakeholder engagement fit together.

Chapter 1: Stakeholder Engagement Methodology	This chapter sets out a clear and structured methodology for stakeholder engagement. This approach will allow you to plan and deliver engagement effectively, and should underpin all your stakeholder engagement activities.
Chapter 2: Governance & Vision	This chapter deals with good governance, what it looks like, how it can make your stakeholder engagement more effective, and the importance of vision-setting and collaboration.
Chapter 3: Stakeholder Journeys	This chapter contains an infographic showing you the journey that each of the main stakeholder groups will undertake, and how they progress from one stage to the next along the way.
Chapter 4: Data Collection	This chapter deals with data collection, offering advice on how to improve response rates to requests for information to help make the findings of technical investigations more robust.
Chapters 5 –10: Heat Network Development Stages	These chapters cover stakeholder engagement at each of the stages of heat network development, from Heat Mapping and Energy Masterplanning all the way through to Operation. You can go straight to the relevant chapter for your stage of project development as each stage chapter contains links back to relevant information in previous chapters.
Appendix 1: Engagement Channels	This Appendix gives a comprehensive overview of all the communications channels you might wish to use when carrying out stakeholder engagement. It offers guidance on how and when each channel should be used.
Appendix 2: Stakeholder Engagement Procurement Specification	This Appendix provides procurement guidance and a template specification, should you need to bring in capacity or expertise to support your own team. The guidance covers both stakeholder engagement support procured as part of other packages of work (e.g. techno-economic feasibility) and stand-alone stakeholder engagement support and interventions.
Appendix 3: A step-by-step guide to stakeholder maps and prioritisation grids	This Appendix provides a step-by-step guide to how to create a stakeholder map and prioritisation grid.

# Introduction

Heat networks have the potential to save carbon, save money, generate revenue, reduce fuel poverty and support economic development. The heat networks market in the UK has changed beyond recognition in recent years. There are new market entrants, new products and services, new support mechanisms and, of course, many, many new projects. This development of the market has been the catalyst for a number of significant improvements, but challenges remain. Robust stakeholder engagement is one of the biggest issues left to tackle if we are to see more and better networks being built in the UK.

Stakeholder engagement is a thread that must run throughout the development of every heat network project, as well as its operation. When done well it can make the difference between requests for resources being refused or accepted, customers signing up or walking away, and investors backing the project or looking elsewhere. Poor stakeholder engagement is likely to lead to unnecessary project risk, increased cost, the narrowing of options and can, ultimately, lead to project failure.

In spite of its critical importance, the process of stakeholder engagement is often not approached with the same rigour applied to the technical, financial or legal aspects of heat network development. There are specific skills that underpin stakeholder engagement, such as active listening, empathy, authenticity, analytical skills and interpretation. You need to ensure that your project team have those skills, and if not that they can find them elsewhere in the organisation or procure them externally.

Stakeholder engagement is something that will inevitably be part of your project, whether or not it is labelled as such or treated as a distinct stream of activity. Approaching stakeholder engagement through a systematic framework, such as that set out in this guide, enables you to ensure that the right type of engagement happens at the right time, increasing your chance of developing a successful project.

Stakeholder engagement is more than what is traditionally thought of as Communications. It is a two-way process through which you listen to and take on-board your stakeholders' views and integrate them in your project. This integration is absolutely fundamental to good engagement. It is not about selling a project or a service; stakeholder engagement means collaborating with your stakeholders and understanding their perspectives, enabling you to develop a tailored project that meets your stakeholder needs and has greater chance of success.

Stakeholder engagement is an **ongoing activity** throughout the project lifecycle. If you have already started developing a heat network project then it is likely you will already have started some form of stakeholder engagement. Whatever stage you have reached, the advice in this guide is still relevant. Improving or revising stakeholder engagement at any point in the project lifecycle can reduce risk and improve your outcomes.

Whilst recognising that a guidance document can never be a substitute for experience and expertise, this guide aims to give the reader a better understanding of why stakeholder engagement is so crucial, who they need to engage, when they need to engage them, what they need to do and how they should do it. Good stakeholder engagement relies on good judgement as no two situations are ever truly identical, but the contents of this guide will enable you to take better and more informed decisions.

# 1: Stakeholder Engagement Methodology

This chapter introduces a practical approach to guide your stakeholder engagement activity. It sets out how to get the best results from your engagement and introduces some practical tools and processes to support you. If you don't have time to read this chapter in full then the heat network development stage chapters contain links back to relevant sections.

Using a structured approach will give your stakeholder engagement activities the best chance of success. There are a number of approaches to stakeholder engagement. Building on those, the Carbon Trust has developed a simple five-step approach for stakeholder engagement in heat networks.

Remember that **every step in this approach is iterative**. You will need to revisit each activity to revise and develop it over the course of your project. See the steps below for more detail.



Figure 1 - Carbon Trust Stakeholder Engagement Approach

## STEP ONE: IDENTIFICATION

The first step is to identify your internal and external stakeholders. This could be anyone who has an interest in or could be affected by your project. They may play a direct or indirect role. Think as broadly as possible at this stage; you will prioritise your list later in step 3.

Don't do this exercise alone. A stakeholder list is only as good as its creators' input, so it's important to work with other people to get the list right. One of the best ways to identify all of the relevant stakeholders is to identify key internal colleagues (e.g. finance, planning, economic development and regeneration, housing, energy and environment) and get them involved. You might not know all of those key internal stakeholders when you start – use anyone you do know to help identify other relevant colleagues and grow your list from there. Once you have identified all those you think are relevant, ask them to attend a workshop to brainstorm an extensive stakeholder list.

Using the 13 roles from the HNDU DPD guidance<sup>1</sup>, listed in the pop out box, is a good way to make sure all categories are covered.

### Stakeholder Categories

- |                            |                             |
|----------------------------|-----------------------------|
| 1. Promotion               |                             |
| 2. Customer                | 8. Land Ownership           |
| 3. Governance              | 9. Landlordship             |
| 4. Regulation              | 10. Installation            |
| 5. Funding                 | 11. Operation               |
| 6. Asset Ownership         | 12. Sale of heat            |
| 7. Development of Property | 13. Supplier of last resort |

<sup>1</sup> BEIS. [2016]. Detailed Project Development Guidance Documents. Page 11



## Understanding barriers and motivators

One of the most important things to understand from every stakeholder, whether internal or external, is their motivators for and barriers to engagement with the project. **This information can be used to inform how you engage with them and the types of messages that you use.** Throughout the project development process that understanding will enable you to make sure the project is compelling, appealing to their interests and addressing their concerns. This applies equally to an internal colleague you need to sign off a study output, a customer you want to sign up to the network, or any other individual from whom you need time or information. Assumptions are useful to help you develop a working hypothesis and open the conversation, but should be replaced with real information once engagement has begun.

## Working with advocates and opponents

Understanding an influential stakeholder's attitude to the project is crucial (e.g. Supporter, Opponent, Observer or Unknown).

**Identify your advocates.** Advocates can take different forms. They might be an internal colleague who provides support for the project and encourages others to offer their assistance, or an anchor load customer who makes an early commitment to connect and convinces others that the project is viable.

**Dedicate time to non-supporting stakeholders.** Engage with them on a one-to-one basis, addressing their concerns, before engaging with them in a group setting where their views could influence the discussion. Remember to keep an open mind when talking to these stakeholders; they may have spotted legitimate concerns that you can then address to improve the project.



COLLABORATE & ENGAGE

## STEP THREE: PRIORITISATION

The next step is to prioritise stakeholders to ensure that your resources are targeted as effectively as possible. It is also part of the process of managing your stakeholders, as the level and type of engagement you have with them will help set their own expectations of their role within the project.

You should use your identification list and stakeholder map as the starting point for the prioritisation exercise. If the prioritisation generates new stakeholders then remember to **include them in your list and map**.

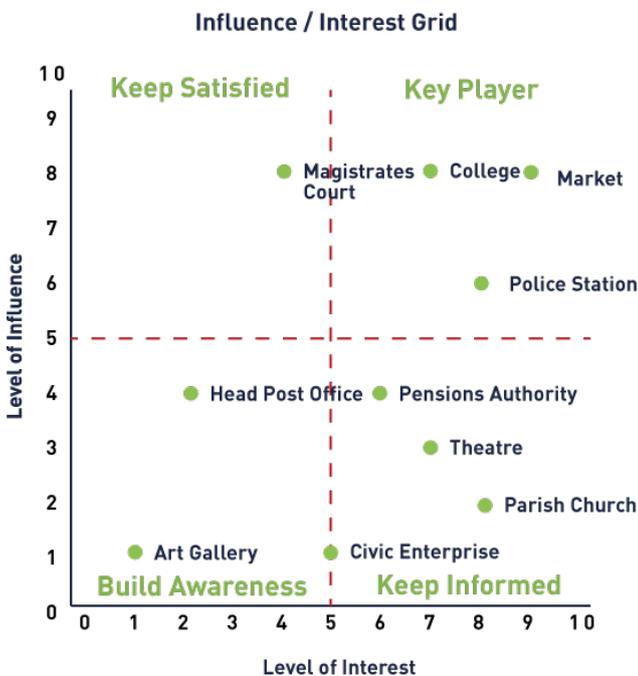


Figure 3 - Sample Prioritisation Grid

### Warning

Remember that your prioritisation of a stakeholder may not match their own view. A common mistake in this exercise is miscalculating how someone perceives their own role in or importance to a project. The fact that you think someone is not critical and only needs to be kept informed doesn't mean that they'd agree. This isn't only true of peripheral groups; anchor loads can be pigeon-holed as heat customers where they might be interested in taking a much more active role, perhaps as an investor or a heat network operator.

The most commonly-used stakeholder prioritisation tool is an interest-influence grid. Use your collective knowledge of identified stakeholders and the project to determine their position on the grid; the easiest way to prioritise stakeholders is in a workshop, using a prioritisation grid. Remember stakeholder interest in the project could come from a negative or positive perspective.

### Stakeholders are normally grouped into the following categories:

**Key Players:** This group has both significant interest and influence (e.g. an anchor load customer), making their support critical to the project's success. It is essential that they understand and have the opportunity to input to the project.

**Keep Satisfied:** These stakeholders may have little interest in the project but may nevertheless carry influence (e.g. a director responsible for a regeneration area and not considering energy infrastructure as a high priority for that area) or have access to information or data that could strengthen the project. You need to keep them engaged and seek their views.

**Keep Informed:** These stakeholders may have significant interest in the outcome of the project but do not have a direct role (e.g. local interest groups who do not have significant influence). A common misconception is that engagement with these stakeholders can be managed through generic, one-way communication. Whilst they are not the group to concentrate your efforts, they do require attention. Their influence could change over time, and you may want to move some of those individuals to a more involved position to benefit from their support.

**Build Awareness:** Whilst these stakeholders are not the most crucial group, they should not be forgotten. You may find unexpected supporters in that group and their status may change as the project progresses. For example, a local building owner may decide to undertake a large building extension as the Outline Business Case for the project is being developed, making them a new potential anchor load that improves the economic case for the project.

## STEP FOUR: PLANNING

The next step is to use all of the information from the previous stages to develop a stakeholder engagement plan, including identifying engagement objectives, choosing communication channels, developing key messages and allocating resources over a defined timeline. This plan should be an integral part of your overall project management activity. Make sure the plan is realistic; stakeholder engagement involves human interaction, which can be unpredictable and time-consuming. The plan needs to be adequately resourced and activities prioritised to ensure outcomes are delivered cost-effectively.

### Developing key messages

Think about what message is right for each stage of project development – your key messages will evolve with the project. Focus on the desired outcomes at each stage, for example if you need to collect consumption data then your messages may be different from those you'd use whilst negotiating Heads of Terms. Remember that the best person to tell you what message will work best is the stakeholder themselves; listen to their concerns and what motivates them and tailor your messages accordingly.

In developing messages, it is worth considering the following questions:

- Will your audience want to be seen to demonstrate innovation or do they want to connect with a proven technology?
- Will your audience take a short term view and focus on immediate gains (e.g. to bottom line) or will they respond better to a longer term view (e.g. long term sustainability objectives)?
- Will your audience be attracted by the shared community aspect of heat networks or prefer to understand that they will retain control over their own heating system?
- Will your audience respond better to the project being marketed as a local, grass roots project which is being developed for local people, or are they more attracted by the fact that this is part of a national agenda?
- Will your audience respond well to the active promotion of district energy through a visible statement (e.g. with an energy centre that stands out) or a scheme which is marketed as an unseen piece of reliable infrastructure?

Remember to think about who is best placed to deliver your key messages. Using 'third-party advocates' – individuals who are already known to and trusted by your target audience – is often more effective than a message delivered by the Project Sponsor.

## Avoiding stakeholder fatigue and loss of momentum

Use your plan to ensure communication is regular, always has a clear purpose, and that long gaps in communication (e.g. while technical feasibility work is being completed) are explained or evened-out. An effective plan also helps avoid stakeholder fatigue, due to over-frequent communication and demands, or loss of momentum, due to long periods of silence. A coherent plan will set out the nature, level and likely timing of engagement you will need from each stakeholder. This will enable you to communicate these points to your stakeholder and get their feedback on whether the proposed activities and timescales work for them.

You might find that your colleagues are already engaging with the people that you want to engage with. This is particularly likely to be true for regeneration areas or enterprise zones. Try to align existing engagement activities in your plan and make use of existing groups and meetings.

## Using stakeholder engagement tools

There are many different tools that you could use to underpin your stakeholder engagement activities, from a simple spreadsheet through to bespoke software. There is no one-size-fits-all approach so you should choose a tool that suits your project and working style. There are dedicated Stakeholder Management tools available that can be used to bring all of this information together, including the Carbon Trust Heat Network Stakeholder Engagement Tool, templates from organisations such as the National Collaborating Centre for Methods and Tools (NCCMT), and software providers such as Darzin and Borealis.

## STEP FIVE: ENGAGEMENT

Remember that a stakeholder engagement plan will need updating as you find out more about both your stakeholders and your project. These updates should happen if significant stakeholder feedback impacts on the plan, and at project milestones, e.g. start of feasibility, during project options shortlisting. The plan gives the process a structure and allows information to be captured and understood more effectively.

Feedback is absolutely critical once you start engaging with people. Make sure that they have the opportunity to give their perspective in every interaction. Listen to what they're telling you, particularly on their barriers and motivators, and feed that back into your stakeholder engagement plan, including the map and prioritisation grid. Revise the assumptions in your initial plan and be prepared to adapt it and, where necessary, the project accordingly.

Use feedback to tailor project messages to appeal to your stakeholders' interests. Remember that this isn't likely to be an existing priority for most stakeholders, so you need to appeal their core concerns to convince them to commit time or resources.

### Who should engage with your stakeholders?

Remember to think carefully about who to use to engage important stakeholders. Many stakeholders will be engaged more effectively by someone they already know and respect. Think about how much influence an individual may or may not have with a stakeholder, whether they are able to clearly communicate the key messages, and make your decision accordingly. For example, you may find an existing relationship with a colleague is a way of starting dialogue with a hard-to-reach stakeholder. You might also find that your technical consultant is the right person to engage an energy manager to discuss a technical question.

If an external consultant is leading on stakeholder engagement, bear in mind the risk to the project if they "own" key stakeholder relationships; these could be lost in the event of a change of consultant. This can be avoided through keeping a record of all engagement and someone from the project promoter team attending key stakeholder meetings.

## Introducing heat networks

You may be introducing people to heat networks for the first time, but misconceptions about heat networks are fairly common, so always start from first principles. Explain what a heat network is, how it could benefit them, and the role it could play in delivering on their local priorities. Use examples from elsewhere to illustrate a variety of benefits.

**Ensure all team members capture information in a clear and structured format. The outcomes of your stakeholder engagement should help shape the overall project direction and underpin key decisions throughout the project development.**



## Developing an elevator pitch

Firstly, remember that the purpose of the elevator pitch is not to sell your project – an elevator pitch is a 20-30 second prepared speech to spark interest in your project and enable a more meaningful conversation.

1. Think about your goal at this point in time and craft your elevator pitch around that
2. Think about your Unique Selling Point (USP) - what is different about your project? Think about a USP that is engaging and will make people want to know more.
3. Work a question in at the end to start the conversation in the right way.
4. Remember that an elevator pitch should only be 20-30 seconds long, and have a clear idea of how to build on it once you've started the conversation.
5. You may wish to develop more than one elevator pitch, e.g. one for customers, one for heat suppliers and one for community groups.

## 2: Governance and Vision

Good governance and stakeholder engagement go hand-in-hand. Without good governance your stakeholder engagement will suffer, and good internal stakeholder engagement supports and is part of good governance. Whilst the exact form of your governance structures may vary, the principles by which you should approach and organise them are the same.

The most effective approach is to focus on what you need the governance structure to do in order to support project development. Structures such as existing or new project boards and working groups should be used to progress the project efficiently and obtain approvals.

### **Good governance for heat network projects enables you to:**

- Overcome barriers to human and financial resourcing
- Know where to go for decisions and approvals to progress the project
- Access collective expertise and perspectives
- Ensure you are understanding and managing risk appropriately
- Access the right people to engage internal and external stakeholders
- Demonstrate the seriousness of the project to external stakeholders

### **Some key characteristics of good governance are:**

- Systems and processes are clearly defined and understood
- Roles and responsibilities are clearly defined and understood
- There is clear accountability and transparency in decision-making
- Individuals who make up the governance structure are suitably experienced

The most common project governance structures used for heat network development are Project Boards and Project Working Groups. These groups do not need to follow a particular template, as long as they fulfil the purpose and meet the characteristics outlined above. Project Boards are not an essential structure at the beginning of a project, existing boards are often used for feedback and approvals in the early stages. Some form of Working Group, whether new or existing, is useful from the very beginning of the project development process; it provides support and a useful sounding board for the project manager, provides a degree of continuity in the event of staff changes, and means that the project lead doesn't have to go it alone.

A Project Initiation Document, or PID, is a useful tool to ensure that there is a collective understanding of the project's purpose and direction, enabling internal stakeholders to gain a better understanding of the project and underpinning the role of the chosen project governance structure.

### Whichever governance structures you choose to work with, bear in mind the following:

- The right internal project sponsor, or champion, should be able to secure political and corporate leadership, enabling you to unlock the benefits outlined above.
- A Project Board or Working Group, in whatever format, should have basic Terms of Reference to give the necessary clarity and accountability to those inside and outside the group.
- Governance reporting and progress reviews should be commensurate to the work being done and stage of project development .
- Review of barriers and performance should dovetail with existing governance structures.
- Processes should be agreed for how performance and progress is reviewed against known risks in the project risk register.

### Vision and Collaboration

Collaboration is one of the most important tools in both project management and stakeholder engagement. By involving other people in the process of generating ideas and agreeing actions you can immeasurably increase their support. In fact, the absence of collaboration is often a warning-sign that the process is not being managed effectively and the right governance is not in place.

This applies to all aspects of stakeholder engagement but is particularly relevant for Project Boards and Working Groups. This can be more challenging in the case of Project Boards as there is a tendency to see them as 'approval bodies'. To see them in this light is both to underestimate the role they can and should play in project development, and actually to make winning those approvals more difficult.

One of the first collaborative activities to undertake with your Project Board, Working Group or other governance structure is setting the project vision. Setting a project vision will enable you to explore why your organisation wants to pursue a heat network and what you want the network to achieve. Communicating that vision to technical, financial or other types of external consultant as you commission and oversee work will help ensure the solutions developed are tailored to your needs. It is an essential governance tool as it allows you to make regular checks that you are still on track to deliver what everyone signed up to. One of the most important things to consider is how different priorities may interact – e.g. the desire to reduce fuel poverty vs. the desire to generate revenue – and where compromises need to be made.

**1. A cohesive vision helps create a cohesive team.** Involving members of your governance structures in brainstorming and setting the vision will ensure they understand the project aims and ambitions and give their informed support.

**2. Make sure the vision is inspirational, as well as achievable.** A good vision statement can be a source of motivation and a reminder of what you're really trying to achieve, particularly at challenging times during the complex and sometimes lengthy project development process for a heat network.

**3. Focus on the future change** you're trying to achieve – what will be different once the project is completed? Make sure that you capture what will be different for external stakeholders, not just internal ones. This will be crucial at all stages, from getting potential customers interested, to contract negotiations, right through to construction stage when activities like road closures can cause significant public disruption.

### Tip:

**Try to avoid changing the vision,** it may undermine the credibility of the project and the team if the vision is seen to be weak and changeable. However, if you find that your project cannot deliver on an original objective, e.g. fuel poverty, but can still deliver economic growth, it would be appropriate to refresh the vision to reflect that.

# 3: Stakeholder Roles & Journeys

## KEY STAKEHOLDERS AND ROLES

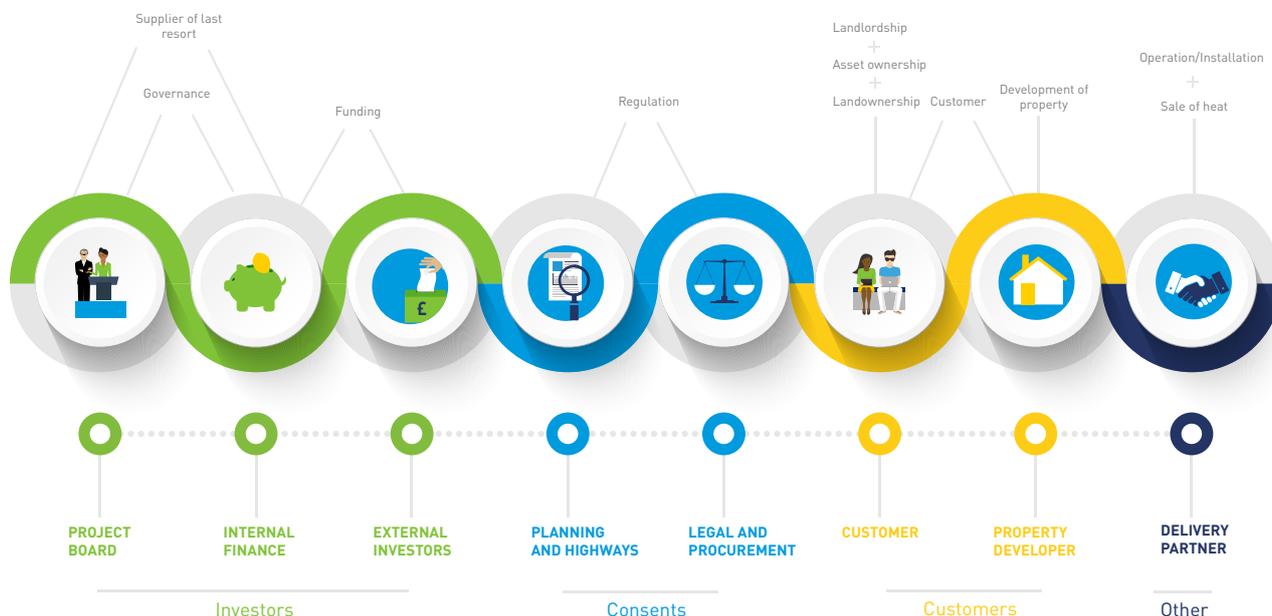


Figure 4 - Key Stakeholders and Roles

There is a wide range of roles that stakeholders can play in the delivery of heat networks. Often one organisation will play multiple roles, and the types of roles that particular stakeholders occupy can vary drastically from project to project. The above infographic demonstrates the breakdown of stakeholder roles in heat network projects, mapped against the 13 roles that are contained within the HNDU DPD guidance.

It can be useful to broadly group stakeholders into four overarching categories, representing organisations or individuals that tend to have common interests:

- A. The investors are the stakeholders who will be providing the finance and investment for the project. Your investors are likely to have a pre-determined set of evaluation criteria and priorities that govern their investment decisions; they will also be comparing your investment opportunity with others. It is important for you to understand what your investors are looking for, so that you can tailor a proposition that appeals to their interests.
- B. The consents are the stakeholders involved in providing the necessary permits and licenses to allow your project to proceed. This group have a mandate to undertake a particular function, which includes specific requirements and timescales. You will need to engage with this group to understand what consents you require and the procedure for obtaining them.
- C. The customers are the organisations that you want to provide a service to, through the provision of heat, and possibly also cooling and electricity. This group have a day job, which is usually nothing to do with heat networks. You need to understand their drivers and develop an offer, which appeals to their interests and secures them as a customer.
- D. The final group, we categorise as the other group, which includes stakeholders such as the procured delivery partner or the general public. You should adopt a tailored strategy to manage these disparate groups.

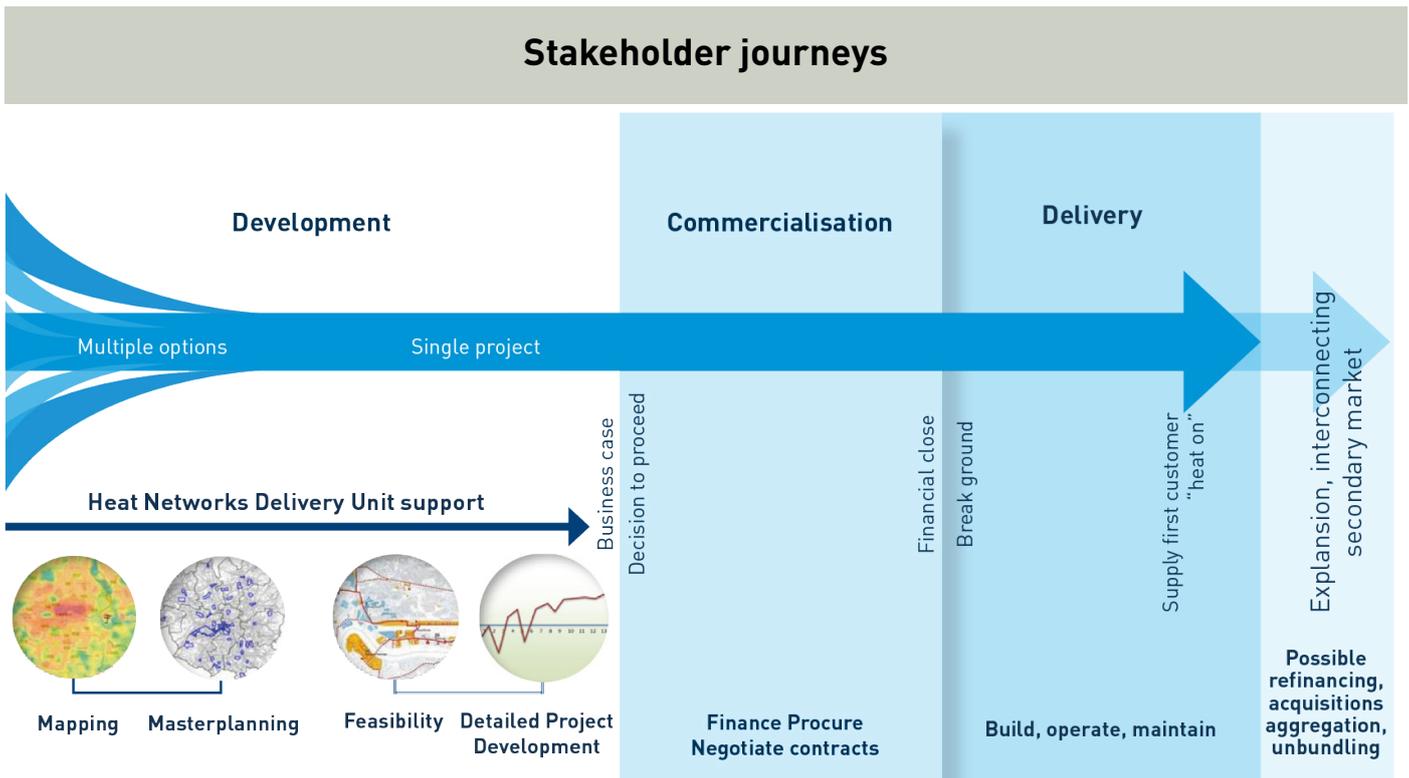


Figure 5- HNDU Heat Network Development to Delivery

**Each different stakeholder will experience their own journey in their interaction with a heat network project. This following infographics demonstrate, at a high level, the typical experience of your investors, consents, customers and delivery partner throughout the six stages of project development. :**

# A

## INVESTOR JOURNEY

### Stages:



### Key:



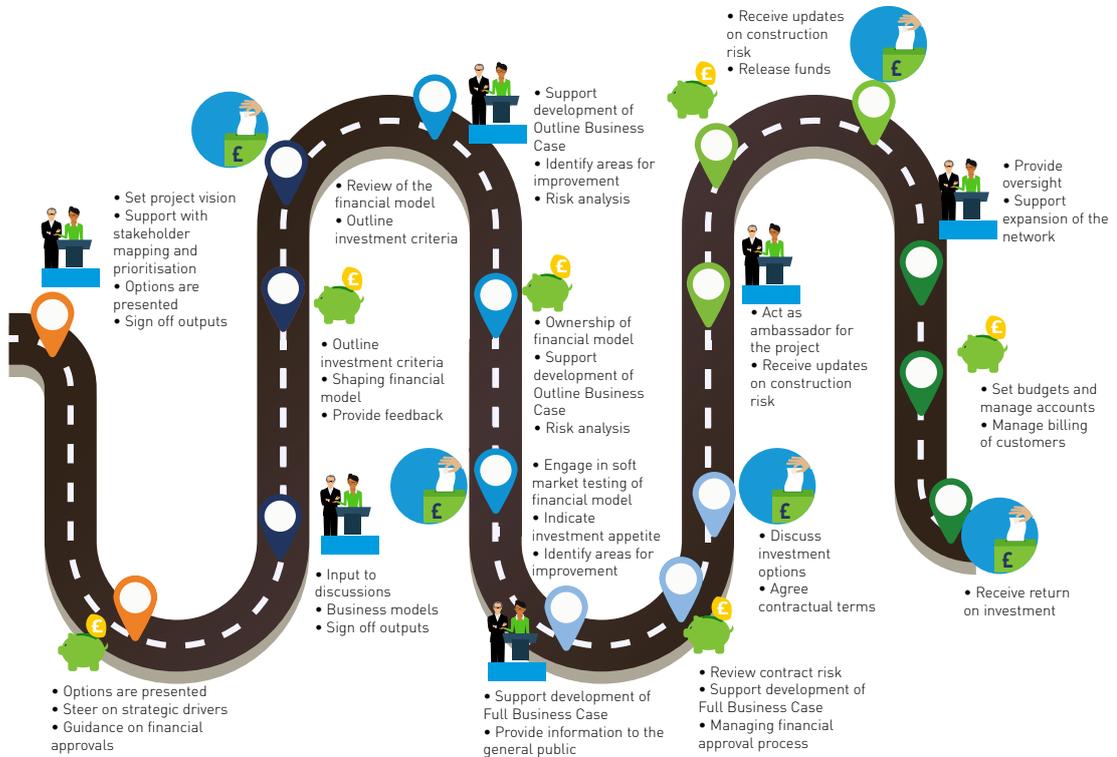
PROJECT BOARD



INTERNAL FINANCE



EXTERNAL INVESTORS



# B

## CONSENT JOURNEY

### Stages:



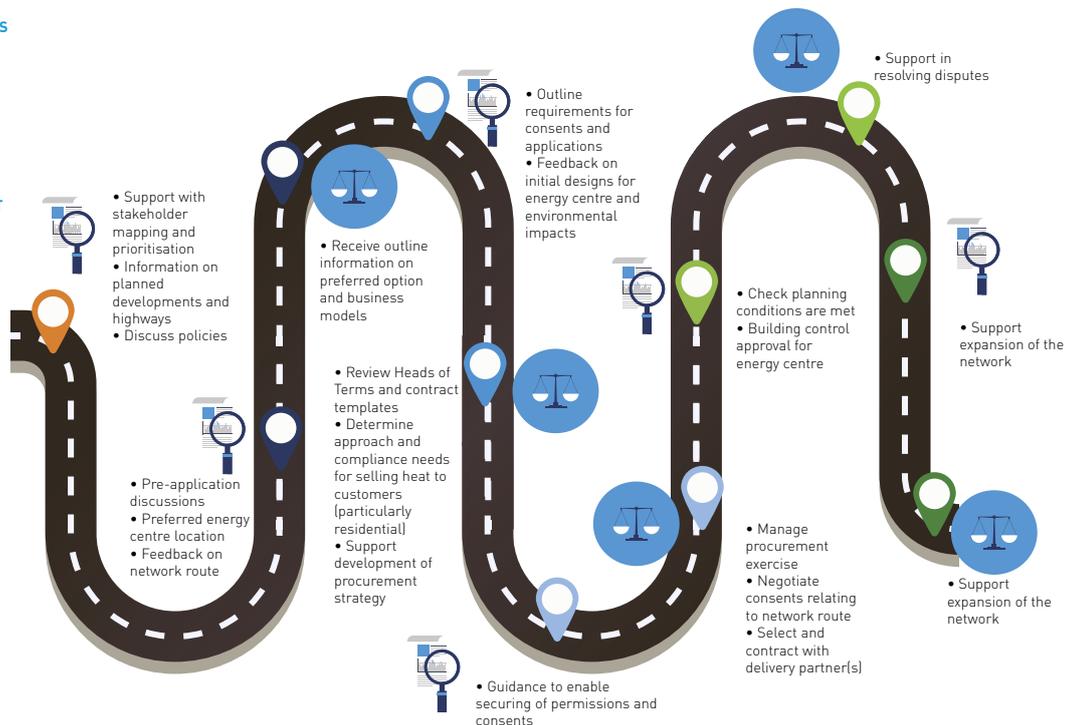
### Key:



PLANNING AND HIGHWAYS



LEGAL AND PROCUREMENT



# C

## CUSTOMER JOURNEY

Stages:



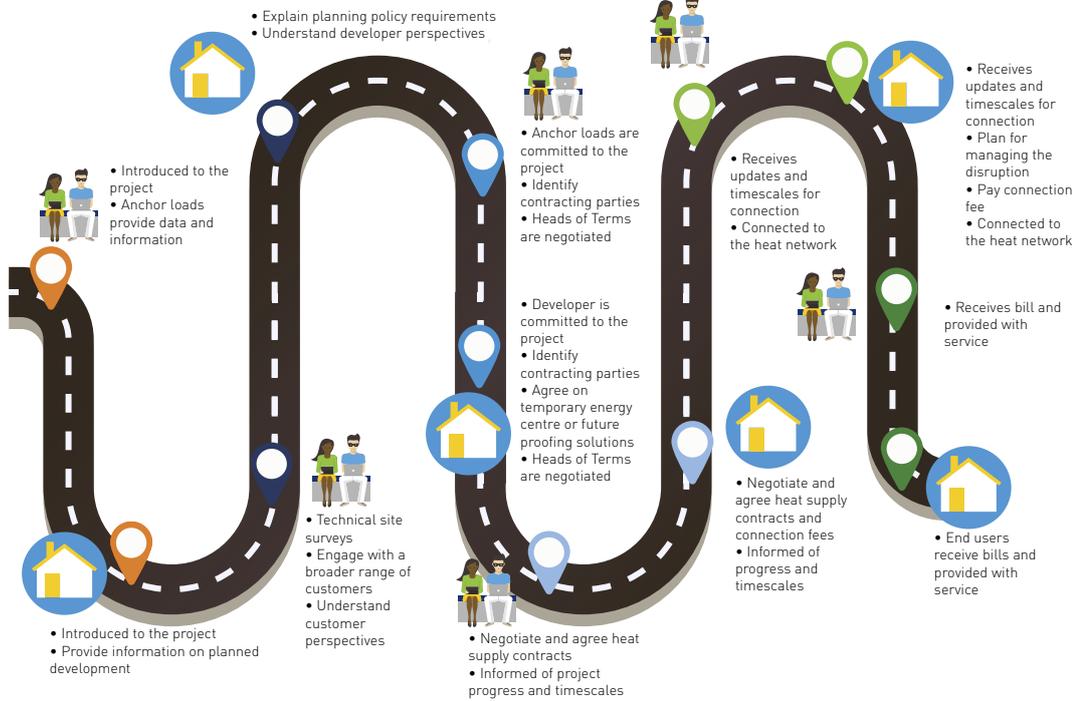
Key:



CUSTOMER



PROPERTY DEVELOPER



# D

## DELIVERY PARTNER JOURNEY

Stages:



Key:



DELIVERY PARTNER

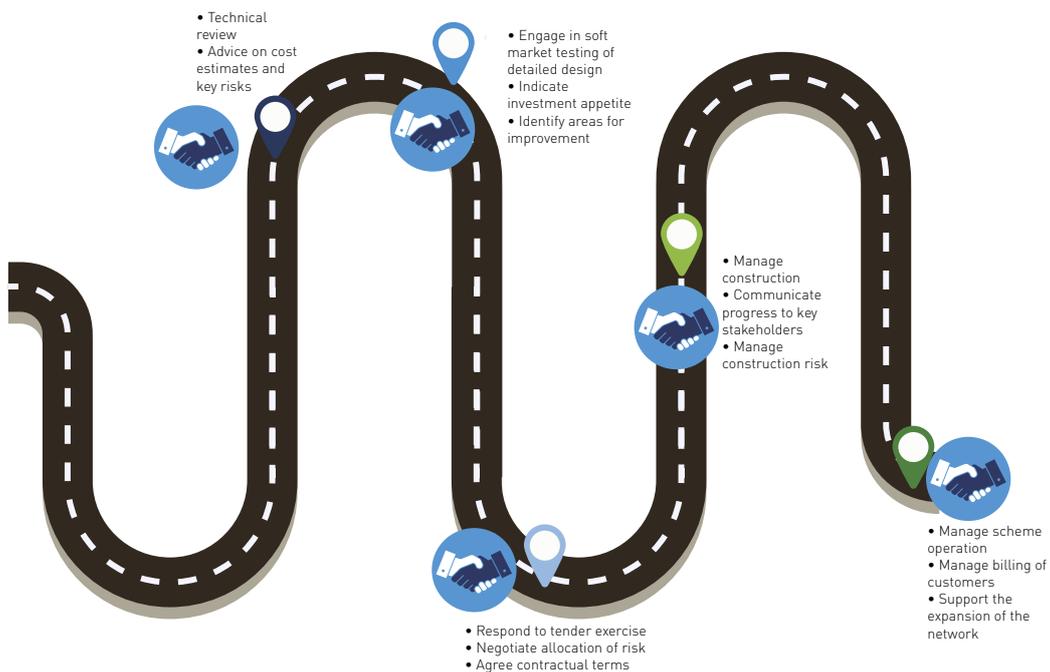


Figure 6 - Stakeholder Journeys

# 4: Data Collection

One of the first stakeholder-facing activities you are likely to engage in is data collection. For example, in order to decide which buildings should be connected and where waste heat can be used you need to know how much energy is consumed or available, as well as details on systems, use patterns and planned alterations. This activity is fundamental to developing a heat network project and will be undertaken at key development stages throughout the project. It is essential to ensure robust modelling to inform the project business case.

This initial contact can be particularly challenging, whether the stakeholder is internal or external, as they will not necessarily have a clear reason to give you their time or get involved in the project. You need to think about what their potential drivers and motivators might be and use your initial conversation to listen and understand what benefits the project might offer them. Don't try to 'sell' the project to them until you're sure what they will respond to.

**Whilst the importance of collecting good data is well-understood, it remains a challenge in practice. Obstacles include:**

- The number of stakeholders to be contacted
- Changing circumstances and demands on people's time
- Contacts for potential building connections and heat network customers may not know how to access the relevant data
- The time it can take the stakeholder to collect the necessary data (impacted by access issues and potential approvals for sharing data)
- The need to get data back in time for use in technical studies, often working to tight schedules
- Confidentiality issues for some stakeholders and the need to sign non-disclosure agreements
- The initial barrier of introducing people to a new concept due to low levels of awareness
- The difficulty of asking people to commit time and effort to help you collect data when the network is still at a very early stage of investigation

## Data collection techniques

1. Use phone calls and face-to-face meetings for initial contact. Emails and letters can be used to send Requests for Information (RFI)<sup>1</sup>, follow-up or confirm information, but have a poor success rate as a way of making initial contact.
2. The first conversation with a stakeholder is critical. Apply good engagement principles including:
  - o Arrange the call / meeting in advance, even if that means making two calls – don't try to catch people 'just for five minutes' on the phone.
  - o Take the time to build an initial rapport – make sure you are listening actively and looking for common ground to help build a good personal relationship. Don't leap straight into asking them for information.
  - o Be prepared to talk about the project both generally and specifically. Make sure you have useful examples and parallels to help them understand the project and what it might mean for them, including potential benefits – e.g. if you're calling a hospital have a few examples of other hospitals involved in similar projects and, if possible, the benefits they've gained.
  - o Be honest – responding to an RFI can take time so don't underplay how long it will take.

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<sup>1</sup> Your technical consultant can provide an exhaustive list of the data they require in the form of a Request for Information (RFI).

3. You may be able to pick up basic information such as the number of buildings, type of heating system, or planned refurbishment works in the course of that first conversation. This is information that does not usually require any research on their part and the follow-up RFI can then be shortened reducing the demand on their time.
4. If you do have to use emails or letters then keep them brief and to the point – use them to generate future engagement where you can capture more information. A lengthy written request for information can be off-putting.
5. Be prepared for you or your consultants to go in to buildings and help energy managers interrogate their own systems to obtain the necessary data. This is not practical as a standard approach but do consider it if you are having particular difficulty getting the necessary data from an important connection.
6. Use any conversations to find out about more than just energy data – general information on the individuals and organisations involved will help you to analyse stakeholders through mapping and prioritisation (see [Mapping](#) and [Prioritisation](#) in Chapter One). Bear in mind that whilst you may think of an organisation as a potential customer, they may wish to play a different role in the project.
7. Make sure the people you speak to feel they have been heard. Show them how their feedback has been taken on board and how it will contribute to shaping the project. If you can demonstrate to stakeholders that the opportunity can be shaped to help it meet their particular objectives then they will be far more engaged throughout the project development process.
8. Following on from the first meeting or call, issue a follow-up RFI requesting any outstanding information, particularly energy consumption data. Remember to set a clear deadline, generally allowing between two and three weeks to respond. Not allowing enough time to respond can lead to excessive chasing, which does not normally improve response rates.
9. The first contact should normally come from the project lead, but think about who is best-placed to pick up follow-up conversations. For example, if the follow-up conversation will be of a technical nature then that may be best done by the technical consultant.
10. Pick up the phone to thank your contact once they have returned the completed RFI and use the conversation to clarify or discuss any missing information. Make sure they understand the next steps in the project, the next point at which you will contact them and why, bearing in mind their level of prioritisation (see [Prioritisation](#) in Chapter One). Always think about how you will close each feedback loop when you've asked anyone to do anything for the project, but bear in mind that this is the beginning of the process, not the end. After each engagement you should have a clear forward plan for future contact.
11. Be clear about what information you will or won't be able to share with them. For example, you might wish to send them a summary report of the key findings of the report, with a particular focus on how those findings relate to the drivers and motivators that you've identified, the benefits to them and their potential role in the project. For key stakeholders you may wish to arrange a face-to-face meeting, including the technical consultant where appropriate.

# 5: Heat mapping and energy masterplanning

## INTRODUCTION

This is normally the first stage of investigating your potential heat network. Heat mapping will identify clusters that may offer opportunities for networks, and energy masterplanning will enable the Project Promoter to understand where there may be a technically-feasible and financially-viable project that warrants further exploration.

Stakeholder engagement is commonly over-looked at this stage, but structured and purposeful engagement is vital from the start. There is a common misconception that you shouldn't reach out to stakeholders until you have something to 'tell' them, particularly a heat price. However, meaningful early engagement can identify critical factors to encourage them to engage as well as factors that would put them off. It also allows stakeholders to give you timely feedback that may shape the project (e.g. whether they are more interested in cost, carbon or another driver) and factor the potential scheme into their own plans (e.g. replacing their own plant).

Stakeholder engagement should be included in your overall project plan rather than as a standalone activity. Remember to build in enough time; the people you contact will have other priorities, may be on holiday when you make contact, or it may simply take a long time to identify the right person. Don't compromise your project by rushing engagement and using unnecessarily tight timescales. Use the resourcing timeline in this guide to check your planning is realistic and covers the necessary activities. Data collection will be a significant part of your stakeholder engagement at this stage – see [Chapter Four](#) for further detail.

**Myth:** connecting customers are only interested in the heat price; there's no point in talking to them until you know that.

**Reality:** whilst the heat price and overall tariff structure will be important to all connecting customers, and the primary consideration for some, they will have other motivations. These could include avoiding the cost of replacing plant, reducing carbon emissions, or increasing space in residential developments. Early engagement can also help set the heat price as it helps develop an understanding of what price will or won't be acceptable.

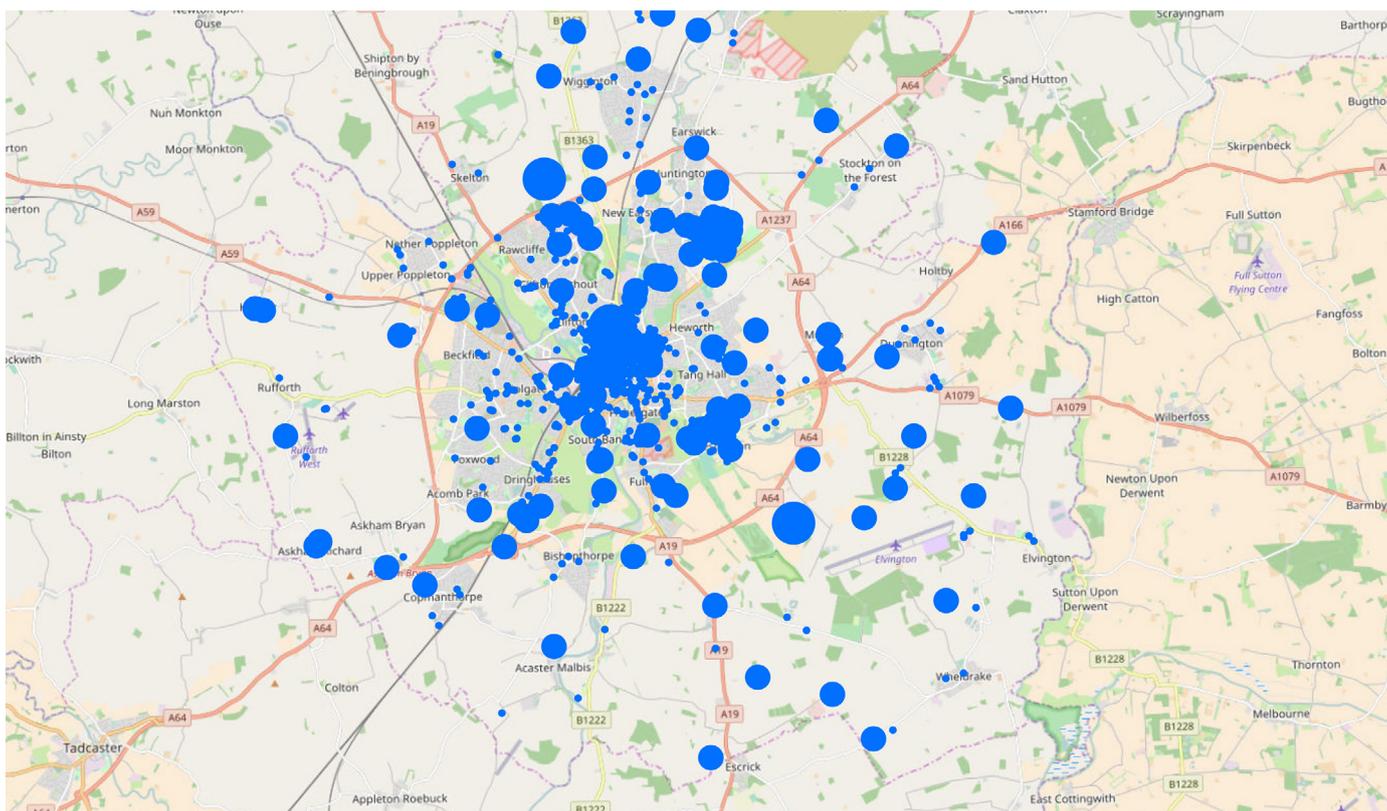


Figure 7 - Heat Map of York

**In the following sections we outline the stakeholder engagement considerations across key stakeholder groups that are relevant to this stage of the project:**

## A. INVESTORS

### *Project Board, Internal Finance & Decision Makers*



#### Why engage them?

- You will need internal resource — in terms of the project manager’s time and that of other supporting colleagues.
- You will also need time and money to commission technical consultants to undertake heat mapping and energy masterplanning.
- You will need to understand internal drivers and objectives in order to frame the project and commission technical consultants. Bear in mind that these drivers are fluid and may not be what you think they are. See [Chapter Two](#) for detail on why your decision makers should support in developing a vision.
- You are also likely to need colleagues in a number of teams (e.g. finance, planning, economic development, capital projects, highways) to give their time and authorise others to spend time on the project.
- If a viable opportunity is identified you will need to request further time and money to progress to techno-economic feasibility.

#### How to engage them?

- See [Chapter Two](#) on Governance and Vision for establishing and working with a Project Board or equivalent.
- Budget holders will vary according to internal hierarchies and approval processes. Make sure that you understand internal approval processes, including funding cycles, to avoid long periods of enforced inactivity wherever possible.
- Approach each budget holder as an individual and speak to their particular motivators and concerns.
- An internal objective-setting workshop is an effective way of introducing the project to people whose support you need, whilst finding out what their drivers are. Ideally this should be done before appointing a technical consultant, but can also be combined with the kick-off meeting.

#### What outcome do you need?

- Suitable governance arrangements and a clear project vision (see [Chapter Two](#) on Governance and Vision).
- Organisational drivers are clearly understood and agreed, and frame the technical investigation.
- Resources allocated to the project manager and working group / wider team.
- Funding allocated to heat mapping and masterplanning study.
- Engagement with study as necessary leading to approval of outputs to move to next stage.

## Moving the relationship to the next stage

- The Project Board, or similar governance structure, will need to sign off the study outputs and recommendations, including financial modelling, and take a decision on which network to take forward.
- They will also need to allocate further resource and funding to commission techno-economic feasibility, and could input to the tender specification and appointment for that work.

**Your offer:** This will depend on the individual Project Board members concerned but could include the opportunity to contribute to a project that meets strategic corporate objectives, generate revenue, attract investment or reduce carbon emissions.

**Your ask:** Funding to commission technical consultants, allocation of internal resource, attendance at an objective setting workshop, provision of information and data to the technical study, and the time to engage with the study outputs to take an informed decision on further investment.

## B. CONSENTS

### *Planning, Highways, Legal & Procurement*



#### Why engage them?

- One person alone cannot develop a heat network as effectively as an appropriate team. You will need a working group with the necessary skills, responsibilities and links into other parts of the organisation.
- Internal Finance, Planning, Highways, Legal and Procurement are very likely to be represented on any working groups for your project.
- This is the first step in gaining the cross-organisation support that will be needed to make the project happen.
- These groups will help you to gather the necessary information in order to inform the project development. They will also be able to support you to identify, map, prioritise and engage with stakeholders. Further detail on developing a stakeholder engagement strategy is outlined in [Chapter One](#).

#### How to engage them?

- This could be through a series of targeted one-to-one meetings with each colleague at appropriate times throughout the project, to seek information or inputs into the study. Individual meetings will be more suited for engagement that is specific to one particular element of the project (e.g. a planning or highways issue).
- Colleagues from these departments can also be engaged through joint meetings, in order to provide more general updates or engage in workshop discussions.
- You may seek for these groups to be represented on a specific working group for the project or to engage with them jointly through an existing internal group. Check whether there are any existing groups that cover all or most of the functions listed above.

## What outcome do you need?

- Planning team provides information relating to planning policy, planned development and potential energy centre locations.
- Highways provides information related to major works or potential constraints in or around the study area.
- Finance provide guidance around internal approvals and preferred financial metrics.
- A commitment of time and support to the project's next phase from relevant internal colleagues.

## Moving the relationship to the next stage

- You will need the continued commitment and time from internal colleagues, either as part of a working group or attendance at a series of one-to-one meetings. You may also seek input into the developing of specifications for further technical work.
- Internal colleagues not formally involved in the project to date will need to understand what may be required of them at the next stage.

**Your offer:** The opportunity to be involved in a strategic project, to work in a new area and develop new skills, to deliver against internal objectives on cross-team working. It could also offer individual benefits to their existing work e.g. opportunity to combine trenching costs, enhancing development viability.

**Your ask:** Regular attendance at meetings and working time in between at relevant stages (e.g. finance need to engage in the specification for the financial model and its sign-off).

## C. CUSTOMERS

### *Customers & Property Developers*



#### Why engage them?

- The viability of your network will depend on commitment by a small number of critical connections, or anchor loads. Beyond the anchor loads your project could be improved by a number of other connections.
- You need to know how keen they are to connect in order to decide whether to progress the project.
- You also need to gather data on their building(s), their existing energy supply and energy demand. The earlier you can move away from benchmarks and assumptions to real data, the more robust your study outputs will be.
- Note – in the very early stages it may not be clear what your anchor loads and non-anchor loads will be.

#### How to engage them?

- Use your stakeholder map to identify existing relationships and arrange face-to-face meetings with anchor loads if possible. Avoid making assumptions about their potential motives to connect and try to find out their actual barriers and motivators.
- Bear in mind your anchor loads could be external organisations or internal colleagues, e.g. housing departments and council asset managers. If this is the case then they will be valuable members of a project working group. Remember that internal customers need to be taken just as seriously as external ones.
- For less critical loads, if resources are constrained, they can still be effectively engaged through telephone calls and email follow-up. Letters and emails alone have a very poor success rate.

- Look for opportunities to access data for multiple buildings through a single source, e.g. a local authority that leases buildings to non-public bodies.
- Think about using known and trusted networks to communicate the request for data to improve response rates.

### What outcome do you need?

- Building and consumption data is supplied allowing more accurate technical modelling and their barriers and motivators are understood.
- The anchor load is broadly positive and willing to engage further with the project.

### Moving the relationship to the next stage

- You will need to communicate the study results to potential connections and outline a forward plan, e.g. at an external stakeholder workshop.
- Consider inviting an external anchor load to join the Project Board, but be aware of the implications when you come to negotiating contracts.
- The forward plan should take their timetables into account and they should commit to further engagement in the project. Their barriers and motivators should inform the commissioning of techno-economic feasibility work, but should be weighted according to their impact on the scheme ([see prioritisation in Chapter One](#)).

**Your offer:** A greener / lower-cost / more reliable / lower-maintenance heat supply and the opportunity to be a key partner and shape a strategically-important local project.

**Your ask:** Data on buildings and existing heat source and demand, and a discussion around barriers and motivators.

## D. DELIVERY PARTNERS

### Heat Sources



#### Why engage them?

- You may have the opportunity to purchase heat from an external source such as an existing energy from waste plant, industrial heat source or existing heat network.
- You need to find out whether they would consider supplying their heat to your network as early as possible, and gather technical data on available heat (e.g. how much, what temperature, when).

#### How to engage them?

- Any potential heat supplier is a critical stakeholder. Use your stakeholder map ([see Chapter One](#)) to identify existing relationships through which they can be approached and arrange a face-to-face meeting to introduce the project and listen to their views.
- Ensure you understand the technical issues around recovering heat from that source and the potential commercial implications, e.g. the reduction in electrical output when recovering heat from some energy from waste plants.
- Invite the heat source to review relevant parts of the study to ensure their situation is accurately understood and reflected.

## What outcome do you need?

- Data is provided allowing accurate technical modelling, and the heat source is willing to explore supplying heat to the network.
- Agreement with the study findings.
- An understanding of whether that heat source is both technically and commercially viable for the network.

## Moving the relationship to the next stage

- You will need to communicate the study results to potential heat suppliers and outline a forward plan.
- You will need to communicate what input will be required of them at the next stage and their agreement to provide that input and continue to engage.

**Your offer:** A potential market for their heat.

**Your ask:** Data on available heat, a discussion around their business model and commercial implications of providing heat, and review of relevant study findings.

## CASE STUDIES

A school that was identified as a possible network connection was assumed to be just interested in cost. In fact, a conversation with the Head Teacher revealed that they had particular problems with cooling in the classrooms in summer and were interested in any solution that could provide a more comfortable learning environment, since educational attainment was their primary concern. Cost wasn't irrelevant but neither was it the main driver, and cooling was more important than heat. This understanding enabled the project promoter to commission technical feasibility work that correctly addressed the school's motivations and needs.



## KEY CONSIDERATIONS

### 1. Who should own stakeholder relationships?

Whilst it is likely that you will outsource some of your stakeholder engagement activities to technical consultants, it's crucial to make sure the project promoter is seen as the 'owner' of stakeholder relationships. This will ensure continuity, (for example if you change consultants) and will also give stakeholders more confidence in the project. However, you do also need to ensure consultants make all reasonable efforts to engage with stakeholders. Where external consultants are engaging directly with stakeholders you should performance manage consultants against stakeholder engagement related KPIs and ask for stakeholder engagement updates at progress meetings to check that key stakeholder contact is meaningful, e.g. more than an initial email or letter.

## 2. How should I engage my finance team?

Whether your project is developed as a fully-municipal, hybrid or private concession scheme, it's important to secure early and ongoing engagement with your Chief Finance Officer (S151 officer), who should ideally be represented on the Project Board. Part of this ongoing conversation means understanding how your internal finance function appraises investment opportunities, and ensuring that your financial model offers a like-for-like comparison. It's also important to facilitate your finance team in having early engagement with investors and potential sources of finance to understand their investment requirements and assess their potential appetite for investment. This helps make them a part of the solution.

## RESOLVING ISSUES

### Issue: Failure to get approval to move to Techno-economic Feasibility.

- Did you understand decision-makers' drivers and motivators and make sure these were met in your presentation of the project?
- Did you engage the people you needed to give approval in the project development process and give them the opportunity to collaborate?
- Did you fully address any concerns or issues before making a formal request to move to techno-economic feasibility?
- Did you properly understand the competition for resources and time or position your request for approval appropriately?

### Solution

Find out, in as much detail as you can, why approval was not given. Bear in mind that there may be other reasons than the ones made public – speak to people who would know. Go back to first principles and don't seek approval again until you can positively answer all the questions above. Try working collaboratively with opponents of the project – if you can address their concerns then they can become some of your most powerful advocates.

### Issue: Failure to align timescales – a property developer says they've progressed their design / project too far to consider heat networks.

- Did you find out what timescales the developers were working to in terms of their design work?
- Did you make sure that developers understood the potential heat network project development timetable?
- Did you explore the impact of delays to the heat network project development to the developer's timescale (e.g. financial / other penalties they might incur)? Did you explore a plan for mitigating that impact?
- Did you explore the potential to incorporate futureproofing measures to help secure connection despite misaligning timescales?

### Solution

Sit down with the developer and, if possible, their consultants and architects, to find out whether it really is too late to seriously discuss connection.

Investigate the full costs of making the necessary changes, and possibly incurring delays, and consider whether you want to offset that cost in order to secure the connection. It may be possible for a portion of the site which is still under development to connect.

Go back to basics and explore their drivers and motivators – it may be that a network could still be attractive to them, for example if it offers more space and design flexibility in residential developments.

# 6: Techno-Economic Feasibility

## INTRODUCTION

This is the stage at which the opportunities you identified at heat mapping and masterplanning really start to take shape as their viability and feasibility are tested further. The vision that inspired everyone to commit time, money and their reputation now moves to a more defined project, and stakeholder engagement increases as more concrete issues are discussed with a whole range of stakeholders. Critical relationships need to be nurtured as the importance of certain stakeholders increases. Data and views on barriers and motivators will help you shape the project ([see Chapter Four on Data Collection](#)), and you need to be vigilant for any signs of disengagement or unease.

At this stage there is a risk of losing momentum or creating stakeholder fatigue. Heat networks take a relatively long time to get from vision to operation, and it can be difficult to strike a balance between keeping interactions meaningful and not disappearing from view.

You also need to make sure you are aware of, and adapting to, any changes in context. For example, if you are a local authority and you suddenly need to make organisational changes in response to budget changes, or if the project scope changes to cross into other areas, the strategic drivers for the project might change. Similarly, a stakeholder's strategic context may change, and you need to be ready to adapt your project or messaging to retain their interest and support.

If you fail to correctly understand stakeholder views, whether positive or negative, you fail to understand how risky your project is. If you do not understand the level of risk in your project then you cannot take an informed decision on how to proceed.

**Note: If you haven't yet engaged your stakeholders then stay positive; it is never too late to start.**

**Myth:** You can rely on benchmark data.

**Reality:** A heavy reliance on benchmark data will result in inaccurate modelling and a false picture of the viability of the scheme. Bearing in mind that the results of each stage of investigation should inform the next, you risk spending significant amounts of money pursuing schemes that may have no viable future. It's important to engage with stakeholders to collect data which will adequately inform project recommendations. Further detail on data collection is outlined in [Chapter Four](#).



## A. INVESTORS

### Group One — Project Board & Working Group



#### Why engage them?

- Following approval of the Heat Mapping and Masterplanning outputs ([see previous chapter](#)) and decision on which opportunities to prioritise, your Board and Working Group will continue to play a similar role to that described in the previous chapter ([see Chapter Two on Governance](#)), particularly as the project may well change significantly at this stage as more detail becomes known.
- You will also need their input to discussions on the preferred business model for the network, provision of any information requested, and a review and sign-off of the study outputs with approval to continue the project to DPD.

#### How to engage them?

- Regular reviews and updates are crucial to ensure new information doesn't come as a 'surprise'. Look at [Chapter Two](#) on governance for further advice.
- Independently of the technical study, organise an exploratory business model workshop, with appropriate support as necessary, to allow Project Board members to explore the implications of different business models and take an initial decision on which would best meet internal drivers.

#### What outcome do you need?

- An initial understanding among Project Board members of the implications of different business models, preparing for DPD and development of the Outline Business Case.
- Any other necessary information provided (e.g. on strategic context).
- Study outputs reviewed and signed-off.

#### Moving the relationship to the next stage

- You will need a greater level of engagement at the next stage, DPD, with the development of an Outline Business Case ([see Chapter Seven](#)) and decisions being taken on commercial approaches and the negotiation of Heads of Terms with customers. You need to Project Board to understand what will be required of them at the next stage and to commit their ongoing time and support.

**Your offer:** The opportunity to continue supporting a project that will meet internal corporate objectives and is moving closer to potential implementation.

**Your ask:** Allocation of funding and internal resource for DPD and preparation of an Outline Business Case, attendance at a business model workshop, provision of information and data to the technical study, and the time to engage with the study outputs to take an informed decision on further investment.

## A. INVESTORS

### Group Two – Internal Finance Team & External Investors



#### Why engage them?

- You need to be sure that the project is being developed in such a way that meets any internal investors' objectives and has the potential to meet external investor objectives. Engaging internal and/or external investors will ensure the right financial and other metrics are being used so the correct due diligence is built into the project development process.
- This will give investors confidence in the project and avoid unnecessary cost, e.g. through the repeat of techno-economic modelling, or loss of confidence in the project.

#### How to engage them?

- Ensure your Section 151 Officer and internal finance team are engaged with the consultants undertaking techno-economic modelling – organise face-to-face or virtual meetings to agree how the modelling will be run and a further meeting to run through the techno-economic model and ensure the finance team can take ownership of it going forward.
- Ensure internal investors are engaged in wider discussions on the project so that financial implications are built into discussions, for example through their representation on the Project Board or engagement in any project Working Groups.
- Consider potential external investors and the possibility of engaging them to understand the range of investment options. This will enable you to understand their investment criteria and ensure these are picked up in the financial model at the next stage.

#### What outcome do you need?

- Investment considerations are part of overall project decision-making, particularly regarding which network option should move to DPD.

#### Moving the relationship to the next stage

- At DPD you will need your internal Finance Team to take ownership of the financial model that will be developed, so you need to ensure they have enough time and support from consultants developing the model that they feel confident to do so. This will enable them to make a full contribution to the Outline Business Case.
- External investors will need to provide feedback on the financial model and Outline Business Case, possibly through a soft-market testing exercise.

**Your offer:** The opportunity to shape techno-economic modelling and review its outputs so it meets internal or external investor needs and, for internal Finance Teams, the opportunity to learn new skills by working with the consultants developing the techno-economic model.

**Your ask:** Time to input to the techno-economic model parameters before it is created, through a pre-modelling meeting and take some ownership of the model, and an understanding of investment criteria from external investors.

## B. CONSENTS

### Planning & Highways



#### Why engage them?

- You will need to work with planners to ensure property developers are engaged as effectively as possible ([see Customers – Property Developers below](#)), particularly in terms of ensuring they understand how a heat network can help them meet planning obligations.
- Planners can also help you and your technical consultants identify a suitable energy centre location(s) and optimal network route.
- Public land is ideal for locating energy centres in some projects, and your Planning Team will be able to help you identify potential locations, as well as helping rule out those that would not be suitable.
- Both the Planning and Highways Teams will be able to help identify network route constraints, e.g. locations of planned development, forthcoming Highways works, the location of existing subterranean structures. This could have a positive impact on costs, by identifying where works can be combined, as well as avoiding potential public or political opposition to digging up the road repeatedly.
- Effective engagement with Planning and Highways now will help the Project Manager understand and plan for formal applications as the project progresses. This can then be built into timescales, resourcing, and the procurement of external support.
- Gas and electricity network operators (DNOs) can offer insight on project design and cost implications.

#### How to engage them?

- Engage Planning and Highways Teams through representation on the Project Board or engagement in project Working Groups ([see Chapter Two on Governance](#)).
- Invite representatives from Planning and Highways Teams to discussions with technical consultants on energy centre locations and network routes to ensure their knowledge is built into the technical consultancy work.
- [See Customers – Property Developers](#) for advice on pre-application discussions with developers who are potential customers.

#### What outcome do you need?

- An informed decision on the most suitable energy centre locations and the optimal network route and an understanding of what formal applications and consents will be needed at DPD.
- An understanding of cost and design implications from gas and electricity network operators.

#### Moving the relationship to the next stage

- At DPD you will need to have detailed discussions about formal planning applications, including for the energy centre, and consents. Ensuring the relevant people in Planning and Highways understand the project now will make that process easier, as well as giving the Project Manager the opportunity to plan more effectively for those formal processes.

**Your offer:** The opportunity to be involved in a strategic project, to work in a new area and develop new skills, to deliver against internal objectives on cross-team working and help the organisation come to a robust decision on a cost-effective solution as quickly as possible without incurring unnecessary time and cost. It could also offer individual benefits to their existing work e.g. opportunity to combine trenching costs, enhancing development viability. Avoidance of potential issues later on, e.g. multiple requests to dig up the same road at different times, and the prospect of a smoother formal applications and consents process.

**Your ask:** Attendance at meetings to discuss potential energy centre locations and network routes, support in identifying the best locations and routes, and information on the likely applications and consents necessary when the project moves to DPD.

## C. CUSTOMERS

### Group One — Customers



#### Why engage them?

- Bear in mind that the project area and possible connections may change during techno-economic feasibility. You may therefore find yourself approaching new customers for the first time, whilst also needing to ask them for more detailed information than would have been necessary at HMMP.
- As the project moves forward, it is useful to be able to rule connections in or out, whilst remembering that not all connections need to be signed up for a business case to be signed off or construction to begin.
- You will also need to ask those loads that engaged (or didn't engage) at HMMP for more detailed information, access to sites and buildings, and a greater level of commitment to connect, depending on their level of importance to the project.
- This is also the time to check whether their strategic drivers, barriers and motivators have changed since HMMP, including planned physical changes to the connection site or business changes that would materially impact on their demand.

#### How to engage them?

- For newly-identified connections, refer back to the guidance in [Chapter Five](#) and [Chapter Four](#) on data collection. You also need to move them onto the additional activities below.
- Your technical consultants will need a more in-depth understanding of connecting buildings at this stage. Notably this should involve technical site surveys, which you need potential connections to agree to.
- Talk to those stakeholders that did not provide data when requested at HMMP, in order to understand whether they have any appetite to connect, as well as making another request for technical data to remove reliance on benchmarks.
- As at HMMP, the engagement channel you choose should reflect their importance as a connection, so are likely to use calls and emails over face-to-face meetings for less critical connections.
- Arrange regular updates with key connections to ensure they are aware of project progress and timescales and they also have the opportunity to make you aware of any changes. Emails or updates are less useful than a conversation because they do not allow discussion and facilitate feedback as effectively as a telephone call.
- Refer back to your Prioritisation Grid and remember to keep updating it as the project develops. You may find that the importance of certain connections increases or decreases as the project changes. Target your resources accordingly.

## What outcome do you need?

- Access to sites for surveys.
- Connections that did not provide data at HMMP provide that data now, removing the need to use benchmarks, or they are deprioritised at this stage.
- An accurate understanding of any changes in an anchor load's barriers and motivators.
- Connections that feel they have all the information they need on the project to make an informed decision about connection and an open line of communication to the project manager.

## Moving the relationship to the next stage

- At DPD the project will start to become more commercial for potential customers, as Heads of terms are negotiated. Those negotiations will go more smoothly if they are not the first point at which issues are raised. Share as much detail on your intentions as you can with potential customers before entering negotiations, without compromising your negotiating position, particularly where those connections are other public sector bodies.

**Your offer:** A greater assurance that the project is likely to go ahead with their customer data and an understanding of their ongoing barriers and motivators.

**Your ask:** Data (including from those that did not previously provide it), access to buildings and sites for technical surveys, an understanding of willingness to enter into commercial negotiations at the next stage.

## C. CUSTOMERS

### Group Two — Property Developers



#### Why engage them?

- New developments that do not yet exist need to be engaged differently to existing buildings, e.g. you will need to work closely with your planning team.
- The earlier you can engage with developers the better. The difficulty and expense of bringing in consideration heat networks will increase the further a developer progresses through their own commercial and technical design process.
- It gives the Project Manager or suitable representative the opportunity to listen to the developer's views, deal with any misconceptions — e.g. around technical requirements or costs - and ensure the developer correctly understands the potential benefits of connection, including increased space in developments and a cost-effective way of meeting planning regulations.

#### How to engage them?

- Ask your Planning Team to arrange a pre-application discussion with the developer, at which the project manager and / or other representatives are also present.
- Ensure relevant colleagues in the Planning Team are fully-briefed and on-side before the meeting as they may share some of the developer's misconceptions and concerns.
- Ensure requests for data are made sensitively, e.g. try to develop some level of rapport and positive feeling towards the project before sending a data request ([see Chapter Four on Data Collection](#)).

## What outcome do you need?

- Planning Team is briefed and on-side for this meetings and other interactions they may have with this developer and others.
- Developer is given an accurate understanding of how their planning requirements may relate to potential heat network connection opportunities.
- Developer has a correct understanding of the requirements and benefits of connection to the network.

## Moving the relationship to the next stage

- A pre-application meeting would be the precursor to a formal planning application. The developer is likely to have regular contact with the Planning Team and other strategic decision-makers in a local authority (e.g. Place Directors). As the Project Manager is unlikely to be able to participate in all these discussions it is important that those individuals are well-briefed on the project and that lines of communication are kept open so that both sides are aware of progress.

**Your offer:** The opportunity to have a pre-application conversation that will enable them to understand the opportunity offered by network connections and make the best possible formal planning application that will be favourably received by planners.

**Your ask:** Attendance at a pre-application meeting and a willingness to discuss the possibility of network connection.

## D. DELIVERY PARTNERS

### *Delivery Partners*



#### Why engage them?

- Your technical consultant should be asking ESCOs or potential delivery partners to undertake a technical review of the study and to advise on the accuracy of cost estimates. Engaging with a company that is actually delivering the design, construction and operation of live schemes offers access to information and experience that consulting engineers may or may not have.
- Given the marginal viability of some schemes, accurate costs are critical in ensuring robust decisions can be taken based on realistic financial returns.
- This also gives the opportunity for delivery partners to offer a view on the market appetite to deliver the scheme.
- Heat sources will need to be engaged to further understand the viability of connecting to them, and the role that the heat source might play in the commercial delivery of the scheme.

#### How to engage them?

- Your external consultants should have relationships with a range of delivery partners and request the technical review as part of undertaking the technical study.
- Ensure consultants give appropriate feedback to the project sponsor, on both cost estimate accuracy and market appetite to deliver the scheme, and that the results of the external review are incorporated into the final report.

## What outcome do you need?

- A study that has had feedback from delivery partners, particularly with regard to the accuracy of estimated costs.
- Initial insight into market appetite to deliver the scheme.

## Moving the relationship to the next stage

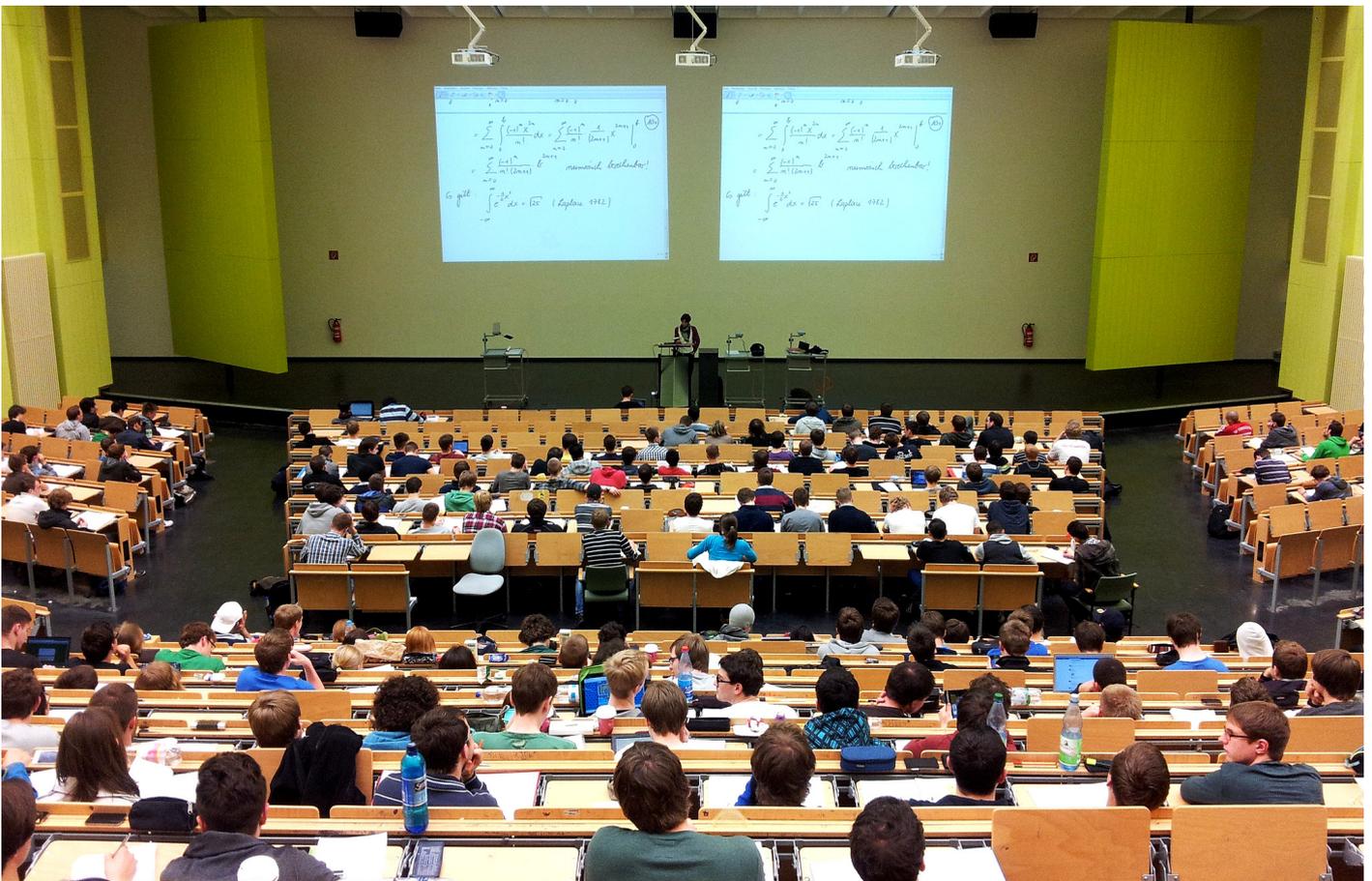
- You may wish to undertake more formal soft-market testing at the next stage. Keep delivery partners informed of your plans and progress on the project to enable them to stay engaged with the scheme. Delivery partners have a strong motivation to engage but you can still facilitate that engagement through regular updates and open channels of communication, bearing in mind procurement rules.

**Your offer:** Via your technical consultant, the opportunity to help get a project, which they will then be able to bid to deliver, to market, and the opportunity to positively influence the design of the scheme.

**Your ask:** Feedback from technical consultants on the technical review of the study outputs, particularly with regard to cost estimates and market appetite to deliver the project.

## CASE STUDIES

A local authority developing a town centre heat network had been in discussions with a Higher Education College that had a large number of its estate buildings located within the study area and were of interest for connection to the proposed heat network. It was initially assumed that the College would act as a simple heat customer, however, following engagement, the local authority discovered that they actually had an active interest in playing an investor role within the project, given the alignment of the project to their sustainability strategy and the significant number of buildings that had been earmarked for connection. Early engagement with this stakeholder helped to reach a more accurate understanding of this stakeholder's potential role in the project and revealed a potential source of finance which had not been considered previously.



# KEY CONSIDERATIONS

## 1. Maintain momentum

Keep appropriate channels of communication open. This needn't be arranging big meetings dedicated to the project; it could be a phone call to catch-up or speaking to someone in the margins of a different meeting. See [Appendix 1](#) on possible engagement channels and when to use them. Keep engaging when things are going wrong. Bad news travels fast and it is crucial to stay in control in a crisis ([see Chapter 8 – Investors](#) for more information on crisis management). If you do find yourself in this situation remember to engage promptly, to be honest, to listen and not to minimise or dismiss stakeholders' concerns.

## 2. Talk to the right person

Whether your project is developed as a fully-municipal, hybrid or private concession scheme, it's important to secure early and ongoing engagement with your Chief Finance Officer (S151 officer), who should ideally be represented on the Project Board. Part of this ongoing conversation means understanding how your internal finance function appraises investment opportunities, and ensuring that your financial model offers a like-for-like comparison. It's also important to facilitate your finance team in having early engagement with investors and potential sources of finance to understand their investment requirements and assess their potential appetite for investment. This helps make them a part of the solution.

## 3. Take ownership of relationships

It becomes crucial here that the project promoter, particularly in the case of a local authority, owns the relationship with each stakeholder. This doesn't necessarily mean that you have to be the main point of contact (although this is ideal) but do not outsource the relationship completely if using external consultants. The relationship needs to develop over time as all parties become more invested in the project, and this is facilitated by continuity between individuals. Stakeholder engagement is a continuous process that needs to continue between each stage of technical investigation, whether or not you retain the same technical consultant. If you have a good relationship with each stakeholder then you are far more likely to pick up on changes to their strategic drivers. This is partly because they will be more likely to trust you with potentially-sensitive information, and partly because it's more likely to come up if you are having regular conversations.

# RESOLVING ISSUES

## Issue: Potential customer pulls out

- Did you listen effectively to make sure you understood the nature and strength of the potential customer's interest in the project?
- Are you sure that you were engaging with the right person with the authority to take decisions and the right perspective? Were you using the right person to engage with them?
- Had you taken account of the 'hassle factor' impact and made sure that the anchor load felt the project benefits outweighed the drawbacks?
- Had you understood the anchor load's strategic context and whether that context had changed?
- Had you understood the anchor load's timescales?

## Solution

This may not be a final decision. Go back to first principles and avoid slipping into making a hard sell which is likely to have the opposite effect to the one you intended.

Listen to your stakeholder, find out exactly why they've pulled out, and show them that you understand their perspective before starting to build up to reasons that would motivate them to change their mind.

Consider whether you are definitely talking to the right contact and whether you're using the best member of the team to engage them.

Remember to prioritise effectively, referring to your Prioritisation Grid ([see Chapter One](#)). If the customer in question is a minor load then you may not have the resource to engage each one as described above.

## Issue: Failure to get approval to move to Detailed Project Development

- Did you have a governance structure in place with suitable processes to ensure those that needed to give approval were engaged appropriately ([see Chapter Two on Governance and Vision](#))?
- Did you understand corporate objectives and individual drivers and motivators and make sure these were clearly addressed by the project in the feasibility study?
- Did you fully address any concerns or issues before making a formal request to progress to DPD?
- Did you properly understand the competition for resources and time or position your request for approval appropriately?

## Solution

Find out, in as much detail as you can, why approval was not given. Bear in mind that there may be other reasons than the ones made public – speak to people who would know.

Go back to first principles of engagement and don't seek approval again until you can positively answer all the questions above. Try working collaboratively with any opponents of the project – if you can address their concerns then they can become some of your most powerful advocates.

## Issue: Failure to align timescales – Planning policy not yet in place

- Did you engage with your planners – including those in development management and control – to ensure they were equipped to negotiate with developers?
- Did you discuss the timelines for planning policy adoption, network development and forthcoming developments, and agree an approach?
- Did you consider interim solutions such as Supplementary Planning Guidance or the development of a Position Statement which gives weight to emerging policy?

## Solution

Engage with your planners. Remind them of the weight that can be given to emerging plans as well as existing planning policy.

Offer the necessary support to your planners in negotiating with developers, particularly at the pre-application stage.

# 7: Detailed Project Development

## INTRODUCTION



Detailed Project Development (DPD) is the in-depth planning phase for the spending proposal; during this stage the project should move from a concept to an investable opportunity, with a business case, which will require the endorsement and approval of the relevant decision maker(s). Decision makers will need to be sufficiently confident in the business case to commit the necessary resource and finance to enable the project to proceed. This is often obtained through the development of a Green Book Outline Business Case (OBC).

The continued downward pressure on public sector spending has resulted in a significant increase in competition for infrastructure funding within local authorities. Capital spending decisions are taken on the basis of demonstrable value for money and clear alignment with spending priorities, such as the focus on spend to save and an increasing drive for long-term income generation through the commercialisation of local authority services.

Stakeholder engagement is critical to getting to a compelling business case. It must demonstrate that relevant stakeholders have been consulted and their support obtained. Key customers and heat suppliers need to give a sign of commitment, such as agreeing a Heads of Terms. A clear articulation of how stakeholder risk has been understood and dealt with will give confidence in the robustness of the case. You will need the support of internal colleagues to shape the business case.

**Myth:** External stakeholders are more important than internal stakeholders.

**Reality:** Do not take your internal stakeholders for granted – you will rely on a whole range of colleagues at different levels of seniority to support both you and the project. This could range from approving capital spend to allowing you time on the agenda of a particular meeting, to including heat network connection in planning discussions to helping you coordinate when roads will be closed. Internal stakeholders can block your project just as effectively as external ones.

**Myth:** You can work out the detail when you come to sign a Memorandum of Understanding or Heads of Terms.

**Reality:** At the point of signing anything official the stakes become higher, creating tension or bringing existing tensions into sharper relief. Discussions can easily slip into becoming adversarial, or even acrimonious. Resolving potential issues before this point, when it is easier to work collaboratively, should make the official signature process more efficient and get you a better agreement.

In the following tables we outline the stakeholder engagement considerations across key stakeholder groups that are relevant to this stage of the project. For the purposes of the Chapter we have assumed that an Outline Business Case (OBC) will be developed during DPD:

## A. INVESTORS

*Group One — Project Board,  
Internal Finance & Decision Makers*



### Why engage them?

- You need to understand the approvals process and individuals involved. Your Project Board may support in taking the OBC to Cabinet, or other approvals as and when required.
- You need to engage with key decision makers to make a compelling case which ensures that your project is allocated the finance and resource it needs to go forward.
- Effective engagement with key internal decision makers, including your Project Board, Select Committees and project champions will build confidence in your project and enable you to secure the approval of the OBC.
- You will need support from the Project Board to help make key decisions relating to the business case and to deliver OBC options appraisals and project shortlisting.

### How to engage them?

- Seek to engage with decision-makers individually first before formally seeking approvals from the Project Board or Cabinet. This will help understand each decision-maker's position and the decision they are likely to take in advance.
- Make sure you understand the views of individual board members as well as the dynamic of the group in order to appeal to the decision makers' interests. Boards often have a 'gatekeeper' figure whose understanding of the group dynamic can be invaluable in nuancing the presentation of your request.
- Refer back to your stakeholder mapping to understand who is taking key decisions, what their motivators are and who influences them. Use the relationships identified in your stakeholder mapping and undertake additional influence mapping on key individuals to determine your engagement tactics. More information on influence mapping is outlined in the [key considerations](#) below.
- Understand and make use of your internal politics, think about the difference between 'hard power' and 'soft power'. Seniority doesn't necessarily equal influence. More information on hard and soft power is outlined in the [key considerations](#) below.
- Understand what is influencing the internal competition for resource. A better understanding of the strengths and weaknesses of the capital projects that you're competing against will help you to develop a compelling OBC that stands out.
- Engage with your finance team so that they refine and take ownership of the financial model and participate in discussions relating to risk analysis.

## What outcome do you need?

- A better understanding of the factors which are currently determining spending decisions in your organisation and an OBC which is well aligned with strategic drivers.
- The Project Board and internal decision makers approve the necessary finance and resource to enable the project to proceed.
- The Project Board provides support in the development of the OBC and decisions are made with respect to the features of each of the five cases of the OBC, such as the options appraisal and shortlist of projects within the economic case.
- Robust evidence which documents and provides a clear understanding of how the OBC was reached, including information on the underlying analysis and assumptions that have been used.

## Moving the relationship to the next stage

- In order to proceed, the decision makers will need to review and approve the OBC and commit the finance and resource necessary to take the project forward.
- The decision makers should identify areas of concern and provide feedback on refinements that they would like to see addressed during Commercialisation, in order to give them full confidence in the investment opportunity.

**Your offer:** This will depend on the decision makers concerned, but could include the opportunity to support the development of a project that meets strategic corporate objectives, generates revenue and attracts investment.

**Your ask:** Participation in regular meetings and collaborative discussions relating to the project, in order to develop a compelling OBC that appeals to decision makers' interests and ultimately secures approval.

## A. INVESTORS

### Group Two — Elected Members



#### Why engage them?

- Effective engagement with Elected Members will build confidence in your project and enable you to secure the approval of the OBC. You should have engaged with this group in some way previously so that they already have an understanding of the project and its strategic alignment to the Council's goals.
- If supportive, Elected Members can become important advocates, and be useful in raising the profile of the project amongst internal and external stakeholders.
- Elected Member(s) are often represented on the Project Board. You may well already have Elected Member representation, if not, it would be advisable to consider them for a role as the project gains momentum.

#### How to engage them?

- Try to de-politicise the project so that it secures cross-party support. This could be achieved by ensuring your project has a combination of selling points which appeal to all parties or pitching it in line with a more general place-based vision which all parties are signed up to.
- Don't give up on opponents too soon; their objections may be legitimate and, if addressed, these people can become some of your most powerful advocates. Listen to their concerns, be honest, and find collaborative solutions to address any issues.

## What outcome do you need?

- Elected Members are supportive of the project and approve the necessary finance and resource to enable the project to proceed.
- Elected Members are advocates of the project and help influence internal and external stakeholder views and build the project's profile.

## Moving the relationship to the next stage

- In order to proceed, the relevant Elected Members will need to review and approve the OBC.
- Elected Members should identify areas of concern and provide feedback on refinements that they would like to see addressed during Commercialisation, in order to give them full confidence in the investment opportunity.

**Your offer:** This will depend on the Elected Members concerned, but could include the opportunity to support the development of a project that delivers on issues that are important to the local electorate, such as economic growth, fuel poverty alleviation and carbon reduction.

**Your ask:** Participation in regular meetings and collaborative discussions relating to the project, in order to develop a compelling OBC that appeals to decision makers' interests and ultimately secures approval.

## A. INVESTORS

### Group Three — External Investors



#### Why engage them?

- You may seek to engage potential private investors in soft market testing exercises to undertake a commercial review of the detailed financial model and provide feedback on risks and issues and suggestions for improvement which help you to refine the OBC.
- You may also want to further explore public financing options, in addition to private financing, in order to strengthen the OBC, such as those that exist through HNIP and European funds.
- Engagement with external investors will provide you with a better understanding of the market appetite of potential investors and their investment requirements.

#### How to engage them?

- Focus on using the engagement exercise to better understand the external investor market, including what they're prepared to deliver and the project development documents and metrics that they want to see in order to make a decision on the attractiveness of the project.
- Explore whether investors are willing to provide their own financial analysis to help act as a sense check against existing analysis.
- Make sure that external investors understand the objectives that you are seeking to achieve, so that they can develop a tailored investment proposition which meets your needs.
- Have a clear idea of what you can and can't offer without compromising the project's economic viability or intended objectives.

## What outcome do you need?

- An OBC which accurately reflects the position of relevant external investors and consequently gains the support of internal decision makers.
- A better understanding of the investment appetite of external investors and their investment requirements.

## Moving the relationship to the next stage

- Communicate the next steps for the project, including timescales surrounding approval of the OBC and the plan for negotiating and agreeing investment arrangements with external investors.
- In the case of public financing options, you will need to communicate the plan for submitting an application for funding following approval of the OBC.

**Your offer:** The opportunity to gain a better understanding of a pipeline project and to provide feedback which could strengthen the business case and lead to a more attractive investment opportunity.

**Your ask:** Participation in a soft market testing exercise, to undertake a detailed commercial review of the proposed scheme, provide more certainty around investment options and OBC proposals and give feedback on refinements which will strengthen the OBC.

## B. CONSENTS

### *Planning, Highways, Procurement, Legal & External Consents*



#### Why engage them?

- During DPD, stakeholders associated with the provision of consents will become increasingly important as you seek approvals to enable the works to proceed.
- Engagement with internal colleagues such as Planning, Highways, Building Control and Air Quality will be necessary for ensuring that you have identified the consents, permits and approvals that will be necessary to deliver the project, and put in place a realistic plan to securing them.
- Engagement with internal colleagues such as Legal and Procurement will be necessary for the development of a robust procurement and contract strategy that the organisation is bought into.
- Engagement with external permitting bodies, such as Network Rail, Environment Agency, Canal and Rivers Trust, and others will be necessary for identifying the permits that are necessary to deliver the project and the information required to secure them.
- Engagement with other external bodies such as electrical and gas DNOs, will be important for facilitating connection to the grid, where appropriate.

## How to engage them?

- Understand your route to market to determine the level of resourcing that you'll need from internal departments. Be clear and realistic about your requirements.
- Work with your colleagues to establish exactly which consents and planning applications will be required and the likely timescales needed to inform the project programme.
- Determine whether you will be registering the scheme with the Heat Trust and understand the implications of this on any contractual relationships. Ensure that any compliance needs are built into Heads of Terms and other contracts as relevant.
- Align the project to internal policy, plans and proposals. It will likely be affected by or dependent on other activities. For example, you may seek to use planning conditions to secure connections or require permits for the closure of roads and digging of trenches. Understand what timelines your colleagues require and build these into your programme.
- Seek feedback on your project from the relevant colleagues, including on energy centre designs, building and environmental impacts and the proposed network route.

## What outcome do you need?

- Identification of the consents required to enable the project to succeed and the information and timeline needed to secure them.
- Feedback from colleagues is incorporated into the project to ensure that consents can be secured.

## Moving the relationship to the next stage

- Communicate progress in securing approval of the OBC and outline a forward plan for the submission of applications for consents during the Commercialisation stage.

**Your offer:** The opportunity to support the development of a strategic project and deliver against internal objectives on cross-team working. It could also offer individual benefits towards their own projects e.g. opportunity to combine trenching costs, enhancing development viability.

**Your ask:** Attendance at one-to-one meetings and working group meetings as relevant, provision of information to inform the programme plan and a review of the proposed project to ensure it meets the necessary requirements for consents.



## C. CUSTOMERS

### Group One — Customers



#### Why engage them?

- In order to build confidence in the robustness of the OBC and manage project risk, there is a need to obtain commitment from key customers, through for example, a signed Heads of Terms agreement.
- If customers believe that the project is not maintaining momentum and moving closer to reality then they are likely to lose interest and disengage.

#### How to engage them?

- The dynamic with customers is likely to shift at this stage, as you move away from collaboration towards negotiation in order to pin the offer down. Make sure that you use people with suitable negotiation skills to undertake these conversations.
- Consider who within the customer organisation you're engaging with, and tailor your approach to suit the audience. You may be engaging with Directors, Energy / Facilities Managers, legal, finance, procurement and external advisors. Each will have different interests and may respond better to different people within your project team. More information on tailoring your engagement approach is outlined in [Chapter One](#).
- Engage with the decision maker within the customer organisation(s). For example, you may need to engage with both the developer and housing association of a mixed tenure development. For an existing site, you may need to engage with the asset management, leasehold and freehold companies. Each stakeholder may wish to bring their own legal teams to the negotiation of the Heads of Terms. It will be more effective to bring all parties together in order to reach a common consensus on the terms of the relationship, rather than undertaking conversations sequentially.
- Be comprehensive in outlining all elements of the offer to customers, including; strategic fit with customer objectives, timing and plan for connection, technical requirements and the commercial tariff structure.
- Be open to negotiation and offer customers the opportunity to raise areas of risk that need to be mitigated. Ideally you should go into discussions with an idea of what you can and can't offer without compromising the project's economic viability, balanced against the risk of losing the connection. You may be able to compromise or provide reassurance which will secure commitment.
- If changes have taken place since the project was first introduced, be honest. Authenticity is key to effective communication and building trust.

#### What outcome do you need?

- You need to move from a project vision to a clear and tailored offer which appeals to your key customers.
- Signed Heads of Terms agreements with key customers which signals to your decision makers that the project is considered viable and a worthwhile investment.
- Securing Heads of Terms with the largest and most high profile customer may act as a catalytic tool in itself, providing the negotiation power necessary to secure commitment from additional customers.

#### Moving the relationship to the next stage

- Communicate progress in securing approval of the OBC and outline a clear forward plan for connection.

**Your offer:** This will depend on the nature of the customer's interests, but could include a greener, lower-cost, more reliable, lower-maintenance heat supply and the opportunity to be a key partner and shape a strategically-important local project.

**Your ask:** Engage in negotiations to agree on the principles of the relationship and mitigate key risks through a signed Heads of Terms agreement.

## C. CUSTOMERS

### Group Two — Property Developers



#### Why engage them?

- New developments that do not yet exist need to be engaged differently to existing buildings, e.g. you will need to work closely with your planning team.
- In order to build confidence in the robustness of the OBC and manage project risk, there is a need to obtain commitment from key developer customers, through for example, a planning condition, a Section 106 or a signed Heads of Terms agreement.
- If developers believe that the project is not maintaining momentum and moving closer to reality then they are likely to disengage or become critical of the project's deliverability.

#### How to engage them?

- Make sure you understand the relationship between property developers and other third parties including landowners, housing associations and building contractors. Identify the relevant contracting parties and any contract guarantees that will be required.
- Remember that Property Developers are often advised by a group of external consultants, including planners, architects, M&E engineers and sustainability professionals. Gaining the support of each of these stakeholders will reduce the likelihood of conflict later down the line.
- Address issues associated with the misalignment of timescales, considering solutions such as futureproofing and temporary energy centres to secure the connection.
- Work with your planning team to facilitate the engagement. Be clear on the expectations of local planning policies as relates to heat network connection, but avoid focussing too much on the compliance – try to keep the conversation focussed on the mutual benefits that each party will secure as a result of the project.
- Consider the most appropriate engagement channels to use in circumstances where your development management colleagues are engaging on your behalf. For example, a developer pack may be a useful tool to help market the offer to lower priority stakeholders. More information on engagement channels can be found in [Appendix 1](#).

#### What outcome do you need?

- Relevant agreements with key developers which signal to your decision makers that the project is considered viable and a worthwhile investment.
- The developer is committed to the project and is taking the necessary steps to ensure that the heat network infrastructure can be incorporated into their site.

#### Moving the relationship to the next stage

- Communicate progress in securing approval of the OBC and outline a clear forward plan for connection.

**Your offer:** This will depend on the nature of the developer's interests, but could include engaging in a project which will provide an opportunity to offload capital costs, enhance the attractiveness of their development through the marketing of a sustainable and low carbon development and securing a cheaper route to policy compliance.

**Your ask:** Engage in negotiations regarding the technical and commercial considerations for connection of the development site to a heat network, and take the necessary steps to allow for the incorporation of this infrastructure.

## D. DELIVERY PARTNERS

### *Delivery Partners*



#### Why engage them?

- You may seek to engage potential delivery partners in soft market testing exercises to undertake a technical review of detailed designs and provide feedback on risks and issues and suggestions for improvement which help you to refine the OBC at no additional cost.
- If relevant, engagement with heat sources will enable you to pin down the technical and commercial detail in relation to their role in the project.
- Engagement will provide you with a better understanding of the market appetite of potential delivery partners, provide greater security around the preferred financing option(s) and enable you to better prepare for future procurement exercises.
- It will enable you to explore the relative merits, drawbacks and reputations of individual companies.

#### How to engage them?

- Make sure you seek appropriate procurement advice before you start engagement, so that you don't do anything that could compromise the formal procurement exercise.
- Be clear and specific in outlining the nature of the feedback that you are seeking, focusing on the desired outcome of the engagement. Ask key questions relating to their view on the technical feasibility of the project, the capability of the market to achieve what is required and suggested modifications which could de-risk the OBC.
- Consider engaging with potential delivery partners through a market engagement day, to allow you to provide an overview of the project scope and capture the views of a range of potential suppliers. Engage with your procurement team and ensure they provide you a thorough overview of the pertinent procurement rules to ensure companies are not given an unfair competitive advantage.
- Be open to novel approaches and willing to reconsider the scope of the project in response to market feedback.
- Focus on understanding the position of your heat sources as much as possible. Remember that this is unlikely to be part of their core business, they may be an Energy from Waste plant operator or an industrial business with excess heat. You need to tailor an offer which appeals to their interest and does not have a detrimental impact on their core business.

#### What outcome do you need?

- A strengthened OBC which takes into account the market feedback and demonstrates that there is market appetite for delivery.
- Stakeholder confidence and trust in the deliverability of the scheme, including a realistic programme, cost and revenue certainty.

#### Moving the relationship to the next stage

- Communicate the next steps for the project, including timescales surrounding approval of the OBC and the delivery of formal procurement exercises.

**Your offer:** The opportunity to gain a better understanding of a pipeline project and to provide feedback which could strengthen the business case and lead to a smoother formal procurement process.

**Your ask:** Participation in a soft market testing exercise, to undertake a detailed technical review of the proposed scheme and provide feedback on cost estimates and technical refinements which will strengthen the OBC.

## D. DELIVERY PARTNERS

### Local Businesses & Residents



#### Why engage them?

- Once the OBC is submitted to Cabinet, it will become public knowledge and therefore be open to scrutiny from the local electorate, particularly in relation to the value for money of the spending proposal for the taxpayer.
- The heat network construction will cause disruption to a range of local businesses and residents who may be affected by road closures, disruptions to transport and construction noise, some of whom will not directly benefit from the heat network connection.
- Building a positive reputation amongst local businesses and residents will minimise the amount of complaints you receive and keep your Cabinet Members and Senior Management on board.

#### How to engage them?

- Work with your internal press and communications team to develop a media strategy. Use press and media activities to engage with the wider public and communicate progress against milestones, such as the approval of the OBC.
- Create a landing page on the Council website which includes a summary of the project, FAQs and links to case studies for further information. This will provide the wider public with a trusted and accurate source of information about the heat network.
- Make sure that your Cabinet Members are sufficiently briefed on the project and its benefits, so that they can provide an accurate account of the project should they receive enquiries from their constituents.
- Develop a standard procedure for managing enquiries or queries to make sure they can be dealt with promptly. Retaining a record of enquiries and contact details to ensure they are known about as the project progresses.

#### What outcome do you need?

- A local population of businesses and residents who are supportive of the project and feel that they have had an opportunity to learn more about it and provide feedback.

#### Moving the relationship to the next stage

- Communicate a forward plan for when the Full Business Case (FBC) will be submitted to Cabinet.

**Your offer:** Learn more about a proposed project which will deliver benefit to local people.

**Your ask:** Review website and media material to learn more about the proposed project and provide feedback if you have any concerns or queries.

## CASE STUDIES

**Case study One:** There are many techniques to achieve the de-politicisation of long-term infrastructure. One technique that has been used successfully, for example with Crossrail in London, is to pitch the infrastructure in line with a place-based vision that everyone is signed up to. In the case of Crossrail, initial messaging around congestion proved too political and was redefined to it being a necessary project to maintain London's position as a thriving, globally-important city. This was a subtle shift in messaging, but a successful one because no political party has a manifesto that claims London should not remain a thriving, globally-important city.



**Case study Two:** One local authority used a 'back-casting' technique to ensure that all possible risks had been identified and explored. This involved a session visualising the point at which the network had failed, and looking back – or 'back-casting' – to think of every conceivable thing that could have gone wrong to cause it to fail. This helped the Project Board and Project Team identify and explore the risks in order to manage them better, increasing their confidence in the project.

## KEY CONSIDERATIONS

### How can I communicate the heat price?

A common issue is communicating the difference between a heat price and a gas price. The price for gas fuel is likely to be cheaper than the price for heat, which also incorporates the cost of maintenance and replacement, factoring in efficiency losses as a result of the conversion of fuel to heat.

Customers may not have a clear understanding of the real cost of heat to them, especially where they don't have separate budgets for maintenance and replacement and instead make reactive purchases for a heating plant in the event of a breakdown. This can result in a perception that the price being communicated is hiding behind 'smoke and mirrors' and complicated calculations.

Be transparent in explaining how you have reached the calculated heat price and offer the customer an opportunity to interrogate and provide feedback on the proposed cost so that they feel it is fair and represents value for money. It can be effective to place emphasis on the fact that district heating is a service, not a fuel, with consequent benefits associated with convenience and offloaded risk. Refer to Section 1 of the Economic and Financial DPD Guidance for further detail on heat pricing.

### What is influence mapping?

As a sub-set of your stakeholder map you may wish to produce a more detailed influence map for a key individual. This can be done as a separate diagram, for clarity, or you can simply add detail to your existing stakeholder map. An influence map normally focuses on one key individual and looks at who influences them and how, and who they influence in turn. This is not about influencing decisions, but ensuring that the decision-maker is as receptive as possible to the information they are being offered. When decision-makers feel disengaged or poorly informed about a project they are more likely to take a negative decision. Influence maps help show where a third-party advocate might be engaged to present information. Where there is hostility to a project they also help highlight the nature of that hostility, e.g. is it about the project itself or is the person objecting because they are competing for influence or resource?

## Hard power versus soft power

Hard power is coercive and displayed in the formal management structures of an organisation where instruction from someone in a position of seniority will persuade others to do something. In contrast, soft power is co-operative and relies on the capacity to persuade others to do something through appeal and a currency of culture and strategic values.

Seniority doesn't necessarily equal influence. There may be people at 'junior' level that have significant influence on other people's opinions. The reverse can also be true; some individuals at a 'senior' level may carry little influence. In order to understand who holds power and influence in your organisation, you need to have someone with good political awareness and internal relationships on your project team. Reflect these power dynamics in your stakeholder map and use this insight to plan your internal engagement tactics, including which individuals to target.

## Beware of optimism bias

Remember that there is a demonstrated and systematic tendency for project appraisers to be overly optimistic. It should therefore be encouraged that a range of stakeholders with differing perspectives review and refine the OBC to ensure it is robust and fit-for-purpose. A full risk and benefits analysis including an Optimism Bias assessment should feed into your decision, further detail on which is outlined in Section 3 of the Economic and Financial DPD Guidance.

## RESOLVING ISSUES

### Issue: Planners fail to require connection to heat network

- Did you engage your planners at the beginning of the project development process?
- Did you provide sufficient information to gain the support of both the planning policy and development management teams?
- Do the relevant staff in the planning team have the necessary information and expertise to engage effectively with developers on heat networks?

### Solution

Find out whether it really is too late to re-engage with the developer. Whilst you may be too late with a particular connection, you still need to act to protect future connections.

Work with the planning team to secure their support and ensure that you offer them the support they need to engage effectively with developers.

### Issue: Change in political administration

- Did you take the necessary steps to de-politicise the project and gain cross party support?
- Did you plan for delays due to the process (e.g. Purdah) and the outcome (new elected members and changes in top-level management)?

### Solution

This may not strictly be a problem, since it could also present you with an opportunity. You need to consider the impact of the loss of certain stakeholders, including the networks of contacts that they bring.

Engage with each new stakeholder remembering that, no matter how advanced the project development, this is the beginning of the process for them. Beware of presenting them with a foregone conclusion as this can cause people to disengage.

## **Issue:** Failure to get approval of OBC

- Did you engage the people you needed to give approval in the project development process and give them the opportunity to collaborate?
- Did you understand their drivers and motivators and make sure these were met in the project proposal?
- Did you fully address any concerns or issues before making a formal request for approval?
- Did you properly understand the competition for resources and time or position your request for approval appropriately?

## **Solution**

Don't give up! One rejection does not mean the end of your project. Find out, in as much detail as you can, why approval was not given. Bear in mind that there may be other reasons than the ones made public – speak to people who would know.

Go back to first principles of engagement and don't seek approval again until you can positively answer all the questions above. Try working collaboratively with opponents of the project – if you can address their concerns then they can become some of your most powerful advocates.

# 8: Commercialisation

## INTRODUCTION

You've just secured approval of your Outline Business Case, which means that your key stakeholders support the project. The focus now shifts towards delivery, and refining the business case to address any concerns that may have been raised, through the development and negotiation of contracts, delivery of procurement activities and final approval of the FBC.

It's an exciting time for stakeholder engagement; your project is now much more clearly defined and this means you can convincingly articulate your plan to key stakeholders and get down to specifics in your engagement activities. Crucially you now also have a mandate, senior decision makers have publically stated their support for your project and this can do wonders to build excitement and convince people to come on board. Negotiation becomes key during commercialisation, as there are a suite of contracts with suppliers, partners and customers that need to be in place before you can start to deliver your project (see HNDU DPD guidance for more details on different contracts).

Don't assume your previous engagement activities mean that you have a full understanding of stakeholder perspectives. Stakeholder engagement is an iterative process, people and opinions change constantly and, in order to manage this risk, you need to continually track stakeholder perspectives and refine your business case to reflect change wherever necessary.

**Myth:** Stakeholder engagement is all about developing the right key messages to sell the project.

**Reality:** Stakeholder engagement is always a two-way process. You need to listen to what stakeholders are telling you and work collaboratively to find a solution that works for both parties. Going in with generic messages to 'sell' the project will compromise your ability to do so. This doesn't mean you shouldn't explore project benefits with stakeholders, but it shouldn't look like a 'pitch'.



In the following tables we outline the stakeholder engagement considerations across key stakeholder groups that are relevant to this stage of the project:

## A. INVESTORS

*Group One – Project Board,  
Internal Finance & Decision Makers*



### Why engage them?

- Effective engagement with internal decision-makers will lead to sign off of delivery and procurement of the project and the approval of the Full Business Case which enables you to build your project.
- You need to demonstrate that you have conducted successful negotiation with customers, delivery partners and investors to provide confidence in the project's viability.
- You need to demonstrate that you have engaged with and secured the support of a wide range of third party stakeholders who will be impacted by the project, and have put in place a plan to manage their concerns.
- You need to demonstrate that your internal finance team and Section 151 Officer is confident in the deliverability of the project and satisfied that risks have been adequately managed.

### How to engage them?

- Create confidence. Decision-makers sometimes express nervousness when asked to make the final commitment to the project actually going ahead. It's not uncommon at this stage to undertake due diligence through the commission of external expert validation of the FBC in order to provide decision-makers with the confidence to give the approval.
- Make sure the delivery model and associated contract documentation are fit-for-purpose, reflect stakeholder interests and protect the project objectives.
- Use your stakeholder map as a tool to understand how the project will impact all of your stakeholders and address any concerns to mitigate the risk of receiving criticism and losing the confidence of your decision-makers.
- Look again at the bigger picture of your stakeholder landscape and make sure you haven't missed or over-looked anyone that may need to be engaged. Sharing experiences with peers who have delivered infrastructure projects may help you check that all angles have been covered.
- Focus on addressing any key risks or areas of concern that were highlighted by decision-makers following review of the OBC.

### What outcome do you need?

- Decision-makers who are confident in your project's viability and provide the final approval of the FBC.
- Demonstrating that you have engaged with the full range of stakeholders and secured the support and contracts necessary for a successful project.

## Moving the relationship to the next stage

- Communicating the construction plan and projected spend profile for the project following approval of the FBC.

**Your offer:** This will depend on the decision-makers concerned, but could include the opportunity to support the development of a project that meets strategic corporate objectives, generates revenue and attracts investment.

**Your ask:** Participation in regular meetings and collaborative discussions relating to the project, in order to develop an FBC that has addressed previous concerns and provides decision-makers with the confidence to approve.

## A. INVESTORS

### Group Two – External Investors



#### Why engage them?

- In order to secure external finance.
- To ensure that your respective interests are aligned, to allow the investor to develop an investment proposal which meets your and their needs.

#### How to engage them?

- Make sure that you can meet your and their needs, and present the necessary metrics and project development documents to enable them to present their final offer.
- Be open to negotiation and offer investors the opportunity to raise areas of risk that need to be mitigated.
- Have a clear idea of what you can and can't offer without compromising the project's economic viability or intended objectives.

#### What outcome do you need?

- An investment agreement with clear contractual terms and the suitable allocation of risk between parties.
- A signed contract which accurately reflects the position of both stakeholders and will build internal stakeholder confidence in the robustness of your project.

## Moving the relationship to the next stage

- Communicating next steps surrounding approval of the FBC and the commencement of construction.
- Committing to a clear plan regarding the drawdown of funding as it relates to project milestones.

**Your offer:** A business development opportunity for external investors which provides them with an opportunity to generate a return on investment.

**Your ask:** Participation in two-way discussions regarding the project and its strategic aims and the investor requirements, and engaging in negotiation to reach an agreement that suits both parties.

## B. CONSENTS

### *Planning, Highways, Procurement, Legal & External Consents*



#### Why engage them?

- You will need to engage with internal infrastructure providers such as Planning, Highways, Air Quality and Building Control and external infrastructure providers such as Network Rail and the Environment Agency to receive guidance which leads to the submission of applications and securing of the necessary consents to develop the network.
- Without their support, these stakeholders have the potential to seriously delay, or even block, the project.

#### How to engage them?

- Consult with your stakeholders to ensure you have a full understanding of the information that they require to make a decision.
- You should not try to move forward until you have addressed issues, either by removing concerns or making sure that the project is suitably adapted.
- Build on previous engagement to implement strategies which complement other infrastructure activities, such as planning for multi-utility trenching to reduce costs.
- If you are registering with the Heat Trust Consumer Protection Scheme, ensure that these compliance needs are built into the final suite of contracts, and that all stakeholders understand the implications and requirements. Further information on the Heat Trust is provided in the [key considerations](#) section below.
- Be aware that your project may create unprecedented situations through, for example, the use of a novel technology solution, which may mean that you require non-standard licences or permissions that take longer to agree. See [case study](#) example below for further information.

#### What outcome do you need?

- Two-way, constructive engagement which leads to the efficient submission of applications for consents.
- Securing the necessary consents and permits to allow the project to proceed.

#### Moving the relationship to the next stage

- Notified of progress in securing the consents and approvals, and any conditions which might need to be met during construction.

**Your offer:** Delivering against the primary function of the stakeholder or organisation's role and internal objectives of cross-team working. The opportunity to support the development of a strategic project which may offer individual benefits towards their own projects e.g. opportunity to combine trenching costs, enhancing development viability.

**Your ask:** Attendance at one-to-one meetings and working group meetings as relevant, provision of information relating to consent requirements and areas of concern, review and approval of consent applications.

## C. CUSTOMERS

### Customers & Property Developers



#### Why engage them?

- During Commercialisation, you will need to formalise relationships with your customers through contracts such as Heat Supply Contracts and Power Purchase Agreements, to allow connection to the heat network to take place.
- Contracts that you sign now are likely to have a significant lifespan and impact the long-term relationship with your customers.
- It's important to ensure that your interests are aligned with that of your customers, and protected through contractual agreements.

#### How to engage them?

- Get the right legal and procurement advice to aid with your negotiations with your customers, this may include internal colleagues and specialist external advisors.
- Understand who needs to approve and sign what contracts within your customer's organisation. For example, developers may be engaged in complex business models which include investors, developers, Housing Associations, housing contractors and management firms.
- Get the right people together. Facilitate the negotiations through the introduction of the right people, including respective legal teams, to start the conversation.
- Think about who else is influencing the signatory, you may also need to satisfy these third parties to reach a successful conclusion. Customers may be influenced by external advisors, investors or shareholders.
- Consider who will be directly and indirectly impacted by each contract. For example, how will residents within a block of flats in the sole ownership of a developer or landlord be impacted by the relevant bulk purchase contract?
- Think beyond the stakeholders with whom you will have a direct contract, such as those impacted by the disruption. How can you address their concerns?

#### What outcome do you need?

- Signed contracts which are fit-for-purpose and accurately reflect the position of all stakeholders concerned.
- Contracts which provide certainty relating to the energy demand which will be connected to the heat network and the revenue stream that has been secured, demonstrating that demand risk is being managed and any finance can be serviced.

#### Moving the relationship to the next stage

- Reach a final decision relating to contractual terms with your customers, to allow the physical connection to take place.
- A communicated plan for construction and connection of the customer's site to the heat network.

**Your offer:** This will depend on the nature of the customer's interests, but could include a greener, lower-cost, more reliable, lower-maintenance heat supply and the opportunity to be a key partner and shape a strategically-important local project.

**Your ask:** Engage in constructive negotiations which lead to the signing of the necessary contract documents that accurately reflect stakeholder interests and enable connection to take place.

## D. DELIVERY PARTNERS

### Group One — Internal Press & Communications



#### Why engage them?

- During Commercialisation, your project will likely start to attract interest from a broader range of stakeholders and become higher profile.
- To manage the risk of something going wrong in your project, as a result of unlikely, but foreseeable events.
- Engaging with your internal press and communications team will help you develop a communication plan and outputs, create a positive reputation and plan for a crisis.

#### How to engage them?

- Seek input from your communications team in developing the communications plan for the project, and in identifying local media contacts and planning press releases and media activities. More information on developing a media strategy is outlined in the [Key Considerations](#) section below.
- Identify communication channels and activities that can be undertaken to engage local residents and businesses and build support for the project.
- Identify potential crisis situations through your risk management activities. For example, you may hit an unexpected subterranean obstacle during construction, there may be an accident on site or a major funder could pull out. Refer to the HNDU DPD guidance for a sample risk register.
- Work with your colleagues to develop a series of crisis communications plans to ensure you can quickly respond to any crisis situations with pre-approved messages.
- Know who you might need to communicate with and how in the event of a crisis. Identify the stakeholders you may need to inform and ensure you know how to contact those groups in a crisis. Consider who you might use internally to convey those messages and how you will structure messages to ensure transparency.

#### What outcome do you need?

- A robust communications plan which includes a plan for engagement with the local media in order to build a positive reputation for the project.
- A series of crisis communications plans which will help you respond quickly and effectively to a crisis.

#### Moving the relationship to the next stage

- Communicating the next steps for approval of the FBC and the commencement of construction.
- Agreeing the programme and nature of future support from the communications team in relation to media and milestone activities.

**Your offer:** Delivering against the function of the communications team and cross-team working. Enhancing the reputation of the organisation through a positive local image associated with a project that delivers socio-economic benefits.

**Your ask:** Support in reviewing and inputting to the development of fit-for-purpose communications plans which mitigate risk and lead to positive media coverage and stakeholder views.

## D. DELIVERY PARTNERS

### Group Two — Local Businesses & Residents



#### Why engage them?

- Information about the project is likely already in the public domain, and you will attract further interest as this stage progresses. You will be open to scrutiny from the local electorate, particularly in relation to the value for money of the spending proposal for the taxpayer.
- The heat network construction will cause disruption to a range of local businesses and residents who may be affected by road closures, disruptions to transport and construction noise, some of whom will not directly benefit from the heat network connection.
- Building a positive reputation amongst local businesses and residents will minimise the amount of complaints you receive and keep your Cabinet Members and Senior Management on board.

#### How to engage them?

- Work with your internal press and communications team to develop and implement your media strategy. Use press and media activities to engage with the wider public and communicate progress against milestones, such as the approval of the FBC or appointment of a delivery partner. Further information on developing a media strategy is outlined in the [Key Considerations](#) section below.
- Make sure that your Cabinet Members are sufficiently briefed on the project and its benefits, so that they can provide an accurate account of the project should they receive enquiries from their constituents.
- Develop a standard procedure for managing enquiries or queries to make sure they can be dealt with promptly. Retaining a record of enquiries and contact details to ensure they are known about as the project progresses.
- Provide local businesses and residents with the opportunity to provide feedback on the project. You may even wish to undertake consultation exercises at this stage, to formally gather and consider feedback on the proposals.

#### What outcome do you need?

- A local population of businesses and residents who are supportive of the project and feel that they have had an opportunity to learn more about it and provide feedback.

#### Moving the relationship to the next stage

- Communicate a forward plan for when the construction is due to commence.

**Your offer:** Learn more about a proposed project which will deliver benefit to local people. Have an opportunity to provide feedback on the proposals in order to minimise the disruption.

**Your ask:** Review website and media material to learn more about the proposed project and provide feedback if you have any concerns or queries. Engage in consultation activities if relevant.

## D. DELIVERY PARTNERS

### Group Three — Delivery Partners



#### Why engage them?

- During Commercialisation, you'll need to formalise relationships through the procurement and selection of private sector delivery partners, who may be bringing their waste heat, finance, resources and expertise to the project.
- Contracts that you sign now are likely to have a significant lifespan and impact the extent to which your heat network delivers against the original objectives.
- It's important to ensure that stakeholder interests are aligned and protected through contractual agreements.

#### How to engage them?

- Get the right legal and procurement advice to aid your negotiations with the selected delivery partner(s), this may include internal colleagues and specialist external advisors.
- Understand who needs to approve and sign what contracts. Your stakeholder engagement strategy should set out the roles and responsibilities of each stakeholder and this should inform your contract strategy. More information on developing a stakeholder engagement strategy is outlined in [Chapter One](#).
- Get the right people together. Facilitate the negotiations through the introduction of the right people, including respective legal teams, to start the conversation.
- Think about who else is influencing the signatory, you may also need to satisfy these third parties to reach a successful conclusion. Private sector delivery partners may be influenced by shareholders, suppliers and external advisors.
- Consider who will be directly and indirectly impacted by each contract and make sure that the lawyers drawing up the contracts fully understand your stakeholders' needs and concerns.
- Build in robust contract requirements relating to stakeholder engagement during construction and operation.

#### What outcome do you need?

- Signed contracts which are fit-for-purpose and accurately reflect the position of all stakeholders concerned.
- Contracts which safeguard the project's objectives and provide confidence to internal decision makers that the project will be successful.

#### Moving the relationship to the next stage

- Reach a final decision relating to contractual terms and the allocation of risk between parties to allow construction to commence.
- Identify any adjustments or refinements to the business case that are necessary to facilitate agreement between parties.
- Ensure that there is a clear understanding of the stakeholder engagement and communication responsibilities of all relevant parties before moving to the Construction phase.

**Your offer:** A business development opportunity for delivery partners to sell their products and services.

**Your ask:** Participation in a competitive tender exercise and constructive negotiations which lead to a suite of signed contract documentation which accurately reflect stakeholder interests.

## CASE STUDIES

**Case study One:** a new development in Kingston upon Thames planned to use a water-source heat pump, taking advantage of its riverside location on the Thames. When they came to apply for the relevant permits from the Environment Agency, it became apparent that there were no suitable existing permits or licences in use, so an entirely new type of licence would need to be developed. This was the single biggest challenge that the project faced and required significant dedication on the part of the developer to ensure the new licence was produced.

**Case Study Two:** Successful engagement with local residents was demonstrated by Islington Council through the Bunhill Heat and Power scheme. A local school which was located adjacent to the Phase 1 network was undergoing redevelopment, and had been identified as a customer for the subsequent phase of the network. Islington Council engaged with the school to produce a YouTube video – *“Turning waste energy from the Tube into useful heat”* with the school children in order to provide an overview of the project. The video was launched at a local event, attended by the schoolchildren and the local Councillor, to build a positive reputation for the project.

## KEY CONSIDERATIONS

### 1. Developing a media strategy

In order to avoid having to decide how to handle bad press when it happens, include a communications and media strategy as part of your overall stakeholder engagement approach. For example, you will need to decide whether to take a low-profile or a high-profile approach with the local press. Each has risks and benefits and you will need to decide with your press and communications teams which approach is most suitable for your organisation and project.

### 2. Consumer protection and Heat Trust

Heat Trust launched in November 2015. It sets out a common standard in the quality and level of customer service that heat suppliers should provide their customers, undertaking the regulation role as outlined in the DPD guidance.

It also provides an independent process with the Energy Ombudsman for settling complaints between customers and their heat supplier. This service is free for customers to access.

The Heat Trust Scheme is managed by Heat Customer Protection Limited – a not-for-profit company.

## RESOLVING ISSUES

### **Issue:** External stakeholders refuse to sign contracts

- Did you address all the issues raised by the contracts before asking stakeholders to sign anything?
- Do the proposed contracts accurately reflect your stakeholder positions?
- Did you engage with their lawyers before sending contracts?

## Solution

Most contracts will go through a process of negotiation and adaptation. As long as that negotiation process is well-managed you shouldn't get to the point of a flat refusal to sign.

Issues can arise when there is a disconnect between legal teams and project teams so make sure that all parties on both sides are suitably involved and understand all the issues.

Legal teams can be reassured by talking to their peers so think about putting them in touch with other legal teams who have already been through the process.

## Issue: Planning or Air Quality object to the project

- Did you engage early enough with them to make sure they understood the technology proposed and planning/air quality implications and to seek their feedback?
- Did you require your technical consultants and/or delivery partner(s) to investigate potential issues?
- Did you take the necessary steps to resolve any concerns raised?

## Solution

If you have not investigated and addressed any issues relating to securing planning consents, such as the implications on air quality or the design of the energy centre then you may need to undertake more work to address the problem. This should include engagement with the planning and air quality team to seek their input and feedback on the proposed project.

If concerns were raised but not addressed then you need to work collaboratively with your planning and air quality team to find an appropriate solution.

## Issue: Highways say you can't dig up the road

- Did you engage early enough with Highways (and any public transport organisations and Parking Teams) to discuss and confirm both the timetable and the network route?
- Did you offer them the opportunity to give feedback on the timetable and the network route?
- Did you identify and resolve any potential conflicts? Have you addressed any requirements they had (e.g. Section 50 licencing and deposits, parking suspensions, traffic reroutes/management) in the proposals and delivery contract(s)?

## Solution

Begin with a well-facilitated problem-solving exercise to work out whether the objections regarding the proposed route can be overcome; it may be that there are misunderstandings around the nature and purpose of the project.

Try to find a solution that meets both parties' needs, bearing in mind that this may require flexibility on both sides to reach a good compromise.

# 9: Construction

## INTRODUCTION

This is an exciting time for the whole project team as the network begins construction. Stakeholder engagement challenges centre on the public nature of the work, e.g. closing and digging up roads to install pipes. There are also many positives to stakeholder engagement at this stage. You will also have something more tangible to communicate to the local population, since they will be able to see something being built that will be delivered within a timescale that should be easier for people to grasp.

However, the risks need to be carefully managed. For example, a network route may be passing properties that aren't being connected, so they could experience disruption without benefitting directly from the project. You may be taking energy from an energy from waste facility, which may already be unpopular locally. People may misunderstand the nature of the project, which may cause opposition.

If you are a local authority, you will have wealth of internal knowledge and experience in infrastructure projects. If you've engaged your internal colleagues early enough and gained their support then you will be able to lean on their experience from other types of project to ensure that disruption is minimised and that local communities experience as little inconvenience as possible.



In the following tables we outline the stakeholder engagement considerations across key stakeholder groups that are relevant to this stage of the project:

## A. INVESTORS

*Project Board, Internal Finance, Elected Members, Press & Communication Teams*



### Why engage them?

- Your internal decision makers will expect to receive and review progress updates on the construction activities and progress against the project spend profile.
- If you can ensure their continued support, senior level colleagues and Elected Members can become effective public ambassadors for your project.
- To ensure that you can secure continued support from decision makers, even in the face of bad press or complaints.

### How to engage them?

- Provide updates on progress and the achievement of milestone activities, so that internal decision makers become external ambassadors for your project. Work with your internal communications team to communicate these achievements externally.
- Engage with anyone likely to be sensitive to bad press or complaints from the local electorate. It is unlikely that a politician would try to put a stop to a network under construction, but they could make your job easier or more difficult at a time of bad publicity.
- If you receive bad press, be honest about where things have gone wrong. Go back to your original vision and remind everyone involved of the inspirational goal that you've all signed up to and the fact that this is what you are delivering. Further detail on dealing with Bad Press is outlined in the [Resolving Issues](#) section below.
- Prepare everyone involved for the risks so that their reactions are more measured should the worst ever happen. This should be an integral part of your overall risk strategy.

### What outcome do you need?

- A project under construction which has internal stakeholder buy-in, translating into a positive image for your project.
- Risks and bad press are well managed in the event that they arise.

### Moving the relationship to the next stage

- Communicate a forward plan for the delivery of key milestones during construction, such as the commissioning of the energy centre or connection of the first customer.

**Your offer:** This will depend on the stakeholders concerned, but could include the opportunity to support the development of a project that delivers on issues that are important to the local electorate, such as economic growth, fuel poverty alleviation and carbon reduction.

**Your ask:** To participate in update meetings relating to construction progress, to familiarise themselves about the project aims and construction plan, to become project ambassadors and support in building a positive reputation for the project.

## B. CONSENTS

### *Planning, Highways, Housing & Legal*



#### Why engage them?

- Many of your internal departments will seek to undertake due diligence during construction, in order to check that any conditions relating to consents and approvals have been met. For example, building control may undertake site inspections and planning teams may seek to check that a condition has been met.
- They will be able to help in providing advice and support to enable you to manage the construction process, minimise the impact of disruption and resolve any disputes or complaints.

#### How to engage them?

- Use in-house experience. You may encounter issues that are new to you, but they are unlikely to be new to some of your colleagues. Draw on the experience of teams such as Highways, Housing and Communications with relevant experience of managing construction and disruption.
- Coordinate early to make sure that stakeholders including highways and planning are aware of the construction programme and coordinate with you to minimise disruption and help identify where efficiencies can be delivered.
- Make sure that there is direct collaboration between your delivery partner(s), who will be engaged in the construction activities, and internal infrastructure colleagues.

#### What outcome do you need?

- The right advice and information which leads to a smooth and efficient construction process.
- Construction risks are effectively identified and managed.

#### Moving the relationship to the next stage

- Communicate a forward plan for the delivery of key milestones during construction, such as the commissioning of the energy centre or connection of the first customer.

**Your offer:** Delivering against the primary function of the stakeholder or organisation's role and internal objectives of cross-team working. Minimising risk associated with the implementation of local infrastructure and the consequent opinions of local stakeholders.

**Your ask:** Participation in update meetings, the provision of the necessary information and support to manage construction risk.

## C. CUSTOMERS

### *Customers & Property Developers*



#### Why engage them?

- To keep your customers on board with the project and avoid the risk of complaints or disputes.
- Your first connected customers will likely attract interest from others and provide a route into securing additional customers.

#### How to engage them?

- Listen to your stakeholder views and make them feel heard. If they have a complaint or concern, sometimes just knowing that it has been heard and taken seriously is enough to deal with the situation.
- Provide regular updates on construction progress and the timeline for connection. Provide early notice of anticipated delays and be honest about the reasons for them.
- Communicate a forward plan for billing arrangements, particularly highlighting if there are any separate arrangements for the early commissioning stage compared with the business as usual set up.
- Implement strategies to deal with delayed construction (e.g. temporary energy centres) as per the agreement outlined in the contracts.

#### What outcome do you need?

- Customers remain confident and supportive of the project.
- Customers are connected to the heat network.

#### Moving the relationship to the next stage

- Customer starts to receive an ongoing service from the heat network provider.

**Your offer:** This will depend on the nature of the customer's interests, but could include a greener, lower-cost, more reliable, lower-maintenance heat supply and the opportunity to be a key partner and shape a strategically-important local project.

**Your ask:** Engage in discussions and planning which leads to connection of the site to the heat network.

## D.DELIVERY PARTNERS

### Group One – Local Businesses & Residents



#### Why engage them?

- The heat network construction will cause disruption to a range of local businesses and residents who may be affected by road closures, disruptions to transport and construction noise, some of whom will not directly benefit from the heat network connection.
- Engaging with local businesses and residents who will be affected by the disruption will enable you to minimise the number of complaints that you receive, and the impact that they have on your project.
- Heat networks are a less well known infrastructure compared with other utilities, and the finished project can be more-or-less invisible to many people, especially where there is no standalone energy centre. This leads to misconceptions about the project and its benefits which can damage your reputation. Engagement can help cut through this issue with clear and accurate information.
- Building a positive reputation amongst local businesses and residents may help you to secure additional customer connections during the construction and operation phases.

#### How to engage them?

- Work with your internal communications and press team to refine and implement your media strategy.
- Take advantage of the skills and experience that your delivery partner(s) / contractor(s) can offer. They will be able to provide stakeholder engagement support as part of the contract service, including, for example, running resident meetings, open days, establishing a resident liaison team and developing marketing materials.
- Consult with stakeholders and consider their views in determining the construction plan and measures to manage disruption. You may get better results by offering a choice between multiple options and explaining the difference in cost or length of disruption ([see Putney Bridge case study example below](#)).
- Resolve complaints effectively. Listen to what the complainant is saying – it may be that they have spotted something that nobody else has seen and that you need to know about. If handled well, their complaint could give you the opportunity to avoid a bigger problem and turn an opponent into an advocate. More information of handling complaints is outlined in the [key considerations below](#).
- Make use of the advertising opportunity resulting from the construction activity. For example, you could use hoardings on the construction sites to draw interest amongst a range of possible customers or engage with local school children in educational events.
- Develop a standard procedure for managing enquiries or queries to make sure they can be dealt with promptly. Retaining a record of enquiries and contact details will make it more likely that this can be converted to a new customer connection in future.
- Make sure any staff that may be on the frontline of receiving enquiries, such as switchboard staff, housing officers, or site / construction workers are fully briefed on the project and can direct enquiries to the right people.
- Provide simple channels through which prospective customers can enquire about connection, such as a web-based, accessible enquiry form or early evening drop-in sessions where people can ask questions and get more information.
- Provide local businesses and residents with the opportunity to provide feedback on the project. You may even wish to undertake consultation exercises at this stage, to formally gather and consider feedback on the proposals.

### What outcome do you need?

- A local population of businesses and residents who are supportive of the project and feel that their views have been taken into account in the construction plan.
- The construction attracts positive interest from stakeholders who enquire about the potential to connect to the heat network, resulting in additional customer connections.

### Moving the relationship to the next stage

- Communicate a forward plan for when construction will be completed.

**Your offer:** Provide feedback which will minimise the impact of disruption on their businesses or lifestyles. Support a project which delivers benefit to local people.

**Your ask:** Engage in consultation activities and review updates on construction progress.

## D. DELIVERY PARTNER

### Group Two – Delivery Partners



### Why engage them?

- Any construction process is likely to cause disruption, and disruption is likely to lead to complaints from the general public. It will never be possible to avoid complaints entirely, but there are steps that you can take with your delivery partner(s) to minimise them, and also to minimise their impact on the project.

### How to engage them?

- Make sure that contractors communicate effectively and honestly about any disruption in advance of it taking place. You may have included contractual KPIs or incentives to ensure that they engage with stakeholders effectively.
- Explore the full range of communication options. For example, your contractors could provide briefings to construction staff, so that when they come into contact with the public on the ground, they can explain what the project is about, the benefits and when the work will finish. Other communication channels could include resident meetings, engagement through local schools and community groups, resident liaison teams, newsletters and letters.
- Make sure that messages are realistic and that expectations are managed; it's always better to be honest.

### What outcome do you need?

- Your delivery partners communicate effectively with stakeholders regarding connection plans and any expected disruption.
- The constructed project is supported by the broader public and has a positive local image.

### Moving the relationship to the next stage

- Communicate a forward plan for the delivery of key milestones during construction, such as the commissioning of the energy centre or connection of the first customer.

**Your offer:** Delivering against the contractual terms agreed, along with a business development opportunity for delivery partners to extend the network and increase their revenues.

**Your ask:** Effective engagement with stakeholders directly or indirectly affected by the construction of the project.

## CASE STUDIES

### Case Study One:

The University of Strathclyde is developing a campus wide combined heat and power district energy scheme alongside their partner, Vital Energi. Ensuring the community benefits from the scheme is of high priority for the University and resulted in the Strathclyde Commitment to spend 65% of the project with local companies in the Glasgow area. This includes delivering a number of apprenticeships and graduate placements throughout construction and operation. In an effort to support local jobs, they hosted a supply chain event, attended by Scottish businesses in order to provide information on the opportunities the project provides. This event was key to ensuring that investment was prioritised into local businesses. Further examples of activities undertaken to deliver against the Strathclyde Commitment include an awareness-raising event at the University Campus, attended by local school children and Glasgow's Lord Provost, Eva Bolander. The children planted 21 fruit trees, helping to replace some of the trees that had to be removed during the construction of the network.



## Case Study Two:

In 2014 Wandsworth Council had to close Putney Bridge to carry out essential repairs. Any closure was bound to bring traffic chaos to that area of London and expose the Council to considerable hostility. They carried out a consultation offering two options – full closure for a shorter time and lower cost but greater inconvenience, or partial closer for a longer time and higher cost but less inconvenience. Local people chose the full closure option and the Local authority received remarkably little hostility for such a disruptive project.

## Case Study Three:

As part of their goal to become the UK's first energy carbon neutral university for energy in buildings, the University of St Andrews are developing a biomass district energy scheme alongside their delivery partner. The project faced the challenge of an energy centre site which resides 7km away from the university building connections, requiring 10.6km of piping to connect the two, and the closure of a main road which was scheduled for eight weeks. However, due to night time working, the work was completed early, allowing for the road to be opened 10 days ahead of schedule. To engage with residents and businesses who would be affected by the road closure, local community meetings were held in various locations, to communicate the proposed plans and present a 3D animation of the project. To provide further detail on the scheme and planned closures, 1,400 leaflets were distributed to households and notices were included in the local newspapers and local radio stations.

## KEY CONSIDERATIONS

### 1. Handling complaints

Firstly, make sure you are familiar with your own internal complaints procedure and that you understand how it would be applied to complaints linked to your project. Remember these principles:

1. Remain calm
2. Listen and empathise
3. Resolve the complaint as quickly as possible
4. Keep a record of the complaint, all interactions and the eventual solution

## RESOLVING ISSUES

### Issue: Bad Press

- Did you create sufficient opportunities for stakeholders to give feedback and express negative views or concerns?
- Did you ensure that any unhappy or hostile stakeholders (internal or external) were engaged as effectively as possible to resolve their concerns?

## Solution

It is possible to turn a bad news story into a good news story. You need to apply standard crisis management principles to this situation:

- **Transparency** – bad press destroys trust or creates mistrust and you should start trying to re-build that trust straight away. Honesty and transparency are key to building trust.
- **Speed of response** – we currently operate a constant and rapid news cycle and if you don't respond fast then you will lose the opportunity to influence the story.
- **Flexibility** – the initial story may well not be the final story and you need to remain agile in your communications as the situation unfolds.
- **Accountability** – take responsibility for mistakes (including poor engagement leading to misunderstanding).
- **Authenticity** – don't be afraid to apologise and, when you do apologise, mean it. People are very good at spotting fake apologies.



# 10: Operation

## INTRODUCTION

This is the final step in your project development journey. It may have been a long road, but this is the point at which you have a heat network that delivers your original vision and, hopefully, all your project goals.

Whilst you may feel that much of the hard work is behind you, stakeholder engagement is still an essential part of operating a heat network, albeit through very different activities. The beginning of network operation brings challenges, but the good news is that a stakeholder engagement process that foresees these issues should mean that the vast majority of them never arise. Your greatest challenge will be the transition from a brand new network with some inevitable teething problems, to a network that is optimised and operating as it was designed to do.

Your customers are your key stakeholders at this stage, and you will move to a more standardised customer relationship management system to keep them happy. For schemes with local authorities it is particularly important to consider that you are running a monopoly service, and that your customers are also your electorate. This means that your elected members will remain key stakeholders throughout the life of the network.

**Myth:** Anyone can do stakeholder engagement.

**Reality:** As this document demonstrates, there are definite principles and skills that contribute to good stakeholder engagement. It may be possible to 'muddle through' but you are unlikely to get the best results for your project, and it is likely to be at a higher cost. However, most people can learn how to do stakeholder engagement with guidance, training and practice.



Figure 8 - "Bunhill energy centre image" by Islington Council — licensed under CC BY 2.0

In the following tables we outline the stakeholder engagement considerations across key stakeholder groups that are relevant to this stage of the project:

## A. INVESTORS

*Project Board, Internal Finance, Elected Members, Press & Communication Teams*



### Why engage them?

- Your Project Board should continue to provide oversight in line with established governance arrangements ([see Chapter Two on Governance and Vision](#)).
- If anything goes wrong, or is perceived to go wrong, with the network, then the Project Board should be responsible for crisis management and communications.
- Your press and communications team can provide support in terms of communication with existing customers (unless there is a dedicated team / contract to cover this), prospective new customers, wider community engagement on the project or crisis communications and handling negative press. It is therefore vital that there is a clear plan for what needs to be done and who will resource activity.
- Enquiries about the network could come from any source, including through a main reception switchboard. You may not know where some new customer enquiries will come from so every member of staff in a public-facing role is a potential advert for the network.

### How to engage them?

- As throughout, regular updates to the Project Board are a crucial part of effective project governance.
- Project Board Members could be very effective champions for network expansion if they take the opportunity to publicise the success of the network and benefits of connection. Ensure that they have the relevant material to do so.
- Keep updating your stakeholder map ([see Chapter One for further detail](#)) and ensure that any relevant relationships in terms of future expansion are made use of, e.g. to open conversations with new connections or heat sources.
- Engage both the Project Board and Press and Communications teams in the development of a crisis management and communications plan ([see the section on Internal Press and Communications in Chapter Eight](#)) to ensure they are well-prepared to act quickly in the event of problems.

### What outcome do you need?

- The Project Board has all the information it needs to offer effective oversight of the project.
- The Project Board is able to promote the network effectively in terms of existing performance and potential expansion.

### Moving the relationship to the next stage

- As well as maintaining the Project Board's ability to offer oversight and promote the network, you may wish to ask for more specific support at various points in the expansion process, as in previous stages. The relationship does not remain static.

**Your offer:** A good news story, support in the case of a bad news story, and support to help the Project Board fulfil their governance role.

**Your ask:** Active promotion of the network, engagement with the development of a crisis communications plan and nomination spokespeople.

## B. CONSENTS

### Group One – Planning & Highways



#### Why engage them?

- Whilst the first phase of the network will now have successfully been built, it is likely that you will have plans or aspirations to expand the network. As such you will need to repeat the previous activity with Planning and Highways teams in order to support expansion.
- Additionally, the planning team may now be in a stronger position to develop more specific heat network-related planning policies and guidance, and may need support to do so.
- Planning teams will also be able to publicise the availability of the network to developers, offering them the opportunity to take advantage of benefits such as increased space in developments and a low-cost way of meeting energy efficiency requirements.
- Highways teams can also take a more proactive role, making the team responsible for network expansion aware of planned works that could be combined with network expansion and opportunities to combine costs and minimise disruption.

#### How to engage them?

- There are several factors that will help planning teams to encourage new connections. Do not rely on particular Local Plan policy wording to do the job for you – the real challenge in planning is in getting policies to work on the ground. Ensuring that planners have the necessary expertise or access to external expertise is essential in equipping them to encourage or enforce district heating connections as part of planning negotiations.
- The project promoter – whether from within a local authority or another organisation – is likely to need to facilitate this support, which could take the form of reviewing energy statements, running workshops for planning teams, joining negotiation meetings or providing developer packs. This support can and should be offered whatever the commercial arrangements for the network ownership and operation.
- Ensure that Planning and Highways teams are aware of expansion plans and likely network routes through regular updates and inclusions in relevant meetings or working groups, as at previous stages.

#### What outcome do you need?

- Planners are able to effectively enforce policy to ensure further connections to the network.
- Planners are equipped to promote network connection as a positive opportunity to developers.

## Moving the relationship to the next stage

- As the network expands there will be a continual cycle of iterating previous activity. Look out for staff changes and ensure that relevant new members of the Planning and Highways teams are suitably inducted. Building the project into internal team processes can be useful in ensuring continuity, e.g. through including a meeting with the main team or relevant reading material as part of induction processes or having a standing item on team meeting agendas.

**Your offer:** Support in implementing planning policy, a means of encouraging new development, and the opportunity to combine costs with other Highways work.

**Your ask:** Continued engagement with the project and a two-way process of information sharing, and the willingness to accept support and advice in the planning process.

## B. CONSENTS

### *Group Two — Procurement & Legal*



#### Why engage them?

- Ensure the Legal team is kept updated on progress so that issues needing their support can be identified early and disputes dealt with as quickly as possible.
- You may need to draw on support from legal teams to resolve disputes, as well as negotiating contracts with new connections as at previous stages.
- You may need to seek specialist external legal advice for some matters, but as the project progresses, your internal colleagues will become more familiar with the requirements.
- Similarly, you will need a repeat of previous activity with procurement teams in order to support expansion of the network.

#### How to engage them?

- Ensure relevant representatives from the Legal and Procurement teams are included in discussions on network expansion or provided with appropriate updates so they are aware of likely resourcing needs for future contract negotiations.
- Seek feedback from Legal teams in a review of the effectiveness of existing contracts, with a view to possible improvements for further connections.

#### What outcome do you need?

- Legal and Procurement colleagues are available for further contract negotiations or procurement exercises.
- Issues are identified before they become disputes, and disputes are resolved as quickly and effectively as possible.
- Improvements are made to contracts wherever possible, e.g. taking on learnings from issues and disputes.

## Moving the relationship to the next stage

- At this stage the relationship will be a combination of ongoing duties, e.g. dispute resolution, and repeat activities, e.g. contract negotiation. Try to make sure that teams are given as much prior warning of repeat activities as possible to guarantee their availability to support.

**Your offer:** For legal teams, engaging with the project to identify issues can save time and money by preventing their escalation to disputes, and contract improvements can further minimise problems. For both teams, ongoing engagement in network expansion plans will allow them to plan their workload more effectively.

**Your ask:** Time to engage in discussions on network expansion, through a combination of meetings and written updates, early engagement with issues to avoid disputes, and review of contracts to identify possible improvements.

## C. CUSTOMERS

### Group One – Connected Customers



#### Why engage them?

- Depending on your delivery model, customer communications could sit with the Project Sponsor organisation or a contractor. If that responsibility sits with the contractor then appropriate contracts need to guarantee appropriate customer engagement [\[see Delivery Partners in Chapter 9 on Construction\]](#).
- Once customers are connected, you – and your delivery partners – need to keep them connected. Meaningful two-way engagement will help you understand their experience of being connected to the network, head off any issues, and even improve their experience.
- Educating customers can help you harness their ability to lower return temperatures, allowing the network to operate more efficiently.
- Satisfied customers will act as ambassadors for the project and for the organisation promoting and delivering the project. Dissatisfied customers could undermine your entire project.

#### How to engage them?

- The point at which a customer starts using the system – whether commercial or domestic, whether they are taking up residence in a new building or have been through a retrofit – is a fantastic opportunity to make sure they use it correctly. In the domestic context, well-timed surgery sessions (e.g. weekend, early evening) are a great way to allow customers to come to you, but you should also consider arranging one-to-one visits to connected customers' homes to ensure they know how to use the system. You'll reap the benefits of better return temperatures if your customers know how to control their own part of the system. It will also show the heat provider's commitment to the customer. You could also use these opportunities to make sure they understand the difference between a heat price and a gas price [\[see the Key considerations section of Chapter Seven for further detail\]](#).
- One of the primary communications that customers receive will be their bill. Billing needs to be clear and transparent – see the HNDU DPD Guidance from page 72 on Sale of Heat and billing. You can also use this opportunity to communicate the benefits of connection to the scheme and offer information and support, e.g. on behavior which will lower return temperatures – drop-in surgeries can be advertised to assist this – or one-to-one visit as described above.

## How to engage them?

- Talk about the alternative: fear of loss is known to be a much more powerful motivator than the prospect of gain. Assuming your network is operating well then people should be experiencing a comfortable, easy-to-use and financially-competitive system. Without connection to the network they would be looking at individual heating systems, including boilers that they will need to service and maintain, as well as replace when they break down. Network connection offers them the convenience of having their heating system taken care of with no unexpected bills for boiler repair or replacement.
- Resolve complaints quickly and efficiently. You are bound to receive some complaints, whether due to an issue with the network or with the customer's understanding of how to use those components that are under their control. The heat supply agreement should include commitments to response times and compensation. The faster those complaints are resolved, the happier the customer will be. Standardised complaint forms can help speed up the process and ensure a uniform approach. There is some anecdotal evidence that people who have had a complaint handled well feel more satisfied with their provider than those who have not experienced any issues.
- Make customers feel part of something: most people like to feel a sense of belonging and that they are 'part of something'. By engaging with them on the strategic benefits of the heat network you will help create the sense that they are doing something important just by getting their heating and hot water from a heat network. Remember that this should still be a two-way engagement process rather than just communicating what you think the benefits are. Use case studies of happy connected customers. People respond better to messages that they have helped to generate themselves so listen to what customers say about being connected to the network. Their views may resonate better with other current and potential customers than anything a marketing team could come up with.

## What outcome do you need?

- Happy customers who stay connected to the scheme, promote the scheme by word of mouth and by taking part in case studies, and have the necessary support to allow them to play their part in operating the network as efficiently as possible.

## Moving the relationship to the next stage

- This is one relationship you want to remain the same – connected customers stay connected customers. A greater level of engagement could enable you to operate the network more efficiently, e.g. through lower return temperatures.

**Your offer:** Support to help customers use systems optimally and a desire to improve customer experience.

**Your ask:** Engagement with the support offered, e.g. attending surgery sessions.

## C. CUSTOMERS

### Group Two – Prospective Customers



#### Why engage them?

- Depending on the initial design of your network you may gain economies of scale through adding new connections in second or third phases. You may well have significant connections in mind such as a hospital or university that did not or could not connect during the first phase.

#### How to engage them?

- Establishing the best way to attract new customers is still a work in progress. Even in mature markets in Scandinavia district heating operators can struggle to pick up new connections, and this isn't just a question of market saturation.
- Use the positive experiences of existing customers: happy connected customers could be your best advocates at this stage. They may well have had similar concerns about prospective new connections and they can describe how those concerns were addressed and overcome. Their independence – assuming they have no direct financial interest in the expansion of the network – will make them a much more powerful advocate than anyone representing the heat network could ever be.
- Have a plan for expansion and development: just as you prioritised stakeholders at the beginning of the project development process and throughout the project, you should focus your efforts now and prioritise among potential new connections. This is likely to be more effective than a scattergun approach, since the physical location of each connection will have an impact on the ease and cost of adding them to the network.

#### What outcome do you need?

- Enquiries from potential new connections that are successfully converted to new connected customers.

#### Moving the relationship to the next stage

- Once new customers are connected you should engage them as connected customers – see box above.

**Your offer:** Connection to the network and the realisation of associated benefits.

**Your ask:** Willingness to provide data to assess suitability for connection, access for site surveys as necessary, enter into contract negotiations and connect.

## D. DELIVERY PARTNERS

### Delivery Partners



#### Why engage them?

- Delivery partners will often be at the front line of contact with customers, as well as being stakeholders in their own right. This could include Contractors, ESCOs, O&M Providers or Heat Sources, depending on the project.
- There are different contractual possibilities for dealing with new network connections. For example, connection could be free when the network is newly built with a connection discount that decreases over time. The project promoter should pay particular attention to how network expansion will be incentivised, since that will dictate where much of the responsibility for attracting and signing-up new connections will sit.
- You will also need to repeat earlier engagement activities as the network expands – see particularly [Chapter Eight on Commercialisation](#) and [Chapter Nine on Construction](#).

#### How to engage them?

- Make sure contracts with ESCOs and O&M providers incentivise and facilitate new connections. Incentives to attract and sign up new connections can be a cause of friction in relationships with delivery partners. Ensure that this has been covered when contracts are negotiated, but there may also be mutual benefit in support from the local authority beyond what is contractually obliged. For example, go back to your stakeholder map to see what existing relationships could be used to begin discussions with potential new connections [\[see the Stakeholder Mapping section in Chapter One\]](#).
- Invest in maintaining a good relationship outside of contractual obligations and seek out opportunities where there is mutual benefit to be gained, as with attracting new connections above.
- Where possible, consider having technical internal oversight of contracts with delivery partners to flag and resolve issues before they become major problems or disputes.
- Third party verification of the energy and carbon performance of the scheme can be an effective means of providing impartial validation of the scheme's performance to build trust and enhance the project's reputation.

#### What outcome do you need?

- Customers who are happy with the performance of delivery partners. A positive working relationship with delivery partners allowing you to pull together to incentivise new connections, beyond contractual obligations.

#### Moving the relationship to the next stage

- As with many other relationships at this stage, you need to maintain existing activity but also plan proactively for repeating previous activity if and when the network expands.

**Your offer:** Support in attracting new connections and the promotion of the network as a successful project, enhancing delivery partners' reputations.

**Your ask:** A proactive approach to customer satisfaction, going beyond contractual obligations where necessary, and a partnership approach to securing new connections.

## CASE STUDIES

### Case Study One:

Shetlands Heat Energy and Power Ltd (SHEAP) operates a heat network in Lerwick, Shetland. Connection to the network is seen locally as adding value to properties and features in estate agent descriptions when houses are put up for sale. SHEAP advertises to homeowners inviting them to apply to connect, concentrating efforts on a particular area when they have a cluster of applications in order to reach the necessary critical mass to create a new spur from the main network. The transmission system extends to over 29km, offering potential connections to the majority of properties within Lerwick. Over 1200 individual properties are currently connected, with the capacity to more than double over time.



### Case Study Two:

In spite of significant financial gains and a warmer home, uptake of loft insulation in the UK has not been as widespread as hoped. The prospect of emptying their loft was sufficiently off-putting to many people that they chose to stay with more expensive bills and a colder home instead. When support was offered in emptying and re-filling the loft, uptake rose dramatically. The lesson is to find out what the obstacles really are and address those – do not assume it will be all about financial gains.

### Case Study Three:

Birmingham City Council works alongside their partner, Engie, to engage with and secure additional customers to the Birmingham District Energy Scheme. Engie provides an assessment of the commercial viability of each potential new connection, undertaking a process of prioritisation and providing the necessary information to allow prospective customers to consider the opportunity. This is complemented by the Council's ability to draw on a strong network of local stakeholders and trusted reputation of the local authority, in order to facilitate introductions and build credibility. This approach has successfully enabled the project to continue to extend to new public and private sector connections across the city.

## KEY CONSIDERATIONS

### 1. Build and maintain trust

Trust is absolutely fundamental to any stakeholder engagement, customer relationship, contractual relationship or communication of any kind. It takes time and hard work to create trust but it remains fragile and is easily destroyed by carelessness and with alarming speed. From the very beginning of your stakeholder engagement in this project you have been building trust, particularly with your prospective customers. Once they are your actual customers you need to demonstrate to them that their trust was well-founded and that you have delivered on your promises.

Your relationship with contractors / delivery partners will underpin the relationship with customers, since they will often be the people the customers see. Bear in mind that some customers may be unaware that they are actually connected to a heat network so you need to think about how to engage that group as a sub-set of customers. If you get this wrong, there's a risk you will lose your customers and reputation. This loss may have wider ramifications for local authorities where customers are also your constituents.

## 2. Make information available for the curious

Heat networks are certainly not a new technology but they are still relatively unknown in the UK. Increasingly networks will be making use of innovative technologies, combining with storage, and using unusual waste heat sources such as heat from the Tube in London or from a particle accelerator in Sweden. You can design your website so that it not only offers access to essential customer information but also inspirational information about the technology they have signed up to. Consider buying several relevant domain names and linking them to the homepage so information can be found as easily as possible. Look at example homepages of other schemes for inspiration and ideas like a front page that gives details of any system-wide faults and a simple meter reading cross-checking service.

## 3. Invite feedback

Make sure that you create mechanisms for customers to feed back their positive and negative feelings on being connected to the network. Use this feedback to make improvements wherever you can and tell customers that their feedback enabled those improvements.

## 4. Consider using Heat Trust or an alternative

Heat Trust launched in November 2015. It sets out a common standard in the quality and level of customer service that heat suppliers should provide their customers. It also provides an independent process with the Energy Ombudsman for settling complaints between customers and their heat supplier. This service is free for customers to access. The Heat Trust Scheme is managed by Heat Customer Protection Limited – a not-for-profit company. For more information see [www.heattrust.org](http://www.heattrust.org). You could also use an alternative scheme, including one developed internally.

# RESOLVING ISSUES

## Issue: You lose customers

- Did you communicate with customers beyond sending bills and standard letters?
- Did you create suitable mechanisms to allow customers to give you feedback on their experience of being connected to the network?
- Did you successfully resolve all complaints, including those that concerned billing and metering?

## Solution

The first step is to engage with those customers (meaningfully – not through an automated message) to find out why they left the network.

The second step is to address the reasons they left to make sure you don't lose any more customers. You can also then inform those customers who left that their issues have been addressed. Even if they don't reconnect it will limit reputational damage. Depending on the impact of the loss of those customers on the economics of the network, you may then wish to invest in securing new connections where possible.

You may also decide it is in the interest of the network to incentivise re-connection of lost customers.

# Appendices

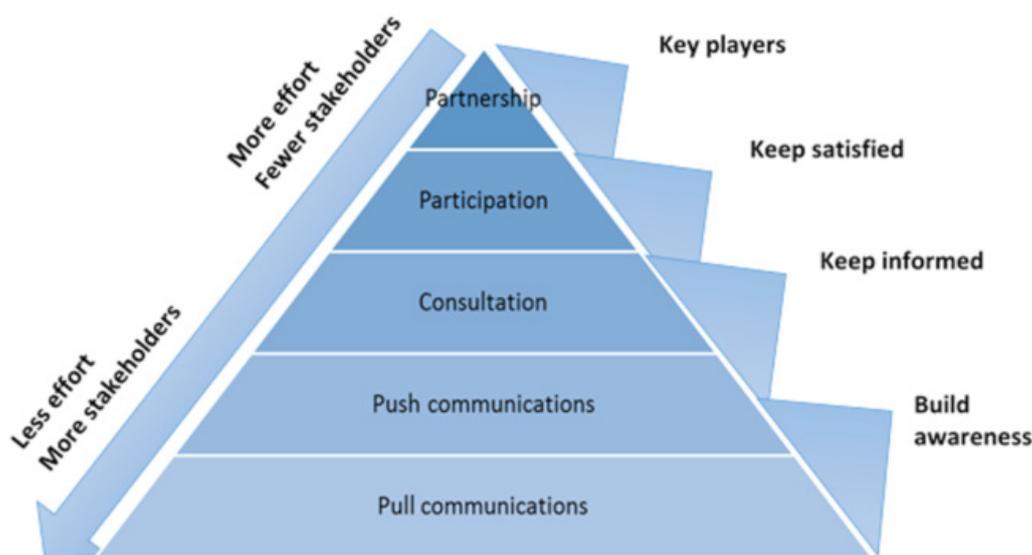
## APPENDIX 1: ENGAGEMENT CHANNELS

The table below contains some general guideline principles on when each communication channel may be appropriate. However, success will ultimately depend on your ability to use judgement. Listen to your stakeholders and find out which channels will work best for them and at what time. Take into account the level of priority of the stakeholder, whether they're supportive or not and your understanding of their communication preferences. For example, you may choose to form steering groups or arrange face-to-face meetings with key players, then use less resource-intensive methods such as email campaigns or news articles for those with lower priority.

### Considering the level of priority:

In selecting communication channels consider the stakeholder level of priority and role that they will play in the project:

- Those working in **partnership** have shared accountability and therefore should be engaged in two-way engagement through joint decision making.
- Those **participating** in the project may be engaged in delivering tasks or have responsibility for a particular component of the project, therefore requiring two-way engagement, but they are likely to have limited overall responsibility for the project.
- Stakeholders that you consult with are involved, but to a lesser extent, requiring two-way engagement where the project promoter seeks input and considers stakeholder views when shaping the project.



You should also use a combination of 'push' and 'pull' channels. Push channels are a one-way mechanism and allow you to communicate basic information, such as announcements, to a large audience. For example, emailed invitations to a public consultation workshop or a newsletter are both push channels. They should not be used where you need feedback from the recipient or wish to get them involved, or where you need to have some influence over how information will be interpreted or received.

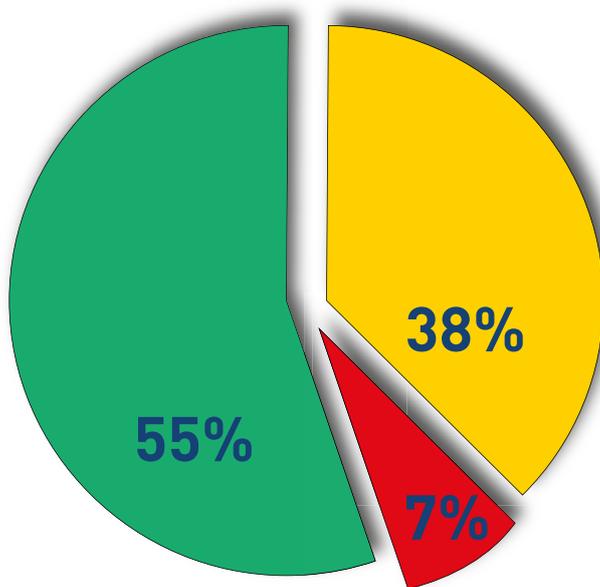
Pull channels allow people to access information at their own convenience. A website where people can find a range of information according to their interest is an example of a pull channel. The advantage is that people can access information at the point they need it and when they will be more receptive to it because they have chosen to access it.

## Impact of communication:

### Understanding communication preferences:

Remember to use a range of different communications channels as different people prefer to see information in different formats. For key individuals think about their personality according to the Myers Briggs Type Indicator below. This will help you understand what type of information they will respond to best and how they would like to receive it. If you don't know your key stakeholder well enough then either speak to people who can tell you more about their likely preferences, or make sure you present information in a variety of formats to ensure their communications preferences are met.

## Impact of Communication



Source: UCLA study on how audience learns during a presentation

Where a person focuses his or her attention	<b>Extraversion (E)</b> People who prefer Extraversion tend to focus on the outer world of people and things.	<b>Introversion (I)</b> People who prefer Introversion tend to focus on the inner world of ideas and impressions.
The way a person gathers information	<b>Sensing (S)</b> People who prefer Sensing tend to focus on the present and on concrete information gained from their senses.	<b>Intuition (I)</b> People who prefer Intuition tend to focus on the future, with a view toward patterns and possibilities.
The way a person makes decisions	<b>Thinking (T)</b> People who prefer Thinking tend to base their decisions primarily on logic and on objective analysis of cause and effect.	<b>Feeling (F)</b> People who prefer Feeling tend to base their decision primarily on values and on subjective evaluation of person-centered concerns.
How a person deals with the outer world	<b>Judging (J)</b> People who prefer Judging tend to like a planned and organized approach to life and prefer to have things settled.	<b>Perceiving (P)</b> People who prefer Perceiving tend to like a flexible and spontaneous approach to life and prefer to keep their options open .

Channel	Getting it right	Benefits	Drawbacks	When to use
<b>Phone calls</b>	<p>Plan your call – don't just pick up the phone.</p> <p>Be prepared for not being put through to the right person straight away – think out what you'll say if you have to leave a message.</p> <p>You may need to make a call to arrange a call – make sure that the person you're speaking to has time to engage.</p> <p>Follow up phone calls, preferably with an email, confirming what has been discussed and any actions.</p>	<p>Relatively easy to get someone's attention.</p> <p>Easy way in as there's less pressure on the stakeholder than with an email or letter, so less reason to ignore.</p> <p>You can adapt your approach based on what you get back.</p> <p>By listening to the tone and use of language, as well as the actual content, you can get a far more nuanced view of stakeholder attitudes.</p> <p>You can build rapport over the phone (although not as effectively as in person).</p>	<p>You may encounter a 'gatekeeper' who won't let you speak to your target.</p> <p>It might be difficult to realise that you're not speaking to the right person.</p> <p>If you don't follow up then a phone call is easily forgotten.</p>	<p>When introducing yourself and the project.</p> <p>To set up face-to-face meetings.</p> <p>To chase up on incomplete or overdue actions – a call allows you to check for issues.</p> <p>To check facts or ask for minor information – answering the phone is less of a chore than answering an email.</p> <p>To diffuse tension quickly – things can quickly escalate via email.</p>
<b>Emails</b>	<p>Keep language clear, simple and to the point. Avoid excessive formality.</p> <p>Plan your email carefully so you are communicating as efficiently as possible.</p> <p>Remember that emails form part of the corporate history of the project – think about what you're committing to that history.</p>	<p>It provides a record of what has been discussed and agreed.</p> <p>It can get you a rapid response – someone may be able to answer an email when they can't take a call.</p> <p>You can communicate simultaneously with a group.</p> <p>Emails can be forwarded / their text used – you may wish your contact to influence a third party but wish to retain some control over the content.</p>	<p>Many people are swamped by their emails – if your communication is received in the context of an overflowing inbox full of urgent demands then the likelihood of it being ignored increases.</p> <p>The written word is easily misunderstood – be wary of trying to communicate complex or sensitive issues by email.</p>	<p>To follow up a phone call or face-to-face meeting.</p> <p>To make contact with someone who won't speak over the phone.</p> <p>To confirm facts and figures &amp; provide content for onward use.</p> <p>When you need to communicate with more than one person but don't need a meeting.</p> <p>When you need an answer quickly.</p>

Channel	Getting it right	Benefits	Drawbacks	When to use
<b>Letters</b>	Letters are best used to confirm something agreed through a less formal engagement channel. As such they are best kept short and factual.	Provide a means of confirming understanding / information.  Provide formality for those that may find that necessary.	Difficult to engage with, tend to be ignored, cannot be traced easily.	As a follow-up to previous less formal engagement – e.g. meetings, phone calls.
<b>Existing groups and meetings (internal and external)</b>	<p>Make sure you have all the right people in the room – if not then try mechanisms to partially / temporarily extend the membership.</p> <p>Check whether people reliably turn up to this group or meeting – don't assume they'll be there.</p> <p>Think about the balance between people who will be interested / not interested.</p> <p>Make sure you have a definite purpose – don't 'just update people' – think about and articulate what and why they need to know and what you need them to do.</p> <p>Be realistic about how much time you need and whether the meeting agenda can accommodate that.</p>	<p>Someone else has done the hard work of getting all the people you need to speak to into a room.</p> <p>If it's a group or meeting that people take seriously then you can piggyback on that gravitas.</p> <p>You can take advantage of group dynamics (e.g. those in favour outweighing those against).</p>	<p>Group dynamics may not be favourable and your ability to influence them might be limited.</p> <p>It might be difficult to find out enough about individuals and the group dynamic in advance, especially for external groups, putting you at a disadvantage.</p>	<p>When you have something relatively brief that you want to present simultaneously to a group.</p> <p>When your project doesn't yet have the position / reputation to ensure people would attend a dedicated meeting.</p> <p>When you are struggling to get one or more people to engage with you via another means.</p>
<b>New face-to-face meetings</b>	<p>Plan the meeting properly and make sure your stakeholder understands what is expected of them.</p> <p>Remember that engagement is a two-way process, and ideally a collaborative process – the goal of the meeting should be one that you both agree.</p>	<p>Best way of building rapport – you can be highly adaptive to your stakeholder.</p> <p>It makes people feel valued – you can show that they are important to you and give them your undivided attention.</p> <p>You can focus on very specific points without worrying that you're losing the rest of the group.</p>	<p>Can be challenging to get the first meeting in the diary.</p> <p>You generate a set of individual understandings but cannot generate a group consensus (you need both).</p> <p>Can be more difficult to diffuse tension in a one-to-one meeting.</p> <p>Time-consuming.</p>	<p>To build a relationship with a new stakeholder.</p> <p>When it's critical to correctly understand a stakeholder's perspective.</p> <p>When you need to demonstrate commitment to a stakeholder.</p>

Channel	Getting it right	Benefits	Drawbacks	When to use
<b>Internal workshops</b>	<p>Speak to participants individually first wherever possible – you want to know what they think before you get them in a room. Think carefully about facilitation and consider using someone independent for challenging or sensitive situations.</p> <p>When choosing your moderator remember that they will not be able to contribute as a full participant.</p> <p>Think about individuals – don't just focus on what 'the workshop' needs to achieve, but consider how each participant will experience the workshop, what you need them to do, and how you need to follow up with each of them.</p>	<p>You can use group dynamics to influence people (e.g. if most people in the workshop support the project and a minority are ambivalent or hostile, the positive majority can be used to help change minds).</p> <p>You can create collaboration through a workshop and generate consensus around the project, which is a powerful influencing tool.</p> <p>Group problem-solving is more effective than individual or one-to-one problem solving.</p> <p>You can reach out to a number of people simultaneously.</p> <p>Workshops can be used as milestones in project development to help create a sense of purpose and momentum.</p>	<p>It can be difficult to manage negativity in a group setting (a skilled facilitator should be able to manage this though).</p> <p>Without a skilled moderator you may get negative dynamics such as 'group think' where you get a false sense of consensus.</p> <p>It can be difficult to get everyone to turn up and to reschedule if key people suddenly cannot attend.</p>	<p>When you are confident of an initial understanding of stakeholder views, particularly their attitude to the project.</p> <p>After you have addressed significant issues through one-to-one meetings.</p> <p>When you need to move to a consensus view of the project and 'public' agreement on key points.</p> <p>When you have problems that are not too sensitive to be tackled effectively in a group setting.</p> <p>When you need to raise the profile of the project.</p>
<b>Existing external networks</b>	<p>Find out as much as you can about the dynamics of the network first – don't just rely on one person's opinion.</p> <p>Think about how you will manage how messages are conveyed if you are using 'third party advocates'. How will you avoid and deal with misunderstandings?</p> <p>Make sure the network understands your purpose and supports it or the relationship could backfire further down the line.</p>	<p>You can borrow the credibility of an existing network to add weight to your messages.</p> <p>Conveying messages through a trusted source means they are more positively received (third-party advocacy).</p> <p>Someone else has already done all the hard work of establishing a network and is responsible for the admin so you don't have to be.</p>	<p>You are not in control of the network and have to be completely confident of whoever is in charge.</p> <p>You may not be able to influence how messages are delivered, received or discussed.</p> <p>It may be difficult for you to get all the feedback you want from network members meaning you are in a one-way communication process rather than two-way engagement.</p>	<p>When you want to take advantage of someone else's contacts.</p> <p>When you want to make use of someone else's brand.</p> <p>When you want to make use of someone else's trusted status.</p> <p>When you want the network owners to feel involved.</p>

Channel	Getting it right	Benefits	Drawbacks	When to use
<b>Existing external networks (cont'd)</b>		They can be an effective way of getting to hard-to-reach groups or disparate individuals.	Associating the project with an external network may be a branding risk to your project.	
<b>Public workshops</b>	<p>Public workshops are a high-risk engagement activity – you need a highly-skilled and experienced moderator who is used to public workshops.</p> <p>Think about how you will attract the people you want to attend so you don't just end up with only the sort of people who would naturally attend a public workshop.</p>	<p>Customers often want to talk to somebody independent – not necessarily the energy company, even if that energy company is the local authority. Using a trusted third-party can achieve this.</p> <p>They demonstrate transparency, e.g. to local residents and businesses.</p> <p>They can be a public opportunity to dispel myths about the project.</p> <p>They can help create a sense of momentum for stakeholders.</p>	<p>It is not practical to find out what everyone thinks before a public workshop so you run a greater risk of negativity and disruption.</p> <p>People may be more inclined to attend a public workshop to complain about something than to express approval.</p> <p>A bad public workshop discussion will create a negative image of the project and could be picked up by the press.</p> <p>You may be forced into follow-up activities that you didn't plan for.</p>	<p>When there is a need for transparency with a very broad stakeholder group (e.g. local residents and businesses).</p> <p>When you want to demonstrate trusted third-party support for the project.</p>
<b>Public consultation</b>	<p>Many local authorities will have a Code of Practice or guidelines on how public consultations should be conducted. These will be a useful starting point.</p> <p>Think about how your project links in to other activity and consider combining your consultation to cover broader issues, e.g. around a development area.</p> <p>Think about the different channels through which you can consult (and which ones you are obliged to use) and which will work best for each group.</p> <p>Never treat public consultation as a tick-box exercise.</p>	<p>You can reach out to a large number of stakeholders at once.</p> <p>It provides publicity for the project.</p> <p>You will get credit for meaningful consultation – a good consultation process makes people feel good about the issues.</p>	<p>If you consult poorly then you may generate hostility.</p> <p>Out of the context of other engagement a public consultation can give you a skewed perspective on public opinion.</p>	<p>When you are legally required to carry out a public consultation.</p> <p>When it is the only cost-effective way of reaching a very large number of people.</p> <p>When you want to gather large-scale quantitative information.</p>

Channel	Getting it right	Benefits	Drawbacks	When to use
<p><b>Open meetings for customers / drop-in clinics</b></p>	<p>Make sure you hold the meetings at a time of day when customers can attend, e.g. evenings or weekends.</p> <p>Hold meetings regularly so that people know they have an open communication channel with the company.</p>	<p>It helps customers to feel like part of something – often district heating companies only communicate through bills and letters about price rises.</p> <p>You will be able to get a feeling for how happy customers are with the service and identify and address issues before you lose customers.</p> <p>You can engage customers in expansion plans and get their feedback on the future of the network.</p> <p>You can offer practical advice to customers and demonstrations of tips to reduce heating bills and improve the operating efficiency of the network through lower return temperatures.</p>	<p>They represent a cost to the district heating company (although this would probably be recouped through happier customers and better operating efficiency).</p>	<p>Once the network is operational, on a regular basis.</p>
<p><b>Advertising</b></p>	<p>Think very carefully about why you are advertising – it's not compulsory. Weight up the risks and benefits in each case.</p> <p>Remember to talk to your customer's customer. For example, if residents of a managed block are happy then they will encourage the managing body to stay connected to the scheme.</p> <p>Bear in mind that the effects of advertising are felt over time – think of it as a campaign rather than a single event.</p>	<p>This gives you the opportunity to reinforce customers' feelings that they have made a good decision; it is always cheaper to keep an existing customer than to find a new one.</p> <p>You may pick up new customers for an existing scheme or identify a market for expansion.</p> <p>Advertising may reach people you never thought to engage with before.</p> <p>Advertising in local media can be a relatively cost-effective way to reach some groups.</p>	<p>The costs of advertising can vary hugely.</p> <p>If you get the messages wrong then you may actually put people off.</p> <p>Bad advertising campaigns create a backlash against the product.</p> <p>Tracking the impact of your campaign on sentiment can be costly and it's difficult to attribute change to individual campaigns.</p>	<p>When you want to attract new customers for an existing network.</p> <p>When you are considering expansion.</p> <p>When you want to improve the brand.</p>

Channel	Getting it right	Benefits	Drawbacks	When to use
<b>Advertising (cont'd)</b>		Similarly, digital and social media advertising allows for high levels of targeting, meaning that each individual engagement can be very cheap.		
<b>Social media</b>	<p>There is a far higher expectation from consumers that they will be able to directly interact with organisations over social media. Bear in mind that this activity will happen anyway – if you set it up you're guaranteed participation.</p> <p>Make sure that you are engaged in 'social listening' and monitor what is being said about your project and related issues on public forums and channels such as Twitter. Make sure you respond to criticisms and concerns with positive messages.</p>	<p>You are demonstrating a commitment to engagement.</p> <p>You can head off concerns and rumours as they arise.</p> <p>It will make you aware of issues that you might not find out about in any other way.</p>	<p>Discussions on social media can get out of hand.</p> <p>Badly-handled social media events can exacerbate problems.</p> <p>Engaging in a public forum created the opportunity for negative publicity going viral.</p>	<p>There are no hard and fast rules but beware of making public promises before you know you can keep them.</p> <p>Social media is most effective once you have a concrete proposal and know the scheme is going ahead.</p>
<b>Press</b>	<p>Local media is declining in relevance but still very important to particular groups.</p> <p>They have limited resources and are therefore always keen to receive well-written contributions.</p> <p>Bear in mind that journalists are looking for news not advertising. Make sure that you are writing in a balanced, informative style.</p>	<p>You can engage with a large group of people.</p> <p>News sites tend to rank more highly than company sites in search algorithms.</p> <p>Independent positive press will carry greater weight than a direct message with most stakeholders.</p>	<p>The story you want to tell might not be that story that a journalist wants to – and does – tell.</p> <p>Controversy sells – even if there is a minority opposition they may get equal or greater weighing</p>	<p>When you have a good story to tell.</p> <p>Milestone events, such as first pipe in the ground (assuming you can make a good story from it).</p>

Channel	Getting it right	Benefits	Drawbacks	When to use
<b>Bills</b>	<p>Make sure that bills are easy to understand in terms of allowing customers to make the link between their actions and the price they are paying.</p> <p>Give clear information on how the heat price they are paying compares with alternatives. For example, ensure there is no confusion through comparing heat prices with gas prices.</p>	<p>You have to send bills anyway – think carefully about how you can use them to keep customers happy.</p>	<p>People don't like receiving bills – they can be perceived as an inherently negative channel of communication.</p>	<p>With the frequency your billing schedule dictates.</p>
<b>Websites</b>	<p>A website links to many of the channels mentioned above, as a place to publicise and store information for people to access at their own convenience.</p> <p>Think about whether you want to use your existing website (which is quicker and easier) or whether you want to set up a separate site (which helps give the project a more individual identity).</p> <p>If you're setting up a new website you could consider buying up several similar domain names and linking them back to the actual website homepage.</p>	<p>A website enables your audience to access the information in their own time at their own convenience. You can monitor how the website is being used and adapt it accordingly.</p>	<p>You need to keep information up-to-date – old information creates a bad impression.</p> <p>Getting websites can be difficult, and a badly-designed website will also create a bad impression.</p>	<p>You can set up a project website at any stage – try to strike a balance between having enough information to make the site worthwhile and making that information available via the website as soon as is practical.</p>

# APPENDIX 2: DRAFT STAKEHOLDER ENGAGEMENT PROCUREMENT SPECIFICATION

## 1. Understanding your need

What is the problem that you are trying to solve? What is the outcome you need to achieve? You should be able to clearly explain this; it will help you to make the case for procurement internally and to produce a clear specification.

You should also think about the extent to which you are seeking an outsourced solution compared to a solution which will build internal capacity to manage stakeholder engagement in the future.

An outsourced solution will bring in:

- Specialists in stakeholder engagement, to help address skills or capacity gaps in your organisation
- Proven methodologies, tools and techniques
- Independent facilitation, so that stakeholders feel that they have a valid chance to be heard
- A buffer between the project team and negative stakeholders, removing the sense of personal criticism that can come from negative feedback
- Additional resources, as you need them, helpful if you have limited capacity or are unable to recruit

However:

- The more you ask an external consultant to do, the less you may feel in control over important relationships for the project or for your organisation
- There may be sensitivities to some relationships that an external provider does not pick up
- You will need to be clear on how information will flow between you (for example, reports on meetings or workshops carried out by the consultant)
- You will need to be clear on ownership of the outputs of the project (for example, that you can continue to use your stakeholder map)

## 2. Choosing your procurement approach

You may be procuring stakeholder engagement support as a stand-alone activity or as part of wider consultancy support (for example, engagement during the development of your energy masterplan).

If you are procuring engagement activities as part of a wider project, you will need to place appropriate weighting on it, both in terms of proportion of the overall contract and in your tender evaluation. You should be looking for stakeholder engagement as a thread throughout a tender. If it looks like it has been “bolted on” then it probably has (this applies to your specification as well as to the tenders you receive).

## 3. Outcomes and outputs

When you write your specification, you will need to consider whether you are asking for outcomes or outputs. Specifying the results of an activity (outcomes) gives much more flexibility to bidders than specifying activities (outputs). Outcomes place the onus on bidders to suggest and justify a method which they believe is most likely to be effective.

In an outcomes-based approach, you will be asking bidders to say how they will bring these things about.

### Examples of outcomes

- Stakeholders feel confident about the heat network and are ready to sign agreements
- Stakeholders understand the network and its impacts (for example, tenants understand how their tariff will be structured)
- Senior management are ready to sign off on the next stages of the project

They will then recommend a series of activities. You should ask bidders why they believe that their specific set of activities is most likely to succeed, including asking for evidence of where these approaches have been effective in previous situations.

An outcomes-based approach can lead to more variation between tenders, which can make them harder to compare. Outcomes can also be more difficult to measure. On the other hand, it encourages greater creativity and can offer better value for money as the bidder is incentivised to deliver the outcomes as cost-effectively as possible.

### Examples of outputs

- Produce a stakeholder map
- Run three stakeholder workshops
- Produce a stakeholder engagement report

In an outputs-based approach, you will be asking bidders to carry out specific activities which you already have in mind. This can constrain bidders – what if there are more effective – or more cost effective ways of fulfilling your need? You are likely to receive more uniform bids but this can make it harder to differentiate between different suppliers.

### A hybrid approach

We often see what might be called a hybrid approach – a mix of outcomes and outputs in a single specification. This can help to set the high-level goals (outcomes) and to give you some certainty around budget (based on outputs / activities). You might set out an approach that you think will be effective, but encourage bidders to suggest alternative approaches.

## 4. Writing your specification

The main guidance sets out the key elements of effective stakeholder engagement in heat network development, alongside a Five-Step approach to stakeholder engagement ([see Chapter One](#)). Here, we offer some key questions to consider when describing each of these in a specification. Your procurement process should help you to find a range of different answers from bidders' approaches.

### - Objectives

- What do you want your stakeholder engagement work to achieve?
- How will you know when you have achieved this?
- How do these objectives fit with the network overall and with any wider work being procured under the same contract?

## - Identification

- How will you go about identifying stakeholders (e.g. a brainstorming workshop)?
- Who will be involved with this process?
- What role do you want the consultant to play? For example, they could facilitate the workshop, or at least contribute ideas of potential stakeholder types from their past experience. They should also help you to identify stakeholders that you had not initially considered.
- How will you know that you have identified all of the relevant stakeholders?
- How will the process allow for changes in stakeholders over time (for example, if a new business moves into a commercial building that is going to be connected)?

## - Mapping and analysis

- What do you already know about stakeholder perspectives, motivators and barriers? What should potential bidders know about this?
- Are there any stakeholder groups which have already been engaged? What are their perspectives?
- Who will be involved with developing the stakeholder map?
- How will your map be produced? Will it require bespoke software?
- Will it “belong” to you? Will you be able to manage and update the map after the contract has ended?

## - Prioritisation

- What process will you use for prioritising stakeholders (e.g., a workshop)?
- How will you avoid bias in the mapping and prioritisation process? (How will the contractor help to manage potential bias?)

## - Planning

- How long will the stakeholder engagement plan run for? Is this enough time to meet your objectives?
- Who will be involved with this (for example, your communications team)?
- What communication channels does your organisation already have with different stakeholder groups, which could be used for this project? For example, you may already have a steering group, or you may have regular communications with your tenants.
- Are there any formal consultation requirements (for example, with leaseholders) and how these will be managed?

## - Engagement

- What types of engagement activity are you looking for? How will these fulfil your objectives? (This is where you might fall into describing outputs rather than outcomes.)
- Who will carry out engagement activities such as attending meetings? What internal resources are required, and how much consultant time do you expect to need?
- How will information be captured, and how will it be stored and shared? You will need a record of key conversations, whether carried out by you, your colleagues or your consultants.
- How can you build flexibility into the contract to allow for additional meetings or activities? Allowing some days of “call-off” time at a fixed day rate can give you this element of flexibility.

## - **Monitoring / review**

- How will you monitor progress on stakeholder engagement activity? What milestones will you put in place?
- How will you know that activity is working? This should be about measuring outcomes, that is, the effect that the engagement work is having, not simply that it has taken place.
- What will be the process for changing activities within the contract?

We would also recommend that you ask the following questions in your specification:

- **Stakeholder “ownership”:** Who owns the relationships with stakeholders and how will these be managed after the engagement contract is completed? The local authority is likely to have an ongoing relationship with, for example, anchor customers, so you will need to understand from the procurement exercise how relationships will be managed over time.
- **Data management:** How will data about stakeholder engagement (e.g. meeting reports) be stored and shared? What Data Protection protocols will be needed?
- **Stakeholder risk:** How will the bidders manage risks? In particular, what are their approaches to managing difficult stakeholders? You could ask for specific examples of how they have dealt with stakeholder challenges in previous projects.

Later in this chapter, we will look at specifications for key stages of network development.

## **5. Experience and expertise**

You will need to gauge the experience and expertise of potential bidders.

You should ask who within the bidding organisation will be delivering the stakeholder engagement work. You may want a more senior consultant for strategic work and engagement with leadership, or you may want a consultant with significant tenant or community liaison experience. Look for the correlation between your objectives and the skills, experience and expertise that are on offer.

As with much in the district heating space, this is a relatively new market. You may find that stakeholder engagement practitioners have experience based around other types of energy project (e.g., wind farms) or other infrastructure works (e.g., highways or regeneration). Remember that it is their engagement expertise that you are procuring, not their technical knowledge. (For “crisis management” issues, you may want to look for someone who has both the engagement and technical experience.)

Ask for examples of the prior experience of both the individual and the organisation. We recommend that you also ask for references; references will give you a real sense of the difference that an intervention has made (its outcomes).

## **6. Timetable and costs**

Your specification should set out a broad timetable for the engagement work, within the context of your overall project plan. This timetable should allow plenty of time for preparatory work and contingency for the challenges of setting dates for or rearranging meetings.

When asking for costs:

- Ask for a day rate for each member / grade of staff
- Ask for a breakdown of proposed activities
- Establish whether there will be any call-off element for additional days for unforeseen activities, what limit will be put on this and how this will be charged

- Consider whether you would get better value from a retainer approach, for example, using 1-2 days per month of consultant time
- If you would like to benchmark costs, you could ask bidders to cost for a specific activity (e.g. a half day workshop for 30 people). Remember to be very specific about what they are costing (for example, should they include venue costs?).
- Allow a reasonable budget for expenses, especially if you are considering breakfast meetings or evening events where overnight accommodation may be required

## 7. Tender evaluation

An output-based specification can make tenders easier to compare, as bidders are offering the same set of services (for example, a set number of engagement workshops).

However, an output-based specification may mean that you have pre-judged what you think will work, rather than letting the engagement consultants recommend the approach that they think is most likely to deliver the best results.

So, how do you overcome the challenge of comparing tender responses to an outcome-based specification, where you may have significant variation in approach? You can think about:

- The structure of the approach
- The range of stakeholders that the bidder has identified and their methods for engaging with them
- The evidence that they provide that their approach has worked with similar stakeholders in the past
- Their assessment of risks and how they will overcome issues related to difficult stakeholders

From a pricing perspective, as well as asking for an overall breakdown of costs, you can also ask for indicative costs for specific activities (for example, attendance at six face-to-face stakeholder meetings, or facilitating a one-day workshop for 30 stakeholders). This will help you to compare costs on a like-for-like basis, even if consultants' approaches are quite different. (Bear in mind, though, that listing activities in this way is likely to steer bidders towards an approach that closely matches what you suggest. This may bias bidders or evaluators against other approaches.)

Good stakeholder engagement consultants do not have to be district heating experts, although they should be able to demonstrate some knowledge of the sector. You are looking for evidence that they have solved difficult engagement challenges with similar types of stakeholders (e.g. public sector bodies, businesses). You should also look for providers who have worked with different types of stakeholders - there will be differences in approach to working with very technical stakeholders such as engineers compared to non-technical stakeholders such as local residents.

You should also check to see who will be delivering the engagement project, particularly to see how different levels of seniority of consultants have been allocated to different tasks (for example, is this based on experience?).

## 8. Procurement at key stages of network development

In this section, we look at the key stages of heat network development and suggest procurement considerations for stakeholder engagement. This is followed by some suggestions for procurement of engagement support if something has gone wrong and you are in crisis management mode.

At every stage, we would recommend a process of:

- Setting objectives
- Identification
- Analysis and Mapping
- Prioritisation
- Planning
- Engagement
- Monitoring / review

## **Heat mapping and energy masterplanning**

- Will you incorporate stakeholder engagement into the wider contract for heat mapping and energy masterplanning?
- What experience does your heat mapping contractor have of stakeholder engagement? Or have they brought together a consortium to ensure that this skillset is provided?
- Will you bring in external support for internal workshops? An independent facilitator can help discussion flow and overcome areas of disagreement.
- How will stakeholders help to shape the vision for the network? Will both internal and external stakeholders have a say?

## **Techno-economic feasibility**

- How will your consultant ensure that appropriate engagement is carried out throughout this stage of network development? What stages or milestones will be put in place for further engagement?
- What ideas do bidders have for maintaining momentum at this stage?
- How will you continue to monitor stakeholder drivers and priorities? What resource does this need?
- Who is best placed to carry out negotiations with potential customers? Is this a role for the lead organisation or for the consultant?

## **Detailed project development**

- Are there any formal consultation requirements? How will these be managed?
- Who is best placed to attend key meetings where decisions will be made (e.g., Cabinet)?
- Who is best placed to engage advocacy groups, local communities or special interest groups? How will this be done?
- How will your choice of delivery vehicle change your stakeholder map and prioritisation? What will be the review process at this point?
- How can an external consultant support you in preparing for and reviewing key meetings, conversations and presentations?

## **Commercialisation**

- Are there any formal consultation requirements? How will these be managed?
- How will engagement activities help to maintain confidence in the project?
- Who is best placed to carry out contract negotiations, and what do they need to know about stakeholders' prior involvement in the process?
- How will contracts reflect the needs of stakeholders?

## **Construction**

- How can you anticipate and manage stakeholder issues that might arise during construction?
- Are there any formal consultation requirements? How will these be managed?
- What is the role of the contractor in stakeholder engagement and management? Who will manage any complaints arising during construction? How is this incorporated into contracts? How will it be resourced?
- What service level agreements are in place for complaint handling and resolution?
- Who will manage relationships with the media? How will this be coordinated between internal teams and external contractors?
- How can the consultant help you to maintain political and strategic support during this stage?

## Operation

- How will engagement activities support a better network? For example, what is the interface between customers, the network operator and the local authority?
- How are customer issues or complaints resolved? How are they escalated?
- Which stakeholders would need to be engaged to allow for the expansion of your network? What engagement support will you need this time round?

## Procuring urgent support when something goes wrong

Heat network development projects are complex, time-consuming and highly unpredictable. Some crises are technical – for example, breaking a water main during construction. Most, however, are human. People's confidence in the project will rise and fall, often for reasons that you can only pinpoint if you have done a thorough job of understanding their perspective, priorities and motivators.

For example:

- Key stakeholders won't engage in conversation
- Stakeholders who were engaged have disengaged
- Stakeholders have become public critics of the project
- The project hits "bad news" – this might be because of an issue with the project itself (e.g. complaints about tariff structures) or because of external events
- The project has to be revised, for example, because of a reduction in funding

In each of these cases, if you are procuring external support, we would recommend bringing in an engagement or communications specialist. You may need to engage support in a hurry – in which case a call-off mechanism in an earlier engagement contract will prove invaluable. If you are going to market, however, your specification should:

- Outline the current state of play: what is the challenge? How has it come about? What does it mean for those involved? There may be some aspects of the situation which are sensitive or confidential, so you will need to show judgement and take advice about what can be put in the public domain. This is particularly the case if individual stakeholders might be identifiable, which raises Data Protection concerns.
- Identify the need: what do you need stakeholder engagement support to help you achieve?
- Describe the outcomes: what will it be like once the issue is resolved? Language around "improved stakeholder confidence" or "renewed buy-in" is helpful. Try also to link this to wording that is more measurable, by describing what stakeholders will do as a result (for example, "improved stakeholder confidence" leads to an agreement being reached or more customers signing up to the network).
- Describe the outputs: what will be produced along the way, for example, reports? Here you can suggest some engagement activities. However, crisis situations often need a bespoke response, so you should give the consultant flexibility to describe the methods that they think would best address the situation.
- Look for experience: what blend of experience will be right for this project? Are you looking for a consultant who has dealt with this stage of a heat network before, or who has worked with this specific type of stakeholder before? What types of challenges or crises have they helped to tackle on past projects?
- Set out the timetable: you will need to be very clear about the timetable within which work needs to be carried out, as it is likely to be quite compressed.

## 9. Template specification

The specification template below aims to help you structure your procurement of stakeholder engagement expertise. It is designed for a stand-alone procurement of stakeholder engagement activities, and mirrors the stakeholder engagement stages identified in [Chapter One](#).

**This template should be customised to suit your specific needs and agreed with procurement professionals as part of your procurement process. It should not be used without modification.**

### Background

*Briefly describe your heat network project and the stage that you have reached. Explain how you feel more stakeholder engagement activity will strengthen your project or enable you to take it forward.*

### Objectives

*Describe what you are trying to achieve (outcomes). For example:*

*Greater stakeholder engagement activity will support the Authority to:*

- *Understand who key stakeholders are for the development of the heat network*
- *Engage with key stakeholders to build buy-in and support for the heat network*
- *Create resilient relationships with anchor customers, leading towards signing of contracts*
- *Provide a platform so that the Authority can continue to manage effective stakeholder relationships*
- *Build capacity within the Authority for future stakeholder engagement activity*

### Requirement and duration

*Briefly describe the service that you are looking to procure and how long the contract will last. For example:*

*The Authority is seeking support to identify and prioritise stakeholders, to develop a stakeholder engagement plan and to carry out a series of stakeholder engagement activities over a twelve month period.*

### Scope of works

*The wording below should be adapted to suit your specific needs and timetable.*

#### Stakeholder identification and mapping

Support the Local Authority to create a stakeholder map which identifies all internal and external stakeholders that may be affected by the heat network, have influence or power over it or have an interest in its success. This should reflect the current stage of heat network development and take account of any engagement to date. This might be achieved through a workshop with Authority staff, but consultants are invited to propose and justify the method that they feel will be most effective.

The Stakeholder Map shall be made fully available (digital format) to the Local Authority to use and edit post-completion of the contract.

## Stakeholder prioritisation

Support the Local Authority to prioritise stakeholders identified in the mapping process. This might be achieved through a workshop with the internal team (possibly combined with the identification and mapping workshop noted above).

As a minimum this shall use a influence/interest grid to identify what level of stakeholder engagement is required (inform, consult, involve or collaborate/empower). Consultants are to outline the types of questions that they would ask to identify priority stakeholders and give an indication of any visual or software tools that they might use to support this process.

## Stakeholder engagement planning

*Support the Local Authority to in developing a stakeholder engagement plan to support the Authority's heat network development objectives. [Local Authorities should state what communication channels already exist and could be used for this project. This might include a project board/steering group of internal and/or external stakeholders or formal tenant liaison groups for engaging residents that might be supplied by the heat network. Additionally there may be formal consultation requirements (for example, with leaseholders) that need to be managed. These should be stated here.]*

*The stakeholder engagement plan should cover a period of [insert number of months. Alternatively, you can express the period in terms of stages of heat network project development]. It will:*

- Identify each stakeholders objectives (please refer to the stakeholder roles outlined in the HNDU DPD Guidance).
- Develop key messages, tailored to different types of stakeholder
- Assign communications channels according to the level of stakeholder priority and the likely effectiveness of those channels.
- Assign responsibility for the ownership of each relationship.
- Include a timetable for activity, linked to the stages of the heat network project as it develops
- Include a resource allocation plan. This should include allocation of tasks and resources to Authority staff (and others) as appropriate, and in agreement with the Authority, and an indication of the tasks that the bidder would take forward.
- Identify risks associated with the stakeholder engagement activity in a format that can be merged into the overall Project Risk Register.

## Stakeholder engagement

Effectively communicate with all internal and external stakeholders identified. The exact blend of stakeholder engagement activities will depend on the engagement plan. To enable comparison of tenders, consultants are asked to provide costs for the following stakeholder engagement activities:

- Face to face meeting – assumed 1 hour meeting
- Working group or committee meeting – assumed 2 hour meeting
- Telephone meeting / conference call – assumed 1 hour meeting
- Half-day workshop (small: 8-10 people, or large: 20-30 people)
- Full-day workshop (small: 8-10 people, or large: 20-30 people)
- Day rates for the preparation of information to be used on- or off-line (for example, on the Local Authority website or in leaflets for distribution), which can later be agreed on a case-by-case basis once information requirements are better understood

All activities are to be developed in partnership with and require sign-off from the Local Authority.

Consultants should provide indicative costs for the above in the Pricing Schedule template. Meetings and workshops should include costs for preparation and reporting, but exclude costs for venues and catering. **Key engagement activities should be undertaken by a senior person within each consultancy who has demonstrable experience in engaging with stakeholders at the relevant level.** Information costs should include time for preparation, copywriting and design, but exclude print costs. Please indicate whether design work will be undertaken in-house or through an external agency.

### Monitoring and review

Respondents should set out their proposals for how they will monitor the effectiveness of stakeholder engagement activity and a process for reviewing the stakeholder map, prioritisation and engagement plan.

*You should think about how monitoring and review activities fit within other reporting requirements you have (e.g. to funders) and with the stages of your project timetable (e.g. a review of the stakeholder map when you move from Detailed Project Development to Commercialisation). Provide an overview of your suggested activities so that bidders can respond to them.*

*You may wish to consider introducing stakeholder engagement KPIs, or inviting bidders to propose their own KPIs, particularly during the later stages of project development. This could include, for example, the number of contracts signed, service levels regarding number of and response to complaints or a proportion of the project spend / jobs which are retained locally.*

### **Outputs**

*The text below should be adapted to suit your specific needs.*

- *A clear stakeholder map, showing appropriate categories of stakeholders, provided to the Local Authority in a digital format for use post-completion of the contract*
- *A report on stakeholder perspectives, barriers and motivators*
- *A short report on (or visualisation of) prioritisation of stakeholders*
- *A stakeholder engagement plan covering [Insert number of months or details of project stages covered by this work]*

### **Outcomes**

*The text below should be adapted to suit your specific needs.*

- *The Authority has a good understanding of the stakeholders who will be affected by or interested in the project and / or who will have an influence over it.*
- *The Authority understands which stakeholders are priorities for engagement, at which stage of heat network development*
- *The Authority is able to undertake a series of stakeholder engagement activities which will support the delivery of the heat network project*
- *Stakeholders demonstrate buy-in to the heat network project*

### **Timetable and milestones**

*Add a table to show a timetable and key milestones for this project.*

## Pricing

The text below should be adapted to suit your specific needs.

Bidders should indicate the day rates that will apply for this project, for each member of staff.

Bidders should provide a breakdown of activities, indicating the time and costs for each member of staff associated with those activities. You may add further columns for additional staff members, if required. Do not include the Stakeholder Engagement Activities costs in this table.

Activity	Name / grade of consultant		Name / grade of consultant		Expenses / 3 <sup>rd</sup> party costs	Total excl VAT
	Time (days)	Cost	Time (days)	Cost		
<b>Totals</b>						

For stakeholder engagement activities, bidders should provide pricing in the table below. You may add further columns for additional staff members, if required:

Activity	Name / grade of consultant		Name / grade of consultant		Expenses / 3 <sup>rd</sup> party costs	Total excl VAT
	Time (days)	Cost	Time (days)	Cost		
Face to face meeting						
Working group /						
Telephone meeting / conference call						
Half - day workshop (small 8-10 people)						
Half - day workshop (large 20-30 people)						
Full - day workshop (small 8 -10 people)						
Full - day workshop (large 20-30 people)						
Information for on - or of - line use						
<b>Totals</b>						

The Authority may require up to a further X days of consultant time for additional stakeholder engagement activities. All additional activities must be agreed in writing with the Authority before work is carried out.

All costs should be exclusive of VAT.

# APPENDIX 3: STAKEHOLDER MAPS AND PRIORITISATION GRIDS – STEP-BY-STEP GUIDE

## Stakeholder map

### 1. Carry out a rapid-listing exercise

This should be done in a group (e.g. project working group) and works well for large and smaller groups. First, ask people to make their own list of potential stakeholders. Don't suggest categories at this stage unless people are completely stuck – it's important to allow them to think freely in order to spot less obvious stakeholders. Then ask them to pair up with someone and compare lists – this comparison will probably throw up more names or organisations. Depending on the size of your group you can then ask them to compare lists in small groups or bring the whole group together to compare and discuss.

### 2. Draw up the map

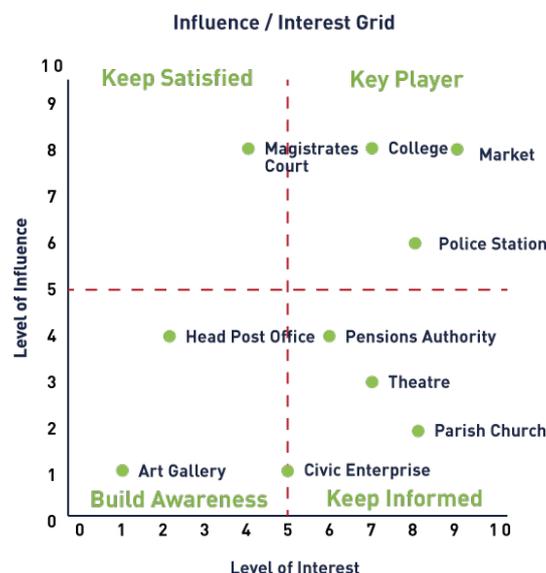
The exact process will depend on the software you've chosen to use (e.g. Bubbl, Visio). You can either start populating the map based on categories (e.g. customer, investor, regulator) or perceived importance of stakeholders. Remember that you may want to move stakeholders around – as you discuss them through the mapping process your view of them should develop and possibly change. Don't treat the map as static.

Arguably the most important feature of a stakeholder map for heat network project development is the indication of relationships and flows of influence, shown through arrows. Depending on the software you're using you should be able to label each arrow. These arrows can show you where you might find a route into a hard-to-reach stakeholder, or whether particular individuals are particularly influential and therefore important target advocates.

You may find it easier to draw the initial map by hand, e.g. on a whiteboard or with post it notes on a flip chart, before transferring it to an electronic format.

## Stakeholder Prioritisation Matrix

You could create a simple 4-by-4 and allocate places freehand in MS Word or PowerPoint, or you could create a scatter graph in Excel, which automatically updates and the influence and interest levels are changed. Include the Level of Interest as a scale on the X axis, and the Level of Influence on the Y axis. Each quadrant represents a different priority level of stakeholder, broken down into the "Build Awareness", "Keep Informed", "Keep Satisfied" and "Key Player" categories.



**Note:** before software was available to create stakeholder maps and prioritisation grids they would have been drawn by hand. Whilst using software allows greater flexibility and facilitates sharing, do not assume that you cannot use either tool if you cannot create it electronically.

## About the Carbon Trust

The Carbon Trust is an independent company with a mission to accelerate the move to a sustainable, low carbon economy. The Carbon Trust:

- > advises businesses, governments and the public sector on opportunities in a sustainable, low carbon world;
- > measures and certifies the environmental footprint of organisations, products and services;
- > helps develop and deploy low carbon technologies and solutions, from energy efficiency to renewable power.

The company has approximately 180 staff with over 30 nationalities, based in the UK, China, Brazil, Mexico, South Africa and the USA. The Carbon Trust's experts come from a diverse range of professional backgrounds, including engineering, policy, academia, and business management.

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