

Independent Stakeholder Group (ISG) Annual Report

2025/26

ISG



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Executive summary

2025/26 was both the final year of RIIO-GD2 and the year in which the enduring ISG model was formalised for RIIO-GD3.

It was therefore not a normal reporting year. Ofgem moved from Draft to Final Determinations, NGN prepared for delivery from April 2026, and the ISG concentrated on the points at which independent challenge could still influence customer outcomes: the settlement between Draft and Final Determination, delivery readiness and an orderly close-out of GD2.

The strategic direction for GD3 is being shaped by three connected trends: affordability and energy debt becoming structural risks; continuing uncertainty over the future role of gas and the pace and cost of transition; and increasing dependence on workforce, supply-chain, data, AI and innovation capability to deliver safely and efficiently. Together, these trends heighten the importance of resilience, adaptability, value for money and fairness between current and future customers.

Issue and ISG challenge	What changed	Customer value
GD3 vulnerability funding. The ISG pressed NGN to be more ambitious where customer need and partner delivery capacity were clear.	NGN materially increased its vulnerability funding ambition, which was carried into GD3.	Greater potential support for customers in vulnerable circumstances.
RIIO-GD3 service standards. The ISG tested whether proposals reflected customer evidence and supported the 7- and 28-day repair standards.	Ofgem adopted the standards across gas distribution networks; NGN acknowledged the ISG’s contribution.	Faster, more predictable repairs and a sector-wide customer benefit.
Vulnerability and carbon monoxide arrangements. The ISG advocated continuity with proportionate, outcome-focused VCMI governance.	The GD3 VCMI arrangements formalise continuing ISG scrutiny and assurance.	Continuity of support through transition, with stronger focus on customer outcomes.
Stakeholder insight. The ISG challenged NGN to show what changed because of engagement, not only how much engagement took place.	NGN strengthened triangulation, prioritisation, governance, accountability and response times.	Insight should be more likely to influence decisions; proof of customer outcomes remains a GD3 test.

Unresolved strategic issues. The ISG did not have complete assurance at year-end on: the evidence and customer case for [NGN’s CMA appeal](#); the accuracy of shrinkage and leakage measurement and reliability of environmental baselines; workforce and supply-chain capacity; innovation benefits after funding ends; and the fairness and practical management of disconnections and future-gas decisions. These matters are not all within NGN’s control, but they materially affect customers and should remain visible.

During GD3, the ISG’s focus shifts from plans to delivery: whether commitments are on track, customers benefit and NGN adapts as circumstances change. Priorities are affordability; safety and resilience; workforce and supply chain; future networks and environment; data, AI and innovation; VCMI; and value for money. Section 8 sets out the work plan; Appendices A and B contain supporting evidence.

1. Introduction

1.1 Chair's introduction

This report covers April 2025 to March 2026 and is my first annual report as Chair of the Independent Stakeholder Group (ISG). I succeeded Jenny Saunders in July 2025, following her seven years of leadership across the Customer Engagement Group and subsequently the ISG. Jenny helped establish a strong model of independent challenge, and I thank her for her contribution and support during the handover.

I would also like to thank Eddie Proffitt, who stepped down during the year, and Charlotte Allan and Yvana Ferreira, the ISG's first future-customer members through the Young Innovators Council (YIC), who completed their terms in June 2025. During the year, we welcomed Anisha Poudel and Lizzie Briggs as new future-customer members, recruited through the YIC. Their contributions have reinforced the value of bringing younger voices and intergenerational perspectives directly into the Group's scrutiny.

2025/26 was a year of negotiation and transition between RIIO-GD2 and RIIO-GD3. With the opportunity to influence the new price control largely concentrated between Ofgem's Draft and Final Determinations,

the ISG adjusted its programme from the near-monthly cycle used during Business Plan development to seven formal meetings. We concentrated on three priorities in consumers' interests: using the remaining opportunities to influence the GD3 settlement; testing NGN's practical readiness to deliver; and overseeing an orderly close-out of GD2.

Alongside these priorities, the Group maintained scrutiny of customer service and vulnerability, operational and environmental performance, innovation, workforce resilience, skills and inclusion, and data and digitalisation. Affordability, energy debt and future bill impacts became increasingly prominent, together with customer trust, the future role of gas, disconnections, whole-system planning and the governance and deployment of Artificial Intelligence (AI).

The ISG does not approve NGN decisions. We act as a critical friend by testing evidence, bringing current- and future-customer perspectives into scrutiny, and challenging NGN on deliverability, unresolved risks and customer outcomes. Our test is not simply whether NGN engages, but whether it

listens and acts: showing how stakeholder insight has influenced decisions, where plans or services have changed, and why a different course has been taken where recommendations have not been accepted.

Effective challenge depends on open access to the business. Mark Horsley, Chief Executive Officer, and Greg Dodd, Regulation and Strategic Planning Director, provided open and transparent updates at the start of each ISG meeting. I also thank Jenny Wilkinson and Hollie Scott for helping the Group access NGN colleagues and supporting timely, informed scrutiny. NGN engaged constructively during the year, and we saw examples of processes, governance and engagement approaches changing in response to ISG challenge and the company's own learning.

As GD3 begins, our focus shifts decisively from plans to delivery. We will challenge NGN to demonstrate whether commitments are on track, what has changed for customers, who has benefited, what risks remain and how customers, particularly those in vulnerable circumstances, are being protected.



Brian Matthews

A handwritten signature in dark ink, appearing to read 'Brian Matthews', with a stylized flourish at the end.

Chair, NGN Independent Stakeholder Group

1.2 Remit and governance

This report looks back at 2025/26, and the ISG’s work during the year was governed by the Terms of Reference agreed with NGN in September 2024. Under those terms the Group’s role included providing challenge and scrutiny as NGN developed its plan for RIIO-3; promoting the interests of consumers and stakeholders and holding the company to account for delivery of its RIIO-2 commitments; monitoring how stakeholder views are used in decision-making; and understanding bill impacts and value for money, including in the context of a future declining customer base and an uncertain future for gas. This role is consistent with Ofgem’s expectation that enduring ISGs provide independent challenge, scrutiny and assurance during GD3 delivery.

Towards the end of the year the Group refreshed its [Terms of Reference for RIIO-GD3](#), marking the close of GD2, the start of GD3 and the ISG’s enduring role. The refreshed remit is forward-looking and is described in Section 8. It places stronger emphasis on delivery oversight, value for money, future customers, VCMi governance, whole-system planning and transparent public reporting, and confirms the importance of structured deep dives, observations of engagement activity and in-field observations.

The ISG remains independent of both NGN and Ofgem. It does not make company decisions and is not a substitute for regulatory audit. Its value lies in expert, customer-focused challenge and its ability to test whether company proposals are grounded in evidence, stakeholder insight and customer outcomes. More information about the Group is published on the [NGN ISG website](#).

The strengthened route between the ISG Chair and NGN Board is intended to provide two-way visibility: the Board can see material challenge and unresolved assurance issues, while the ISG gains a clearer view of strategic priorities and responses. This relationship does not alter the Group’s independence or turn it into an approvals body.

Core role	Challenge and scrutiny of NGN’s delivery of its RIIO-GD2 commitments, its preparation for RIIO-GD3, stakeholder engagement, customer outcomes and emerging risks.
Evidence base	Formal ISG meetings, closed sessions, deep dives, operational observations, stakeholder observations, challenge logs, recommendations and external benchmarking.
Independence	Members act in the interests of consumers and stakeholders, not as representatives of their employer or sector.
VCMi role	The ISG will provide independent scrutiny and assurance of NGN’s vulnerability and carbon monoxide initiatives in line with GD3 governance requirements.

Glossary of terms and acronyms: [NGN RIIO-GD3 Glossary](#).
Throughout this report, hyperlinks are provided to supporting NGN, Ofgem, Government and NESO publications rather than reproducing detailed background material at length.

1.3 Regulatory, policy and social context

The reporting year sat at the close of RIIO-GD2, while NGN responded to Ofgem’s Draft Determination and provided further information to Ofgem ahead of the Final Determination for RIIO-GD3. This made the year less a steady-state reporting cycle and more a period of determination response, regulatory scrutiny and continued oversight of business-as-usual ISG activity.

Ofgem’s [Draft and Final Determinations for RIIO-GD3](#) required NGN to reassess costs, outputs, uncertainty mechanisms and delivery plans. The ISG scrutinised how NGN interpreted those decisions and how customer risk and benefit would be managed.

The wider policy environment remained unsettled. Clean Power 2030, the [Warm Homes Plan](#), the [Fuel Poverty Strategy](#), [NESO’s Regional Energy Strategic Planning \(RESP\)](#), the UK’s statutory net zero framework under the Climate Change Act 2008 and 2019 net zero amendment, and continuing uncertainty around hydrogen all shaped the context in which NGN operates. Data, digitalisation and the growing influence of AI also increased organisational and customer complexity.

External engagement reinforced a consistent message. Fuel poverty and energy debt are no longer short-term shock issues for many households; they have become structural affordability risks. National Energy Action estimates that over 6 million UK households remain in fuel poverty. Official fuel poverty statistics also show the scale of the issue in England, with around 2.78 million households in fuel poverty in 2025 [[DESNZ Annual Fuel Poverty Statistics](#)]. Energy debt has risen sharply over the same period, from around £1.3bn in 2020 to around £4.4bn by end-June 2025 [[Ofgem Debt and Arrears Indicators](#)]. This reinforces the ISG’s view that vulnerability, affordability and debt need to be treated as core delivery risks for GD3, not as temporary cost-of-living pressures.

A further recurring theme was the absence of a clear national story for the role of gas during transition. Most households still rely on gas heating, heat pump rollout remains significantly below long-term ambition, and the customer journey for disconnection is not yet sufficiently clear, affordable or widely understood. The Citizens Panel observations reinforced that this uncertainty is not abstract for customers: where public information is incomplete, gaps in understanding about bills, hydrogen, safety and network roles can quickly be filled by incomplete or unreliable online sources.

ISG framing for GD3

Customers want warm, comfortable homes they can afford. They want choices that make sense in their circumstances. The ISG believes transition planning must therefore be judged by customer outcomes, not by technology assumptions alone.



2. NGN performance during the final year of RIIO-GD2

Overview

Although the main focus of the year was the GD3 business plan, the ISG continued to scrutinise delivery of GD2 commitments. This remained important in its own right and because current performance provides evidence of whether future commitments are credible.

At the April 2025 meeting, NGN reported on delivery against regulatory targets and areas of focus for the final year of GD2. The ISG reviewed performance across the three core outcome areas used in previous reporting: meeting the needs of consumers and network users, maintaining a safe and resilient network, and delivering an environmentally sustainable network.

Based on the evidence reviewed during the year, the ISG was broadly reassured on NGN’s core service performance. However, the Group also identified risks requiring continued GD3 scrutiny, including REPEX complexity, delivery partner sustainability, shrinkage and leakage measurement, fleet electrification realism, future workforce capability, and the transition from GD2 VCMA to GD3 VCMI governance and business-as-usual delivery.

2.1 Meeting the needs of customers: service standards and vulnerability

Customer satisfaction remained consistently above 9 during GD2. The ISG welcomes this sustained absolute performance and the mature customer culture it indicates, while recognising that satisfaction alone is not a complete measure of value. During GD3 the Group will distinguish between absolute scores, relative GDN performance, regulatory incentives and customers’ lived experience, particularly in connections, reinstatement, work quality, major operational works and support for customers in vulnerable circumstances.

Stakeholder and customer observation activity reinforced confidence in NGN’s partnership model and customer focus. Evidence from CIVS, the stakeholder conference and VCMA/VCMI engagement highlighted the importance of services beyond the meter, debt support, clearer stakeholder mapping, reducing duplication and ensuring vulnerability support evolves sustainably into GD3.

To address historical gaps in GD2 performance, NGN overhauled elements of its stakeholder-insight framework, introducing more systematic triangulation of evidence, clearer prioritisation of competing customer

needs and stronger governance around decision making. The ISG welcomed these changes but emphasised that the real test for GD3 will be whether they lead to demonstrable improvements in customer outcomes.

The ISG nevertheless challenged NGN to move beyond activity measures. Reach, attendance and referral volumes matter, but they do not on their own show whether households are warmer, safer, more financially resilient or better able to navigate future energy choices.

As NGN closes out its GD2 commitments, the operational challenge is to secure a seamless hand-off for successful VCMA-funded initiatives moving into business-as-usual customer operations. The ISG will test whether this transition protects frontline support and established referral networks, and whether NGN tracks the lived outcomes for households rather than only referral volumes.

ISG challenge

NGN should evidence what changed because of stakeholder insight and vulnerability support: who benefited, what improved, what learning was embedded, and how customer outcomes changed.

2.2 A safe and resilient network

REPEX and operational resilience remained major areas of scrutiny. The ISG reviewed delivery performance, cost drivers, delivery partner capacity, contractor retention, benchmarking and customer impacts of operational work.

Members challenged NGN on the implications of completing the iron mains replacement programme, the flexibility of the DSP model, the sustainability of contractor capability, and whether incentives sufficiently distinguish between companies that deliver and those that do not.

The ISG also reviewed NGN’s emerging resilience framework and dashboard. Members challenged NGN to define what ‘readiness’ means for GD3, how resilience will be measured, and how data can help prevent incidents rather than simply report them.

The Group recommended dynamic target setting and a clearer resilience action plan. This remains a priority for GD3 monitoring.

2.3 An environmentally sustainable network

Environmental performance continued to be dominated by shrinkage and leakage. The ISG reviewed NGN's sustainability reporting, methane reduction, DPLA, advanced leakage detection, fleet EV transition, biomethane and future gas pathways.

The sustainability deep dive found that NGN had made progress against its [People and Planet Strategy](#) commitments and had improved the annual sustainability report following prior ISG feedback. The ISG also challenged NGN to strengthen project prioritisation so that funding, delivery effort and environmental commitments remain aligned with customer benefit, current priorities and measurable outcomes. NGN's [Annual Sustainability Report 2025](#) provides the public performance evidence.

NGN's published 2025 evidence reports total carbon emissions down by 6%, saving 22,296 tCO₂e, and says that by 2025 the company had delivered a 31% reduction in Scope 1 and 2 emissions against its 2018 baseline. The ISG welcomes that reported progress while continuing to scrutinise leakage methodology, environmental baselines, fleet transition, Scope 3 visibility and the alignment of environmental performance with customer benefit. The supporting figures and methodology are set out in the [Annual Sustainability Report 2025](#).

In December 2025, the ISG raised significant concern that the current shrinkage and leakage model may under-report leakage. Members asked how real data from advanced leakage detection and DPLA will be incorporated, and how NGN will communicate any future baseline changes without undermining customer trust.

The ISG also challenged NGN on the realism of fleet electrification, including charging for colleagues without driveways, emergency charging options and whether current EV targets fully reflect the operational realities of emergency response. Members also pressed for stronger supplier engagement and better visibility of Scope 3 emissions, recognising that supply-chain choices will be material to GD3 environmental delivery.



3. Enabling strategies

As in previous years, the ISG reviewed several enabling strategies that support NGN's ability to deliver its commitments. These strategies are important because they determine whether NGN can respond to changing expectations from customers, Ofgem, government and wider society.

3.1 Data, digitalisation and AI

Data, digitalisation and artificial intelligence were examined through the June 2025 GD3-readiness meeting and a subsequent programme of deep dives. This gave the ISG a clearer view of both NGN's strategic direction and the practical implementation of its digital ambitions, including how work across different functions was being coordinated ahead of GD3.

Scrutiny centred on GD3 readiness and governance, covering leadership capability, digital skills, AI governance, data quality, open data, digital inclusion, cyber resilience, data sharing and the practical application of artificial intelligence across the business.

Throughout this work, the ISG consistently challenged NGN in five key areas:

Governance – ensuring AI and digitalisation are supported by clear organisation-wide governance, accountability and oversight, rather than isolated initiatives or individual projects.

Benchmarking – learning from leading organisations across the utility sector and beyond, recognising that many advances in AI and digital transformation are emerging outside the gas industry.

Business transformation – treating digitalisation as an organisation-wide change programme involving leadership, culture, skills and ways of working, rather than simply deploying new technology.

Customer outcomes – demonstrating how digital investment delivers measurable improvements in the services customers value most, including affordability, resilience, safety, security of supply, protection of personal data and communication.

Future readiness – maintaining a strong focus on horizon scanning, emerging technologies and the long-term implications of AI for the future operation of the gas network.

The ISG welcomed NGN's measured and responsible approach to artificial intelligence while challenging the business to ensure that customer value, human accountability, environmental impact, bias, digital exclusion, cyber security, data quality and workforce implications are fully considered before AI is deployed at scale. The Group also encouraged NGN to strike the right balance between responsible governance and practical delivery, benchmarking progress beyond the gas sector and avoiding unnecessary caution where appropriate governance and controls are in place.

The Group welcomed the development of NGN's AI Strategy, AI Policy and AI Impact Assessment process, together with wider engagement through AI roadshows, Copilot training and executive leadership for AI. Together, these measures strengthened NGN's governance and organisational readiness for AI ahead of GD3.

Contributions from the Young Innovators Council and Future Customer members Anisha Poudel and Lizzie Briggs strengthened discussion around trust, transparency and the environmental implications of AI. These perspectives reinforced the importance of ensuring that digital technologies deliver measurable improvements in the services customers value most and that decisions balance customer benefit with wider environmental and organisational impacts.

As GD3 begins, scrutiny will shift from strategy to implementation. The Group will assess whether NGN's digital investments are coordinated across the organisation, supported by effective governance and delivering measurable benefits for customers, colleagues and the wider business.

3.2 Workforce resilience, skills and inclusion

Workforce resilience became a significant area of scrutiny during 2025/26 because it underpins NGN’s ability to deliver its commitments throughout GD3. The ISG reviewed people and skills planning, apprentice recruitment, inclusion and belonging, workforce support, succession planning and future capability.

Throughout the year, NGN continued to develop its workforce resilience strategy alongside finalising the GD3 Business Plan. Changes within the senior leadership team, together with the need to strengthen capability in some specialist areas, meant that elements of the strategy evolved later than originally anticipated. This increased the level of ISG scrutiny and provided an opportunity to help shape the direction of travel before GD3 commenced.

During the year, the Group undertook a detailed review of NGN’s Inclusion and Belonging Strategy. The ISG challenged NGN to focus on measurable outcomes rather than activity, strengthen baseline data, make the strategy more meaningful and relevant to colleagues, and demonstrate clear Board ownership and governance. Members also emphasised the importance of maintaining focus on reducing the gender pay gap and ensuring inclusion initiatives deliver tangible improvements in workforce culture, recruitment and retention.

The Inclusion and Belonging Strategy was originally expected to be published during 2025/26. NGN subsequently revised the timetable to allow additional evidence gathering, including an accreditation survey to strengthen the baseline and inform future priorities. The ISG supported improving the evidence base while emphasising the importance of maintaining momentum and delivering measurable outcomes. The Group also recommended specialist inclusion and belonging capability and understands that NGN is taking this forward.

The Group challenged workforce planning assumptions, apprentice recruitment, the diversity of applicant pipelines, barriers to entry and whether future capability planning reflects the changing nature of work as the iron mains replacement programme concludes and the energy transition gathers pace. Members encouraged NGN to strengthen specialist capability where required and continue learning from good practice across other sectors.

Looking ahead to GD3, the ISG will continue to monitor implementation of the Inclusion and Belonging Strategy, workforce diversity and gender pay, and whether NGN is developing the skills, leadership and organisational capability needed to deliver its long-term commitments. Follow-on scrutiny will connect these issues to productivity and motivation, retention, skills, wellbeing and customer-delivery risk rather than treating them as separate people initiatives.

3.3 Innovation

Innovation scrutiny focused on customer value, implementation and learning. The ISG challenged NGN to show how innovation strategy translates into business-as-usual delivery, how benefits are tracked after innovation funding ends, and how cost savings, emissions reductions, service improvements or customer benefits are evidenced.

The evidence available at year-end did not yet support naming a small set of completed innovation case studies with fully tracked benefits. During GD3 the ISG will therefore require reporting to distinguish projects adopted into business as usual, projects stopped or redesigned, and projects still under review, with cost, environmental, operational and customer benefits evidenced in each case. Public information on NGN’s programme is available on its [innovation pages](#).

The Final Determination outcome for NeRV changed NGN’s proposed approach. The ISG remains supportive of the underlying concept of real-home evidence and will scrutinise any revised approach for customer value, collaboration, whole-system alignment and practical learning.

The Group also noted concerns that increasing governance and reporting requirements for innovation could slow delivery if not proportionate. GD3 scrutiny should focus on whether innovation produces measurable customer benefit, not simply whether it creates more process.



3.4 Stakeholder engagement and insight

NGN's stakeholder engagement remains a strength, but the ISG continued to test how insight is processed and used. Rather than simply expanding engagement activity, NGN introduced more structured approaches to triangulating evidence, prioritising competing issues and assigning ownership for action.

The ISG observed improvements in governance and organisational responsiveness, while reserving judgement until those changes can be demonstrated through measurable customer outcomes.

Observation of the annual stakeholder conference showed strong stakeholder confidence in NGN's performance and partnership approach. It also highlighted areas where stakeholders want clearer communication, including AI, biomethane, hydrogen, bill impacts and long-term system planning.

The ISG recommended clearer, more candid communication and cautioned against vague slogans. In a period of low public trust in utilities, transparency and plain English matter.

During GD3, the Group will test whether stakeholder evidence changes decisions and produces visible customer and stakeholder benefit.

The ISG also challenged NGN to communicate its operational strengths more tangibly. In particular, the ISG encouraged NGN to highlight the DSP model as a visible example of regional delivery and to explain customer benefits clearly rather than relying on generic or marketing-led language.



4. Planning for and consulting on the RIIO-GD3 Business Plan

Scrutiny of RIIO-GD3 was the central focus of the ISG’s work during 2025/26. Because the Business Plan had been submitted in 2024/25, the Group’s scrutiny in 2025/26 centred on NGN’s response to Ofgem’s Draft Determination, the further information NGN provided ahead of the Final Determination, and the readiness of the business to deliver the settled plan. The ISG also observed stakeholder engagement activity and examined the implications of Ofgem’s decisions for customers.

The Group raised questions around benchmarking consistency, modelling assumptions, efficiency expectations, future uncertainty, customer transparency, accelerated depreciation, operational realism and future customer impacts.

The final Business Plan included an EDI Officer role, addressing an area the ISG had highlighted through its scrutiny of NGN’s equality, diversity and inclusion capability.

The ISG submitted an independent response to Ofgem’s Draft Determination consultation. This supported the continuation and strengthening of enduring ISGs, future-customer representation, clearer delivery oversight and continued scrutiny of innovation and whole-system initiatives.

The ISG’s influence extended beyond NGN. Through its Draft Determination response and sector-level engagement, the Group supported outcomes that now apply across all gas distribution networks. It welcomed and argued for the introduction of the 7- and 28-day repair standards as an output delivery incentive grounded in tested customer preferences. Customers themselves explored these standards at the Citizens Panel observed by the ISG in July 2025.

The Group also supported the continuation of vulnerability and carbon monoxide incentive arrangements into GD3. Through its formal response to Ofgem’s VCMi governance consultation, the ISG sought a national framework that balances accountability with efficiency, remains proportionate to project size and risk, and protects frontline funding from unnecessary administrative burden.

Ofgem published its [RIIO-GD3 Final Determinations](#) in December 2025; NGN’s [RIIO-GD3 Business Plan](#) is also publicly available. Appendix A sets out the fuller effectiveness review, and Appendix B the meetings, deep dives and observations that sit behind this section.

Area	ISG scrutiny	GD3 focus
Draft and Final Determinations	Questioned cost benchmarking, modelling assumptions, efficiency expectations and the link between funding and customer risk.	Track delivery, output monitoring and customer impacts during GD3.
Enduring ISG role	Supported formalising ISGs as ongoing challenge bodies, with clear independence and future-customer representation.	Ensure GD3 role is mandate-based, useful and proportionate.
NeRV	Supported the underlying value of real-home evidence while recognising the need for revised delivery following FD.	Monitor any revised innovation approach for customer value and whole-system learning.
RESP	Challenged NGN to explain how RESP, Navigator and open data add value for customers and local planning.	Track integration with LAEPs, NESO and regional delivery structures.
Disconnections	Identified disconnections as a strategic issue, not only a connections process.	Add sustained scrutiny of cost, customer journey, fairness and operational readiness.

5. Customers, vulnerability, affordability and VCMi governance

Vulnerability and affordability remained central to the ISG's work. The Group reviewed NGN's vulnerability strategy, VCMA activity, customer service performance, Warm Homes activity, CIVS, Services Beyond the Meter, future VCMi governance and the transition of appropriate activity into business-as-usual delivery.

A further opportunity for GD3 is better coordination with other utilities and public bodies when streets are already being opened for essential works. Where gas, electricity, water, telecoms and local-authority activity can be aligned, NGN should seek to reduce disruption, avoid duplicated works and use place-based insight to maximise benefit for customers in vulnerable circumstances in those areas.

External engagement through the VCMA showcase, Warm Homes Healthy Futures event and NEA Annual Conference reinforced the scale of the challenge. Energy debt, cold homes, health impacts, advice capacity and trust are now structural issues for many households.

The ISG welcomed the strength of NGN's partnership model, but challenged NGN to demonstrate outcomes and long-term sustainability. Some successful projects may need to transition into business as usual, while others may need to be reshaped, discontinued or redirected where they no longer align clearly with current priorities or customer benefit.

The ISG and NGN also engaged in the national VCMi governance discussion. The ISG's consultation response supported strengthened national coordination but stressed that governance must be proportionate, delivery-enabling and clearly defined. The Group also encouraged NGN to be ambitious in seeking additional vulnerability funding where there was clear customer need and partner delivery capacity; NGN's material increase in VCMA funding is an important example of challenge translating into greater potential support for customers in vulnerable circumstances.

From April 2026, the ISG's role moves from contributing to the design of the arrangements to ongoing assurance of NGN's VCMi portfolio under [Ofgem's VCMi Governance Document](#). Scrutiny will focus on whether NGN's internal controls manage conflicts transparently, funding reaches customers effectively and partner delivery supports long-term community resilience rather than permanent dependency.



VCMI governance principle	ISG position
Critical friend, not approvals body	The National Steering Panel should identify themes, surface blockers, benchmark approaches and support learning, not reassess individual project decisions.
Proportionality	Governance effort should scale with project size, risk and systemic impact, so frontline delivery funding is not consumed by unnecessary process.
Outcome dashboards	Core outcome domains, data definitions and reporting standards should be developed early, before governance becomes reliant on inconsistent data.
Independence and conflicts	Funding recipients involved in governance must have clear conflict management arrangements.
Health integration	Public health and NHS representation would strengthen alignment for cold homes, hospital discharge and fuel poverty outcomes.
Effectiveness review	The governance model should be reviewed after 12-18 months to test whether it adds value to customers.

Carole Pitkeathley played a central role in the ISG’s VCMI governance work. Her focus was on ensuring that vulnerability funding decisions reflect real customer need, that governance acts as a critical friend rather than an approvals body, and that transition from GD2 to GD3 protects customers while new arrangements bed in.

The ISG also reflected Carole’s challenge that successful vulnerability projects should not remain indefinitely dependent on NGN funding where they can be made sustainable or diversified. During GD3, the Group will therefore scrutinise how NGN prioritises funding, measures outcomes and supports partners to build long-term resilience.



6. Future customers and stakeholder insight

The appointment of Anisha Poudel and Lizzie Briggs as ISG members with a future-customer perspective was one of the most important developments of the year. It gives future customers a structured role inside the ISG rather than treating youth engagement as a separate consultation exercise. NGN remains the only ISG with these roles.

A clear example of their impact came during the Group's scrutiny of NGN's Business Plan and Ofgem's determinations, particularly the proposal for accelerated depreciation. Anisha and Lizzie pushed NGN to explain how faster cost recovery links to the cost of debt, and to evidence that decisions justified by network growth and replacement expenditure are not simply shifting costs onto future customers who have no influence over today's plan.

The same questions arise in NGN's ambitions for hydrogen, biomethane and wider transition investment. These plans position the network for the future, but they carry significant costs, and those costs must land somewhere: most likely on future customers through bills, or on taxpayers through public funding. Anisha and Lizzie consistently highlighted that future customers should not become the default option simply because the implications of today's decisions have not been fully examined, or because the future shape of the gas network remains uncertain and requires careful forward planning.

The Young Innovators Council environmental targets session demonstrated the value of this approach. Participants engaged maturely with target frequency, ambition, supplier responsibility, air quality, land, biodiversity, waste and recycling. Their preference for regular checkpoints, transparent reporting and realistic but stretching ambition informed ISG thinking.

Future customer perspectives also strengthened challenge on AI, workforce, environmental claims, affordability and intergenerational fairness. Decisions made during GD3 will affect future billpayers, asset lives, transition costs and long-term customer choices.

The ISG will continue to press for future-customer considerations to be embedded in GD3 delivery monitoring, RESP engagement, disconnections, whole-system planning and digitalisation.

The wider team also strengthened the report's focus on clear customer communication. This included challenge on disconnections, market education, customer understanding of energy choices, bill impacts and the need to avoid messages that stakeholders could interpret as sales-led rather than evidence-led.

6.1 Future of gas, hydrogen and public trust

The future role of gas became a more prominent area of ISG scrutiny during 2025/26. This included East Coast Hydrogen, biomethane, hydrogen blending, disconnections, customer understanding of green gas, and the wider question of how NGN should

explain uncertainty during the energy transition. The ISG's focus was not to advocate for a single pathway, but to test whether NGN is presenting future gas options clearly, proportionately and with sufficient evidence of customer impact.

East Coast Hydrogen was considered as part of NGN's wider future gas work, including the FEED study. The ISG will continue to scrutinise how this work develops during GD3, particularly the strength of the evidence base, the link to viable hydrogen production and demand, asset repurposing, stakeholder strategy, customer and community implications, cost, NESO and whole-system alignment, and the way NGN communicates uncertainty.

The Citizens Panel observed in March 2026 provided useful evidence on this point. Customers were willing to engage with complex topics such as East Coast Hydrogen, bills and the future role of gas, but only where the information was clear, balanced and grounded in evidence. Participants supported openness, but were cautious about early consultation where the project, route, timing and policy position remained uncertain. Their response was also shaped by the public experience of the Redcar Hydrogen Community, where expectations, uncertainty and eventual non-progression affected confidence.

Future gas communication also needs to cover biomethane and 'green gas' more clearly. The ISG has challenged NGN to improve public understanding of what green gas is, what role it can realistically play, and

how it fits alongside other transition pathways. This is important because customers can otherwise hear terms such as hydrogen, biomethane, blending and net zero as interchangeable, when they involve different technologies, costs, constraints and policy choices.

Across the year, ISG observations showed that public understanding of the gas system is fragile. Customers asked who owns the gas, whether NGN supplies gas, what customers receive for the network charge, how policy costs are recovered, and how to distinguish leakage, theft and unaccounted-for gas. Similar uncertainty appeared in discussion of hydrogen production, safety and whether hydrogen is new or already safely used in industrial settings. Where real-world examples and regulatory context were provided, the quality of discussion improved.

The implication for GD3 is clear. NGN should help customers identify reliable sources of information and make its own public material easier to use as a trusted reference point. Future communications on gas, hydrogen, blending, biomethane, disconnections and the transition should use plain language, explain NGN's role and limits, link to independent sources such as Ofgem and government guidance, and correct common misunderstandings without being defensive. The ISG will also encourage NGN to develop clearer milestone assumptions for future gas options, including hydrogen and blending, while recognising that delivery remains dependent on government policy, safety evidence and economic viability.

7. ISG effectiveness review: ISG influence and impact

The ISG assesses its effectiveness by considering whether its challenge influences NGN’s policies, programmes, engagement and customer outcomes. During 2025/26 the Group’s role evolved from business-plan challenge towards delivery assurance.

During the year the ISG also introduced a more formal review of meeting materials before each formal meeting. This gives NGN earlier sight of questions and challenges, helps members identify where further evidence is needed, and should allow meetings to spend more time on scrutiny, trade-offs and outcomes. The Group expects to continue and refine this approach during GD3.

The Group’s influence was most visible in the way NGN engaged with challenge on GD3 readiness, stakeholder impact, VCMi governance, AI, future customers, resilience, environmental reporting, project prioritisation and vulnerability funding ambition.

The ISG also increased the visibility of challenge through action logs, recommendation logs, closed-session summaries and observation reports. This makes it easier to track what has been raised and whether NGN has responded, but GD3 will require a stronger line of sight from challenge to response, action and outcome evidence.

Effectiveness criterion	Evidence from 2025/26
Policies and programmes reflect ISG challenge	Challenge on AI governance, resilience readiness, inclusion strategy, stakeholder impact and VCMi governance shaped further work and follow-up actions.
Stakeholder views influence programmes	CIVS, stakeholder conference, Citizens Panel and YIC observations were fed into scrutiny of vulnerability, environmental targets, communication and GD3 planning.
Engagement improves because of scrutiny	ISG challenged NGN to make stakeholder conference messaging clearer, avoid vague slogans and show how insight changes decisions.
Customer outcomes improve	The strongest evidence is emerging rather than complete: VCMi outcome measurement, stakeholder action tracking, Services Beyond the Meter and Warm Homes activity will need stronger GD3 outcome reporting.

Examples of ISG influence

- Pushed for clearer measurement of impact rather than activity across stakeholder engagement and vulnerability work.
- Challenged NGN to move beyond measuring engagement activity by demonstrating how customer insight changes decisions. This helped strengthen governance, improve organisational accountability and accelerate responses to stakeholder feedback.
- Encouraged greater ambition on vulnerability funding where clear customer need and delivery capacity existed.
- Challenged NGN to define GD3 readiness and resilience end-states more clearly, including dashboard updates, ownership and customer-facing evidence.
- Raised AI governance questions on human accountability, bias, customer use, digital exclusion, environmental impact, organisational efficiency and workforce implications.
- Challenged sustainability and project prioritisation, including whether projects should be reshaped, redirected or discontinued where they no longer align with priorities or customer benefit.
- Pressed NGN to improve visibility of Scope 3 emissions and supplier alignment as part of GD3 environmental delivery.
- Identified disconnections as a strategic GD3 priority linked to affordability, whole-system planning and fairness.
- Strengthened future-customer representation and supported wider adoption of future-customer challenge in enduring ISGs.
- Elevated future gas, East Coast Hydrogen, hydrogen blending, biomethane and public trust as linked customer communication and policy uncertainty issues.

8. Forward work plan 2026/27

As GD3 begins, the ISG has refreshed its Terms of Reference (May 2026) to reflect Ofgem's requirements for enduring ISGs. The refreshed remit is organised around six principal areas: customers, vulnerability and affordability; safety, resilience and field delivery; future networks and environment; data, digitalisation and innovation; workforce, EDI and supply chain; and regulation, economics and engagement.

Since the end of the reporting period the Group has recruited two new members, Nicola Shelley and Ross Armstrong, adding expertise in public-sector procurement, industrial and commercial customers, affordable warmth and fuel poverty. Together with the future-customer members, this maintains an unbroken line of scrutiny from GD2 business-plan development, through the GD3 determinations, into GD3 delivery oversight. Details of the Group and its members are published on the [NGN ISG website](#).

The ISG expects its 2026/27 work plan to focus on the following areas as NGN moves from GD3 planning into delivery oversight.

Affordability and future bill impacts: including intergenerational fairness, transition costs, energy debt, customer support and evidence of impact for households in vulnerable circumstances.

Gas disconnections and decommissioning: including customer journeys, cost allocation, operational readiness, fairness, safety and communication with affected customers and communities.

Whole-system planning, utilities coordination and RESP integration: including local and regional transition planning, interaction with [NESO's Regional Energy Strategic Planning](#), local authorities, electricity networks and other utilities, coordination of street works where roads are already being opened, and the practical implications for NGN customers, especially customers in vulnerable circumstances.

VCMi governance and vulnerability assurance: including BAU transition, outcome measurement, partner sustainability, governance proportionality and evidence that support reaches the customers who need it most.

Operational excellence, safety and resilience: including REPEX, workforce, supply chain, emergency response capability, asset resilience and the ability to maintain service quality through transition.

AI, data and digitalisation: the ISG pressed NGN to balance responsible governance with pace, workforce readiness, customer trust, digital exclusion, transparency and the environmental footprint of AI. Rupika Madhura, Andy King and Anisha Poudel were central to this focus.

Innovation: including how NGN prioritises innovation, moves successful trials into business-as-usual delivery, captures learning from NeRV and other programmes, and demonstrates measurable customer, operational or environmental value.

Future customers and customer trust: including clearer communication of uncertainty, choices and costs, and continued use of Junior ISG and Young Innovators Council insight to test long-term impacts.

Environment and sustainability: including shrinkage and leakage, DPLA, advanced leakage detection, fleet transition, People & Planet delivery, supplier alignment, Scope 3 emissions and clearer evidence of environmental impact.

Future of gas: including biomethane, East Coast Hydrogen, hydrogen blending policy, learning from Redcar Hydrogen Community, public understanding of future gas, milestone assumptions and how NGN explains conditional pathways without overstating certainty.

Appendix A - ISG Effectiveness Review 2025/26

This appendix provides the fuller effectiveness review for the Independent Stakeholder Group during 2025/26. Formal challenges and recommendations are considered here as evidence of influence, follow-through and areas where the ISG needs stronger closure in 2026/27.

The year was unusual because the Group was scrutinising the final year of RIIO-GD2 while also challenging NGN’s readiness for RIIO-GD3. Effectiveness should therefore be judged not only by meeting activity, but by whether the ISG shaped decisions before they were finalised, tested the evidence behind NGN’s plans, and strengthened the visibility of customer and stakeholder risks.

A.1 Overall assessment

The ISG was effective where it engaged early, used member expertise to test assumptions, and followed themes across several meetings rather than treating them as isolated agenda items. The clearest examples were VCMI governance, AI and data governance, stakeholder engagement impact, future customer representation, GD3 readiness, disconnections and affordability.

The Group’s evidence base was stronger than in previous years because it combined formal meetings, closed sessions, deep dives, observation notes, external stakeholder events and regulatory engagement. This helped the ISG test whether NGN’s reported performance matched what customers, partners and future customers were saying.

The main development area is closure. NGN responded constructively to challenge, but the ISG should require a clearer written trail showing which challenges changed decisions, which were not accepted, and what outcome evidence will be used to judge success during GD3.

Effectiveness criterion	2025/26 evidence	Development for 2026/27
Independent challenge shaped strategy	ISG scrutiny influenced VCMI governance thinking, AI governance questions, stakeholder conference messaging, inclusion and workforce resilience, future customer representation and the forward work plan.	Maintain a single challenge-to-outcome tracker and ask NGN to record where ISG input changed decisions, delivery plans or assurance evidence.
Customer and stakeholder evidence informed scrutiny	CIVS, Citizens Panel, Young Innovators Council, VCMA partner engagement and external conferences were used to test NGN's assumptions on vulnerability, affordability, environmental targets, communication and GD3 planning.	Make observation evidence more systematic, with a short note after each observation showing the implication for ISG challenge.
Future customers were represented	ISG members brought direct challenge on affordability, AI, environmental impact, trust, inclusion and long-term choices.	Embed future-customer challenge as a standing part of work planning rather than a separate engagement strand.
Scrutiny was timely	The ISG challenged NGN during Draft Determinations, Final Determinations and GD3 mobilisation, when there was still scope to influence approach.	Prioritise earlier deep dives on high-risk GD3 delivery areas before strategies are finalised.
Challenge was evidence based	Minutes, deep-dive notes and observation reports increasingly captured explicit challenges, recommendations and follow-up actions.	Separate formal challenges from general discussion points and record NGN's response, owner, status and evidence of closure.

A.2 Key influence during the year

VCMI governance: through its consultation response, the ISG helped shape expectations for proportionate assurance, transparent conflict management and outcome reporting. In GD3, the Group will test whether the arrangements safeguard delivery, enable partner sustainability and produce sustained customer benefit.

Stakeholder engagement: the ISG pressed NGN to evidence what changed because of engagement. NGN responded by tightening how evidence is assessed, priorities are set and actions are owned; the next test is whether those disciplines improve services.

VCMA funding ambition: the ISG encouraged NGN to seek additional vulnerability funding where there was clear customer need and partner capacity. NGN's material increase in VCMA funding created greater potential support for customers in vulnerable circumstances.

Sustainability and project prioritisation: the ISG challenged NGN to ensure that funding and project activity remain aligned to customer benefit, current priorities and measurable outcomes, including whether projects should be reshaped, redirected or discontinued where appropriate.

AI, data and digitalisation: the ISG pressed NGN to balance responsible governance with pace, workforce readiness, customer trust, digital exclusion, transparency and the environmental footprint of AI. Rupika Madhura, Andy King and Anisha Poudel were central to this focus.

GD3 readiness and resilience: the ISG challenged NGN to define delivery readiness, workforce resilience, supply-chain risks, REPEX capacity and operational end-states more clearly.

Disconnections and future gas: the ISG elevated disconnections, decommissioning, East Coast Hydrogen, hydrogen blending uncertainty, customer journeys and cost allocation as strategic GD3 issues rather than technical edge cases.

Future customers: the appointment of ISG members focused in this area strengthened scrutiny of affordability, long-term trust, AI, environmental choices and intergenerational fairness.



A.3 Selected challenges and influence carried into the effectiveness review

This section summarises the most material logged challenges, actions and recommendations from the ISG Challenge Log, Recommendations Log and Action Logs. The full logs remain supporting evidence; the table below focuses on what was challenged, how NGN responded or committed to respond, and what the ISG will continue to monitor during GD3.

Area	What the ISG challenged	NGN response / commitment	Impact or GD3 follow-up
Stakeholder insight and triangulation	Show how stakeholder evidence is triangulated, prioritised and converted into action, rather than only reporting engagement activity.	NGN amended elements of its triangulation, governance, prioritisation and accountability approach.	The ISG saw improved process discipline and faster response times, but will monitor whether this leads to clearer customer and stakeholder outcomes in GD3.
VCMI governance and BAU transition	Ensure future vulnerability governance acts as a critical friend, protects frontline delivery and supports projects moving into BAU where appropriate.	NGN engaged with the national VCMI governance discussion and developed its approach to future vulnerability oversight.	GD3 scrutiny will test proportionality, outcome measurement, partner sustainability and whether successful support is embedded or diversified.
Vulnerability funding ambition	Seek additional vulnerability funding where there is clear customer need and partner capacity.	NGN increased its VCMA funding ambition materially.	This creates greater potential support for customers in vulnerable circumstances; the ISG will scrutinise outcomes, not only funding levels.
GD3 resilience readiness	Define resilience end-states, ownership, target setting and customer-facing evidence for GD3.	Actions were recorded to update resilience dashboards, develop personas/case studies and define the GD3 resilience end state.	The ISG will monitor whether resilience planning translates into measurable service, safety and customer benefits.
Innovation value and adoption	Show how innovation moves from strategy and trials into business-as-usual delivery, with benefits tracked after funding ends.	NGN committed to further innovation governance and customer-value discussion, including a focused deep dive.	The ISG will seek evidence of cost savings, emissions reductions, service improvements and learning from NeRV and other programmes.
AI, data and digitalisation	Balance responsible governance with pace, customer value, human accountability, digital exclusion, environmental impact and workforce implications.	NGN provided AI roadshows, Copilot training and further AI governance material.	GD3 scrutiny will focus on practical customer value, data protection, explainability, bias, cyber risk and whether digital tools improve outcomes.

Area	What the ISG challenged	NGN response / commitment	Impact or GD3 follow-up
Environment and sustainability	Improve leakage evidence, fleet realism, project prioritisation, supplier alignment and Scope 3 visibility.	NGN improved sustainability reporting and engaged on DPLA, fleet transition, biomethane and environmental reporting.	The ISG will monitor whether environmental commitments are measurable, prioritised and aligned with customer benefit.
Future gas and hydrogen	Explain uncertainty clearly, distinguish information from consultation and avoid presenting conditional pathways as settled answers.	East Coast Hydrogen, hydrogen blending, biomethane and public communication were brought into ISG scrutiny.	The ISG will continue to test evidence, policy dependency, safety, cost, stakeholder strategy and public trust during GD3.
Disconnections and decommissioning	Treat disconnections as a strategic customer, fairness and affordability issue, not only a technical process.	NGN provided further material and actions were recorded to clarify disconnection data and customer journeys.	GD3 scrutiny will focus on operational readiness, cost allocation, vulnerability impacts and customer communication.
Future customers and workforce	Embed future-customer challenge and test workforce, skills, inclusion and long-term trust implications.	Junior ISG members were appointed and actions were recorded on youth input, job adverts, applications and inclusion tools.	The ISG will monitor whether future-customer and workforce insight changes decisions, not only whether it is heard.

A.4 What needs to improve in GD3

The ISG's effectiveness in GD3 will depend on a stronger line of sight from challenge to outcome. The Group should continue to use minutes and evidence notes, but should also maintain a concise tracker that distinguishes recommendations, formal challenges, NGN responses, agreed actions, target dates and outcome evidence.

The ISG should also be more explicit about unresolved issues. Some questions, particularly around future gas, customer disconnections, affordability, national policy uncertainty and the balance between innovation governance and pace, cannot be solved by NGN alone. They should still be recorded because they materially affect customer outcomes and GD3 delivery risk. For future gas this includes the need to separate

evidence-led information from consultation, to learn from Redcar Hydrogen Community engagement, and to test whether NGN's customer materials help the public distinguish reliable facts from misinformation. GD3 scrutiny should also test how NGN works with other utilities and local partners to reduce duplicated street works and target wider benefits in areas with higher vulnerability need.

As GD3 begins, NGN should look back across GD2 and identify areas for improvement in delivery, governance, engagement and assurance. This should include what worked well, what did not work as intended, where evidence was weaker than expected and where customer or stakeholder feedback changed the approach. The ISG will use this learning as part of its scrutiny of whether GD3 commitments are being embedded effectively from the start.

Appendix B - ISG Activity, Deep Dives and External Observations

This appendix summarises the formal meetings, deep dives, observations and external engagement evidence that supported the ISG’s challenge during 2025/26. It reflects the evidence available for the reporting period and includes only activities for which a clear record was available. The programme shows that the ISG’s role extended beyond attendance at formal meetings. Members increasingly tested delivery through observations of customer, partner and future-customer engagement, and used external events to benchmark NGN against wider sector practice.

B.1 Summary of activity

Activity	2025/26 evidence
Formal ISG meetings	Seven formal meetings: 7 April, 2 June, 7 July, 4 August, 6 October, 1 December 2025 and 2 February 2026.
Deep dive and focused review sessions	Thirteen focused sessions or deep dives across data, digitalisation, AI, inclusion, workforce resilience, sustainability, innovation, resilience, biomethane, vulnerability and GD3 readiness.
Observation visits and observed engagement sessions	Eight distinct in-period observations identified in the observations and reports evidence folder.
External engagement	Engagement with National Energy Action, VCMA delivery partners, community and voluntary organisations, health partners, local authorities, academics, other networks, Ofgem-linked discussions and NGN stakeholders. The Chair also attended quarterly meetings with Ofgem and NESO alongside other ISG chairs, supporting wider sector alignment on future energy planning, regulatory expectations and the enduring role of ISGs.
Regulatory and governance input	Input into Ofgem Draft Determinations, GD3 response material, VCMI governance proposals, ISG role discussions and transition planning between GD2 and GD3.

B.2 Formal ISG meetings

Formal ISG meetings are held on an alternating basis, with some meetings held in person and others online. This mix supports effective scrutiny while making participation practical for members, NGN colleagues and external contributors.

Formal meetings reviewed business performance, scrutinised strategic proposals and monitored progress against previous actions.

Key recurring topics included:

- **RIIO-GD3 Business Plan, Draft Determinations and Final Determination**
- **Customer service, operational performance, safety and resilience**
- **Vulnerability, affordability, debt, VCMA and VCMI governance**
- **Innovation, AI, data and digitalisation**
- **Sustainability, environmental performance and People & Planet**
- **Biomethane, East Coast Hydrogen and future energy pathways**
- **Shrinkage, leakage, connections and disconnections**
- **Future customers, Young Innovators Council input and whole-system planning**
- **Ofgem engagement, ISG role, governance and transition to GD3**

Date	Principal topics
7 Apr 2025	Business update, customer and vulnerability GD2 update, REPEX GD2 update, ISG Annual Report 2024/25 and the 2025 engagement schedule.
2 Jun 2025	Dedicated GD3 readiness meeting: resilience, environment and sustainability, data and digitalisation, people and skills, East Coast Hydrogen and innovation, with a closing governance session to sign off the 2024/25 effectiveness and annual reports and complete the Chair handover.
7 Jul 2025	Review of Ofgem’s GD3 Draft Determination and NGN’s summary of its response, ahead of the ISG’s independent consultation response.
4 Aug 2025	Draft Determination impact, policy landscape, stakeholder engagement plans and conference framing.
6 Oct 2025	Draft Determination response, AI strategy, people and skills, social strategy and VCMA governance.
1 Dec 2025	Final Determination preparation, 2025 reflections, shrinkage and leakage, biomethane and 2026 work plan.
2 Feb 2026	Final Determination, innovation and NeRV, disconnections, RESP, VCMA governance and sustainability targets.

B.3 Deep dives

Topic	Purpose
Data & Digitalisation / AI	Review of Ofgem ethical AI guidance, NGN business plan commitments, AI governance, data readiness, colleague training, customer trust, transparency and preparation for GD3.
Inclusion & Belonging / workforce resilience	Review of the draft Inclusion and Belonging Strategy, workforce resilience, EDI capability, data baselining, colleague engagement, recruitment and representation.
Sustainability and People & Planet	Review of sustainability performance, annual reporting, benchmarking, targets, supplier alignment and environmental commitments.
GD3 readiness and resilience	The dedicated 2 June session and related work: getting the Group up to speed on resilience, environment, data, people and skills, East Coast Hydrogen and innovation, ahead of GD3 submission and delivery.
VCMI and vulnerability governance	Review of future vulnerability funding, national governance, transition from GD2, outcome measurement and partner resilience.
Innovation, environment and future gas	Review of NeRV, innovation governance, hydrogen, East Coast Hydrogen, hydrogen blending policy, biomethane, DPLA, disconnections, whole-system planning, environmental sustainability and the role of gas in transition.



B.4 Observations and external engagement evidence

This section is a summary of the observation and external engagement evidence used by the ISG during the year. It is not intended to be a second meeting log. Where the source material did not provide a clear date, no date is included here; the purpose is to show how these inputs informed scrutiny.

The ISG used these sessions to test whether NGN’s plans, stakeholder messages and vulnerability work were understood by customers, future customers, delivery partners and wider sector stakeholders.

Evidence area	How it informed ISG scrutiny
CIVS and community partner engagement	Provided evidence on services beyond the meter, debt, stakeholder mapping, partner collaboration, duplication risk and how support for customers in vulnerable situations should evolve into GD3.
VCMA and VCMI partner engagement	Informed challenge on the transition from GD2 VCMA to GD3 VCMI, partner sustainability, governance proportionality, health links, outcome measurement and how successful projects can move towards BAU or diversified funding.
Warm Homes Healthy Futures and health-linked vulnerability work	Provided evidence on the link between cold homes, health outcomes, NHS/public health partnerships, referral routes, advice capacity and the need for continuity of funding and governance as GD3 begins.
NEA Annual Conference and Warm Homes Plan / Fuel Poverty Strategy engagement	Helped the ISG test NGN's plans against the wider fuel poverty landscape, including delivery risk, structural energy debt, trusted intermediaries, private rented sector enforcement and the limited public discussion of gas-network transition issues.
Citizens Panel observation: customer bills and East Coast Hydrogen	Provided direct customer evidence on understanding of NGN’s role, the gas bill, social and environmental costs, East Coast Hydrogen, hydrogen safety, Redcar Hydrogen Community learning, the right timing of consultation, and the need for NGN to help the public find trusted facts on future gas and transition choices.
Young Innovators Council sessions	Multiple YIC sessions were observed during the year. These strengthened the future-customer perspective on environmental targets, affordability, AI, trust, inclusion, long-term energy choices and how NGN explains uncertainty to younger stakeholders.
NGN Annual Stakeholder Conference and wider stakeholder engagement	Helped the ISG assess how NGN presented its GD3 priorities, whether messages were clear and evidence-led, and where stakeholders wanted more direct explanation of vulnerability, social strategy, VCMA, environmental ambition and future gas uncertainty. Wider observation activity also included sector and utility engagement, including Northern Powergrid activity where relevant to whole-system and decarbonisation scrutiny.
Quarterly Ofgem and NESO engagement with ISG chairs	Provided a wider sector view of Ofgem expectations, NESO's role, regional energy planning, whole-system coordination and the future role of enduring ISGs in GD3 delivery assurance.

Thank you

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