



Customer Statement

INDEPENDENT WATER NETWORKS



Executive Summary

Customers are the lifeblood of any company; we therefore know that a full understanding of the expectations and needs of our customer base is a prerequisite for the provision of an exceptional IWNL customer experience. Recognising this, the suite of products we offer to developers and end customers are shaped by our engagement with them.

While we expect the delivery of a good customer experience to be a key component of any company strategy, it is particularly critical to companies that operate in competitive markets. Given that our customers can choose between service offerings from multiple providers, our reputation in both developer and end customer markets, and track record in delivering high-quality reliable services, is critical to our future growth. Delivering an exceptional service to our developer and end customers is therefore our top priority.

Developer customers

We construct, adopt, own and operate water and waste infrastructure for our developer customers; and these assets are critical to the delivery of new build premises that end customers can move into. The collaborative relationship that we have established with these customers allows us to explore ways to meet their needs more effectively via innovative approaches to site construction and operation. This, along with our strong track record in delivering robust infrastructure that facilitates a reliable high-quality end customer service, leads our developer customers to come back to us time and again.

23 we are also planning to implement arrangements that will allow customers to get in touch via text and / or whatsapp.

- None of our customers were affected by unplanned outages (the unexpected loss of their water supply) in 2021-22. In 2021 we also launched an incident support portal.
- Efforts to conserve water and protect the environment led to average leakage of 24.68 litres of water per home per day and average customer consumption of 130.6 litres of water per day; compared to industry averages of 117 and 145 litres respectively.

End customers

We strive to provide an exceptional customer experience that surpasses the service provided by competing water companies. We do this in the following ways.

- We use the end customer prices set by the incumbent water companies that had sole responsibility for the provision of water and waste services in the past, as a proxy for our prices; offering further reductions via direct debit, e-billing and volume discounts. We have also revised our vulnerable customer strategy to clarify the support available to our customers who may be experiencing hardship due to rises in the cost-of-living.
- The customer service we deliver is industry-leading and has been complemented in 2021-22 by a significant improvement in IWNL complaints performance. In 2021-22 we set an ambitious target to perform in the top 20% of the industry. We outperformed this target easily which effectively made IWNL the industry leader when compared to 2020-21 incumbent performance. In 2022-

Our future focus

Our developer and end customers are our number one priority, and we strive to exceed their expectations wherever we can. At present, our day-to-day interactions are our primary source of customer insight, but we aspire to engage our customers proactively to understand their needs more fully. We are exploring an IWNL measure to allow us to compare the customer experience we provide directly with that of incumbents, to assess respective performance levels. We recognise the strides forward being made in customer service in other industries and are committed to replicating these methods where we can.



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Introduction

We put our current and future customers at the heart of the way that our business is run. Where customers can choose between service offerings from multiple providers, the reputation of those providers and their track record in delivering high-quality reliable customer services is critical to future business growth. The delivery of an exceptional service to our developer and end customers is our top priority. Fully understanding customer needs, expectations, and preferences is a prerequisite for the provision of a superior customer experience, and therefore a key focus of our customer strategy is to utilise customer insights to shape our service offering.

Although we are a new entrant to the sector and relatively small in scale as compared with the incumbent water and waste companies that historically had sole responsibility for the provision of water and / or waste services, we have ambitions for significant growth. In this respect, 90% of the network for which we have been awarded contracts to construct, own and operate are still in the process of construction. In order to meet these ambitions, we recognise the value of using customer insights to shape a service that ultimately meets their needs. We have always recognised the importance of using the direct engagement opportunities that we have with our customer base to attain clarity on their expectations and, in turn, provide the excellent levels of service that they value. At present, our efforts are focused on making use of the information that we glean from customers via day-to-day interactions but as we (and our resources) grow, we plan to initiate further proactive engagement to understand the needs and expectations of our customers more fully, with respect to the service we provide.

We recognise that for our customers to meaningfully engage with us on their expectations and preferences regarding the water sector, it is helpful for them to have a basic overview of the structure of the industry and the key players. Similarly, for us to effectively respond to their needs we must have a clear picture of the characteristics

of our customer base including those that unify them and those that inevitably lead to differences in expectations with respect to IWNL services. This customer statement therefore:

- First, gives some background on the key players in the water and waste industry;
- Second, introduces our customer base and their respective characteristics;
- Third, explains the principles we use to develop service offerings to our customers;
- Fourth, sets out how we plan to help our customers tell us what they want; and
- Finally, sets out how we plan to improve the experience of our customers in the future.



CUSTOMER STATEMENT

Section one:

Key players in the water and waste industry



1. Key players in the water and waste industry

To facilitate the effective navigation of this document and ensure a full understanding of the key issues discussed, this section provides a brief background with respect to the water and waste industry, particularly focusing on the key players and their main roles. It begins by introducing the regulator of water and waste (known as Ofwat) and goes on to describe the role of incumbent water and waste companies.

Ofwat is the economic regulator of the water sector. It is a non-ministerial government department that was established in 1989 when the water and waste industry in England and Wales was privatised, and the companies operating in the sector therefore no longer functioned as government bodies. Ofwat's primary duties are to protect the interests of consumers, wherever possible by promoting competition, and ensure that water and waste companies effectively carry out their roles.



Three further organisations also have a role in regulating the water and waste markets.

- The first is the Environment Agency which was established in 1996 to protect and improve the environment. A key area of responsibility for the Environment Agency is in relation to water quality and resources, and the organisation therefore has a key role in issuing permits for water abstraction and monitoring the performance of water and waste companies with respect to sewerage treatment and river quality.
- The second is the Drinking Water Inspectorate (DWI) which was formed in 1990 to provide independent reassurance that water supplies in England and Wales are safe and that drinking water quality is acceptable to consumers. The DWI therefore has a key role in monitoring water quality and implementing targeted initiatives, as needed, to address any concerns with respect to water taste, odour and safety.
- The third is the Consumer Council for Water (CCW) which was established in 2005 and is the independent representative of household and business water consumers in England and Wales. CCW has a key role in helping consumers resolve complaints, providing free advice and support, progressing targeted research and championing the interests of consumers with water companies, governments and regulators.

The key driver of the establishment of a water regulator was the recognition that access to water and waste services are a basic human need and that it should be possible for all citizens to contract with a provider for these services. A complicating factor was that the water and waste companies were sold as regional monopolies who had sole responsibility for the provision of water and / or waste services in their geographic area. This introduced a risk that these companies could charge high prices to customers, that were not reflective of the costs that companies faced, and that customers could be forced to pay these prices given their basic need for water and their inability to get these services from any other providers. This could have effectively given monopoly water companies a captive market.

Ofwat's role, in line with its primary duties outlined above, is to regulate the prices that water and waste companies charge their customers to ensure they are not excessive and to monitor the level of service that customers receive to ensure that this is aligned to industry performance. In performing these functions, Ofwat monitors the behaviour of the companies and scrutinises certain elements of their financial and operational performance to ensure that they do not abuse their dominant position in any way and that they are able to continue to effectively operate; recognising the basic human need for these services.

As set out above, the water and waste companies were sold as regional monopolies in 1989 when the government took the decision to sell water and waste industry assets that had previously been nationalised. Since then, there has been a significant amount of merger activity and changes to specified regional boundaries. There are now 18 regional water and waste companies, known as 'incumbents' in their respective regions, and of these, 11



provide both water and waste services while seven provide water services only.

Historically, the incumbent companies had sole responsibility for the provision of water and waste services, including ongoing operation and maintenance of network assets as well as extension of the network as appropriate. The extension of the network can be required to accommodate new assets that are needed to support a reliable water supply e.g. reservoirs, or to accommodate new customer demand e.g. connecting standalone new properties, housing developments, business parks or shopping centres. Incumbent companies have traditionally provided most of the services required to connect new sources of demand to the network, but this is an area that has been opened up to competition in recent years.

As outlined above, one of Ofwat's duties as the water regulator is to protect the interests of consumers, wherever possible by promoting competition. While legislative provisions enabling new entrants to provide connections and extend the network to accommodate new sources of demand have been in place for some time, only in recent years have the commercial conditions made it possible for new entrants to compete with incumbents. IWNL is one of these new entrants to the water and waste market, known as a new appointee (or NAV). BUUK Infrastructure, the parent company of IWNL, has interests in energy distribution and utility infrastructure networks throughout mainland UK and is the leading independent provider of last-mile networks, with over 30,000 discrete networks serving over 1 million homes. The financial standing of BUUK and its parent company allows it to provide assurances to Ofwat that IWNL will have access to

sufficient financial resources to enable it to effectively carry out its regulated activities into the future.

IWNL's main focus is on: the construction, ownership and operation of water and waste assets for developer customers that deliver new build premises; and the provision of an exceptional end customer experience that surpasses equivalent services provided by competing water companies. In 2021 the Independent Networks Association (INA), which represents the leading independent utility network owners and operators in the UK, extended its remit to incorporate NAVs. As a result, the INA now provides representation for independent network owners and operators across electricity, gas, water and waste, with the intent of effectively shaping the energy and water future in the UK.



CUSTOMER STATEMENT

Section two:

IWNL customers

- End Customers
- Developer Services Customers
- Incumbent Relationship
- Principals Understanding The Service We Provide To Our Customers



2. IWNL Customers

As part of the most recent process Ofwat went through in setting the regulated prices that incumbent water and waste companies charge, it specified that references to customers should be references to residential and business users of water and waste services. As a NAV operating in water and waste markets, IWNL primarily has two classes of customer.

- the first is the end customers that we ultimately serve once a development is complete and customers move into their homes and businesses; and
- the second is the developers to whom we offer to provide services to support the build of new household and non-household sites.

To us, the delivery of services that are aligned with the preferences, and meet the needs, of each of these customer groups is equally critical.

We also consider incumbent water and waste companies akin to customers of the services we provide; and expect that this bilateral relationship could evolve further as competition in the water and waste market develops in the future.

2.1 End Customers

As a new entrant within the water market, we have a genuine interest in providing services to end customers that meet their needs in innovative ways. In this respect, a key IWNL objective is to provide an exceptional customer experience that surpasses the service a customer would have received from a competing water company. We therefore seek to secure enhanced levels of customer satisfaction and, in line with this, are keen to better understand the needs and preferences of our end customers to enable us to tailor our services and deliver in line with, or exceed, their expectations more effectively.

As a smaller water and waste company, with relatively more limited resources and a smaller, dispersed customer base than incumbent comparators, we have to date had limited opportunities to proactively engage our end customers to better understand their needs and preferences. However, we are acutely aware of the intrinsic value associated with our day-to-day dialogue with end customers and the insights that this alone can provide in terms of allowing us to become better

informed of their views; and enabling us to meet their needs more effectively. To this end, we regularly review information attained via our day-to-day engagement with our customers to glean insights on their needs and identify areas for improvement; with the aim of consistently exceeding their expectations.

We know from speaking to our customers that they are diverse in their characteristics and that these can have a strong influence on their preferences, needs and expectations. Given our commitment to move away from the traditional utility school of thought that assumes we know what our customers want without asking them, a central tenet of our customer strategy will, in the future, be based around effective segmentation of the IWNL customer population. At present, we are in the early stages of this work, and therefore do not have clarity on the respective segments that our customer base comprises. However, we have always been cognisant of the challenges faced by customers in vulnerable circumstances and have sought to proactively engage them to better understand the specific services that would enhance their customer experience. We anticipate that our future engagement strategy will place a strong emphasis on the needs of vulnerable customers, alongside a recognition of the specific expectations of other customer groups.

We recognise that the relationship we have with our end customers is in effect a “two-way street” and that, in instances where we provide services that benefit them, there can also be knock-on benefits for us. For example, we universally install semi-automated water meters which provide our customers with assurance that their bills are accurate. From an IWNL perspective, water meters provide insights about customer consumption, which informs our approach to the efficient operation and maintenance of our network assets. As the market evolves further, with the potential roll out of smart meters that enable customers to become increasingly active, we anticipate that arrangements that provide benefits to both us and customers will become more common.



2.2 Developer Services Customers

The competition that exists in this market, due to offerings provided by NAVs, effectively empowers developers by giving them with a choice about the provider they enter into contract with for the completion of essential utility infrastructure required as part of any proposed new development. These natural market forces place significant and enhanced incentives on IWNL as a NAV to deliver high quality services to this customer group given that, if our services fall below their expectations, they may choose not to do business with us in the future. This customer focused delivery culture underpins the continued growth and success of our business.

We have a close relationship with the developers that we serve and maintain an ongoing dialogue regarding their needs, preferences and expectations throughout the design, build and operation of a new site. Our multi-utility offering across water, waste, gas, electricity, heat and fibre means that relationships with these developers are well-established and working practices have evolved over time to facilitate the effective delivery of a high-quality service that meets their needs. Our offering is also available nationally, as opposed to being confined to a specific region; therefore, providing the opportunity for developers to contract with us for a number of projects across the country which gives them certainty about working practices that will be used and the level of service that will be provided.

The main obstacle that can prevent us from providing required water infrastructure within the timescales desired by the developer is where complications arise with respect to the award of a required NAV licence for the new site. We seek to mitigate this by progressing the NAV application as soon as feasibly possible and ensuring all necessary supporting information is promptly provided to Ofwat as part of our application. Developers are aware of the constraints that exist in this area, and the implications it has for our ability to meet challenging deadlines associated with smaller sites. We therefore focus on offering utility services for sites that have longer lead times and sufficient scope for us to effectively progress through the licensing process prior to planned customer occupancy.

2.3 Incumbent Relationship

While not strictly a customer, we recognise the important relationship that we have with incumbent companies. We are effectively a customer of the connection and bulk services that they provide and anticipate that this relationship could evolve in the future, with the potential for IWNL (and other NAVs) to offer a selection of services to these incumbents. In this

respect, we can envisage the potential for innovative operating and contractual arrangements to emerge that facilitate the provision of demand side services to the incumbent. For example, water efficiency products that free up scarce water resources and facilitate delivery in line with incumbent performance commitments related to per capita consumption (PCC), or innovative commercial arrangements that facilitate delivery against incumbent leakage targets.

We expect the incumbent-NAV relationship to become more sophisticated in the future as we get a better understanding of how we can most effectively work together to deliver outcomes that are mutually beneficial while also providing value to customers, the environment and society. To this end, we are continually working to refine and enhance the relationship that we have with incumbent water and sewerage companies to optimise existing processes and ensure open flows of communication about our respective needs, both now and into the future.

2.4 Principles Underpinning The Service We Provide To Our Customers

As part of the process that Ofwat recently went through in setting the regulated prices that incumbent water and waste companies are permitted to charge for the 2020-2025 period, it defined seven principles applicable to considerations of customer service and customer satisfaction. Of these principles, two referred to incumbent-specific issues and therefore we have chosen to remove these from our considerations of customer service and customer satisfaction; and add a further principle to reflect the specific NAV context that we operate within. The following six principles therefore underpin our customer service.

- Providing an exceptional customer experience that surpasses the service received by customers of incumbent water companies.
- Delivering outcomes that customers value at a price they are willing to pay.
- Engaging our customers to achieve the right outcomes at the right time and price.
- Meeting customer needs through both our planning and day-to-day service delivery.
- Taking responsibility for engaging customers and demonstrating that it is done well.
- Acknowledging, and ensuring, that engagement reflects individual circumstances.

Within this context, section 4 presents the plans we are progressing to support our customers in terms of helping them to engage with their water services more actively.



CUSTOMER STATEMENT

Section three:

Our 2021-22 service performance

- Price
- Vulnerable and water poor customers
- Complaints
- Telephony response times
- Customer satisfaction
- Unplanned outages and interruption response times
- Guaranteed minimum standards of service payments for 2021-22
- Leakage
- Per Capita Consumption (PCC)
- Water Quality
- Delivery against BUUK sustainability goals



3. Our 2021-22 service performance

We are focused on continuously providing excellent service and network performance to our customers. We closely monitor the service levels we provide to our customers through detailed management reporting, executive reviews, and quarterly board meetings.

The following section presents an overview of IWNL customer service performance across a range of areas including price, vulnerable customer service, complaints, telephony response, customer satisfaction, unplanned outages and supply interruptions, guaranteed standards, leakage and per capita consumption.

3.1 Price

We annually monitor our prices to our customers ensuring that they provide better value than those of the incumbents. This was achieved in 2021-22 by:

- Continuing to use incumbent price points as a proxy for IWNL 2021-22 retail charges;
- Retaining a household customer Direct Debit discount of £3.50 per annum in 2021-22;
- Retaining a household e-billing discount of £1.50 per annum in 2021-22;
- Retaining a 2.5% water volumetric discount for household customers in 2021-22; and
- Continuing to use Ofwat recommended Guaranteed Standards of Service payments.

We have committed to carry forward these enhanced provisions in 2022-23.

We have also played an active role in the Ofwat-led bulk supply working groups which ran throughout 2021 and continue to run in 2022. The focus of the working group is to review the arrangements that incumbents use to charge NAVs for the provision of bulk water and waste services. Once the workshops are complete, and the agreed principles are reflected in incumbent tariffs, we will review our prices to ensure our customers continue to receive an efficient, high-quality service that represents value for money. We hope discussions will conclude in sufficient time to allow us to reflect these changes in our 2022-23 prices.

3.2 Vulnerable and water poor customers

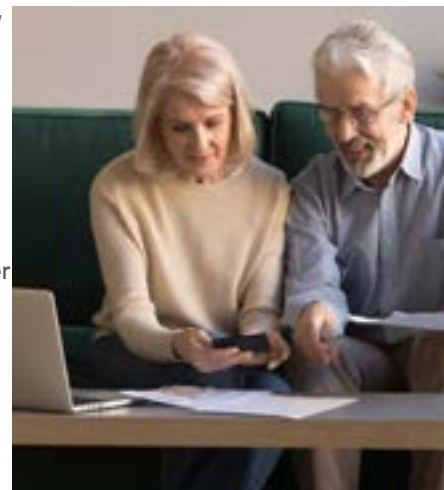
Vulnerability can come in a range of guises, and can be temporary, sporadic or permanent in nature. It is a fluid state that needs a flexible, tailored response from us as a company. Many people in vulnerable situations would not necessarily classify themselves as 'vulnerable', and

it is therefore our responsibility to pick up on the signs and act accordingly. A vulnerable customer may be someone:

- Who has a disability (including mental health), or who is chronically ill.
- With a visual or hearing impairment.
- That is undertaking dialysis treatment at the property.
- That is experiencing financial hardship.
- Who is of pensionable age.
- With communication barriers (low literacy / language barriers).
- Who is isolated geographically (this is unlikely given that IWNL networks are typically in new housing developments).

As outlined in Section 2.1 above, we have always been cognisant of the challenges faced by customers in vulnerable circumstances, and this has been particularly relevant in 2021-22 given the rises in the cost-of-living that have been observed. We have therefore revised our vulnerable customer strategy to clarify the support available to those that may be experiencing hardship due to rises in the cost-of-living. We have also sought to proactively engage these customers to better understand the specific services we can offer to enhance their customer experience.

In this respect, we understand that some of our customers may need extra help and have therefore developed a range of bill management services that they can register for including talking bills (over the phone), braille bills / documents, large print bills / documents, text-direct, translated bills and nominee services. Our current registration process includes a step that



enables us to record details of our customers that fall within categories of possible vulnerability and, as appropriate, we take these circumstances into account when considering the products and services that we offer. Customers can also opt to proactively register for these services if their circumstances change in the future.

We recognise the specific challenges that our customers face where they find themselves in water poverty. For many people, these challenges have increased over the past few years due to the impact of Covid-19 and the more recent rises in the cost-of-living. Given increasing levels of water poverty, in May 2022 Ofwat published new guidelines providing guidance to water companies around the actions they should be taking to help household customers pay bills, get help and repay debts; and specified an expectation that all water companies should be compliant with the guidelines by the end of 2022. We reviewed the provisions contained in the guidelines and concluded that we already meet around 80% of the requirements; and expect that we will be 90% compliant by the end of 2022 once the customer-focused initiatives already in train have been fully implemented. We understand the importance of providing this support for those customers that are facing challenges associated with water poverty and are therefore exploring the actions we can take to secure full compliance with the Ofwat guidelines by the end of 2022; or shortly thereafter.

Where our customers are experiencing difficulties paying their water bills, we ask them to get in touch, either on the phone or via our website, and try to help them identify possible support in the form of financial assistance. We offer the following products and services which are intended to alleviate the impacts of, and stress associated with, water poverty.

PAYMENT PLANS

We send bills to our end customers on a monthly or bi-annual basis; and allow them to choose the option most suited to their circumstances. While in most cases the full balance of a customer bill will be due by a specified date, if customers let us know that they are struggling to pay their bills, we can explore the potential to set up a payment plan which will cover the cost of arrears as well as the customers water usage. This can help to spread the cost of the bill, for example by allowing flexible weekly, fortnightly or monthly payment periods. Following publication of the CCW affordability review findings in May 2021¹, we have been exploring the scope to extend our Customer Relationship Management (CRM) system to enable us to offer even more flexible payment plans to our customers e.g. weekly or fortnightly.

WATERSURE SCHEME

The WaterSure scheme was established by government in 1999 and was designed to cap water charges for customers experiencing water poverty. If a customer is accepted to the WaterSure scheme they will pay the lower of either their metered water bill (which is based on consumption) or an annual charge that reflects the average domestic customer bill for water and / or sewerage services in their

area. Following publication of the findings of the CCW's affordability review in May 2021, we have been exploring ways to enhance the support we provide to customers in water poverty and, as part of this, have sought to streamline the WaterSure renewal process to secure continued access to this valuable support for IWNL customers.

WATERDIRECT

WaterDirect makes it possible for our customers that receive income support, job seekers allowance, Universal Credit, pension credits, or Income Related Employment and Support Allowance from the government, to arrange for payments to be made directly from their benefits. The rules of this scheme mean the service is only available to customers that are in arrears with their water and / or waste bill.

INCUMBENT SOCIAL TARIFFS

At the request of a customer, we will match the social tariff offered by the incumbent water company that operates in their area. At the start of 2022, we updated our tariff documentation to make it clear to customers that this service is available to customers on request. We are also fully supportive of the work that Defra is progressing to establish a nationwide social tariff in water and have assumed an active role in ongoing industry discussions.

We continually assess our customer services and look for opportunities to enhance the overall experience of our end customers. As many people in vulnerable situations do not necessarily identify themselves as part of this group, it is our responsibility to pick up on any signs of vulnerability and act accordingly. Recognising this, our customer service advisors receive targeted training which is intended to help them to identify customers in vulnerable circumstances, particularly where they suffer from a disability. The training provides a brief description of some of the more common conditions that could place customers in a position of vulnerability² and, for each condition, presents:

- a summary of the key characteristics of the condition;
- the adaptations or changes that could be made to support them; and
- any charities that could offer further support or care for these individuals.

The training is complemented by a decision-making matrix which helps to guide our customer service advisors on how best to engage different types of customers given the level of comfort, and understanding, that they demonstrate during the call.

We are also conscious that our duty of care in supporting our customers extends not only to the time that they continue to be our customers but also to supporting their transition to alternative water and waste companies in the future. We are therefore currently exploring the implementation of provisions that will effectively ensure that, where a customer that is on a customer support programme 'leaves' the IWNL Network, we inform the customer that they should highlight their eligibility for this support with their new supplier.

¹ INDEPENDENT REVIEW OF WATER AFFORDABILITY, MAY 2021, CCW

² THE CONDITIONS THAT MAY PLACE PEOPLE IN VULNERABLE SITUATIONS WHICH WE TRAINING OUR CUSTOMER SERVICE ADVISORS TO IDENTIFY DURING PHONE CONVERSATIONS INCLUDE: AUTISM, DYSLEXIA, DYSPRAXIA, ADHD, OCD, TOURETTE'S, SCHIZOPHRENIA, DEPRESSION, BIPOLAR, ALZHEIMER'S, DEMENTIA, VISUAL IMPAIRMENT, HEARING LOSS, LANGUAGE ISSUES AND BEREAVEMENT.

3.3 Complaints

The Consumer Council for Water (CCW) defines a complaint as any inbound contact from a customer not eligible to switch retail provider...that expresses or implies dissatisfaction with the charges, service or functions provided by the company. As the definition reflects some level of customer dissatisfaction, we work hard to minimise customer complaints as far as possible. Figure 1 below shows the number of complaints, both written and verbal, received by IWNL in the regulatory year to March 2022. It shows that the total number of complaints was 44 (down from 199 in 2020-21 and 182 in 2019-20), with 17 written complaints. This equates to 8.82 written complaints per 10,000 customers.

FIGURE 1: NUMBER OF COMPLAINTS IN 2021-22 – WRITTEN AND VERBAL

	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
Customers	17,022	17,294	17,562	17,894	18,145	18,459	18,873	19,470	20,073	20,632	21,317	22,067
Complaints												
	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
Verbal	5	5	1	4	3	2	2	1	0	1	2	1
Written	1	1	0	1	0	3	4	3	0	0	2	2

When assessing IWNL performance on complaints, it is useful to consider this in the context of the comparative performance of other water companies operating in the industry. Recognising this, we have reviewed the most up-to-date complaints data, published by CCW in October 2021³, with respect to the performance of incumbent water companies. The results of this analysis are presented in Figure 3 below and illustrate that, when compared against incumbent performance data from 2020-21, IWNL would have been the second highest performer in the industry for 2021-22.

While we are aware that the comparison presented in Figure 3 is based on data from different operational years, we still think this demonstrates strong IWNL performance,

particularly when compared with our performance in the 2020-21 reporting year. In this respect, in 2020-21 IWNL received the equivalent of 33.3 written complaints per 10,000 customers and, if compared with performance of incumbent water companies, we would have performed in the bottom quartile of the league table presented in Figure 3 below. We attribute this improvement in our performance to the proactive steps we took in 2021, via our complaint’s improvement programme, to implement a series of bespoke initiatives that were aimed at addressing the root causes of the complaints we received in 2020-21. The work we progressed in this area is discussed in more detail in Section 5 below.

3.4 Telephony response times

We know that if customers need to contact us, they want the process to be straightforward and streamlined. Recognising this, we have established internal targets for the percentage of calls that are (a) answered, and (b) answered within 20 seconds. Figure 2 presents our performance across both measures during the 2021-22 reporting year. It shows that we met our targets of 97% of calls being answered, and 90% of calls being answered in 20 seconds, for the entire reporting period. This is an improvement from 2020-21 where we missed our target of answering 90% of calls in 20 seconds for three months of the year.



³ HOUSEHOLD CUSTOMER COMPLAINTS ABOUT WATER COMPANIES, 1 APRIL 2020 – 31 MARCH 2021, CCW.



FIGURE 2: PERFORMANCE ON TELEPHONY RESPONSE 2021-22

	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
Percentage of calls answered (target >=97%)	99%	99%	100%	99%	99%	98%	99%	99%	98%	99%	99%	99%
Percentage of calls answered in 20 seconds (target >=90%)	99%	96%	96%	95%	96%	94%	95%	95%	93%	93%	96%	95%

Meeting these ambitious targets regarding the quality of the telephony service we provide to our customers, requires that our call centres are fully resourced and that our employees are effectively trained to enable them to deal with customer requests professionally and efficiently. As far as possible, we seek to minimise wait times for our customers; with data from February 2022 demonstrating that the average inbound wait time to speak to an IWNL customer services advisor was 4 seconds. Indeed, all our calls are answered by an advisor, and this avoids the need for customers to choose from a series of options on an automated menu. This can help to reduce any confusion about which option to select while also ensuring that none of our customers are inadvertently misdirected.

Our low average call waiting times are complemented by the availability of webchat which allows customers to engage in a real time dialogue with an IWNL advisor. In 2022-23 we are intending to implement an additional communications channel in the form of SMS and / or whatsapp which will enhance the suite of communications channels we provide and offer a further way of receiving a real time response. We also anticipate that the addition of this communication channel will reflect trends in customer preferences by mirroring the communication channels that the majority of customers use in their day-to-day lives.

3.5 Customer Satisfaction

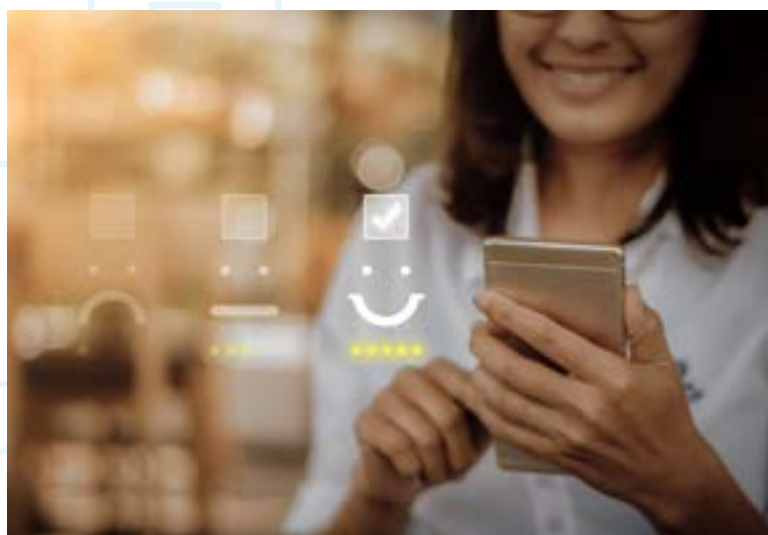
A critical measure of our customer service performance is the overall levels of customer satisfaction we achieve. There are a variety of ways to measure our performance, but we were keen to use a measure that was objective and based on industry-leading thinking.

In the 2020-21 IWNL customer statement, we reported our performance utilising comparative data published by the UK Regulators Network (UKRN) in its report 'Moving forward together' published in January 2021. This enabled us to compile a league table presenting IWNL performance across three distinct, but linked, customer satisfaction measures against the comparative performance of incumbent water companies. However, the UKRN confirmed that they would not be publishing a repeat

publication in 2022 due to other more pressing priorities associated with the cost-of-living crisis. We therefore reviewed alternative publications containing similar data; and identified the two following sources of data that could be used to compile an equivalent league table for 2021-22.

- The final report from Accent regarding 'C-MeX and D-MeX' performance during the 2020-21 reporting year, which was published in September 2021⁴; and
- The CCW publication presenting data regarding 'Household customer complaints about water companies, 1 April 2020 – 31 March 2021', referenced above.

The resulting league table, presented below in Figure 3, illustrates comparative IWNL performance, measured against incumbents across the industry, using the Net Promoter Score (NPS), customer likelihood to recommend, and customer complaints metrics.



⁴ 'C-MEX AND D-MEX, FINAL REPORT, SEPTEMBER 2021' ACCENT.



FIGURE 3: CUSTOMER SATISFACTION PERFORMANCE 2021-22

Likelihood to recommend		Net Promoter Score (NPS)		Written complaints	
Company	Score	Company	NPS*	Company	No. / % change
IWNL	88%	IWNL	57	Hartlepool Water	5.8 (-72%)
Portsmouth Water	86%	Welsh Water	52	IWNL	8.8 (-378%)
Welsh Water	85%	Portsmouth Water	52	Portsmouth Water	10.8 (-1%)
Northumbrian Water	85%	Northumbrian Water	49	Affinity Water	12.4 (-20%)
Essex & Suffolk	85%	Essex & Suffolk	49	Wessex Water	14.2 (21%)
Wessex Water	85%	Wessex Water	46	South Staffs Water	15.3 (-9%)
Yorkshire Water	83%	Yorkshire Water	44	SES Water	15.7 (38%)
United Utilities	83%	United Utilities	41	South West Water	16.5 (-4%)
Bristol Water	82%	Severn Trent Water	40	Dwr Cymru	16.9 (16%)
Anglian Water	81%	Bristol Water	38	South East Water	17.8 (36%)
Hartlepool Water	81%	Anglian Water	38	Bristol Water	18.0 (5%)
Severn Trent Water	81%	Hartlepool Water	38	Yorkshire Water	18.6 (6%)
South Staffs Water	81%	South Staffs Water	35	Hafren Dyfrdwy	20.2 (-41%)
Cambridge Water	81%	Cambridge Water	35	United Utilities	20.5 (13%)
Hafren Dyfrdwy	79%	Hafren Dyfrdwy	32	Severn Trent Water	22 (-2%)
South West Water	79%	South West Water	30	Anglian Water	23.9 (-3%)
South East Water	78%	South East Water	24	Cambridge Water	25.7 (-6%)
SES Water	77%	SES Water	21	Southern Water	28.8 (3%)
Affinity Water	75%	Southern Water	15	Northumbrian Water	40.1 (28%)
Southern Water	73%	Affinity Water	14	Essex & Suffolk	43.1 (36%)
Thames Water	71%	Thames Water	7	Thames Water	67.9 (17%)

Based on data compiled from the September 2021 Accent report and the October 2021 CCW report, Figure 3 above illustrates relative IWNL performance in 2021-22 as compared with incumbent performance on customer satisfaction in 2020-22. As noted above in the discussion regarding IWNL complaint performance, we are aware that the comparison in Figure 3 is based on data from different operational years but note that this is the latest industry data available. Based on this comparison, IWNL can be seen to be:

- an industry-leader on likelihood to recommend and NPS, cementing our industry-leading performance with respect to both of these measures in 2020-21; and
- the second highest performer in the industry in terms of complaints performance.

We are delighted with our continued strong performance on likelihood to recommend and the NPS as well as the significant improvement that we have demonstrated on customer complaints in 2021-22, going from the bottom quartile of performers in 2020-21 to the second highest performer. Despite our strong performance across these measures, we recognise the importance of continuing to deliver an exceptional customer experience and have therefore sought to understand whether there are any areas of our performance where there is scope for further improvement. A review of customer-attributed scores from the likelihood to recommend and NPS measures highlighted that any low scores awarded to IWNL were primarily driven by limited customer awareness of the company as the entity supplying their water and / or waste services. To address this, in 2022 we initiated a programme of community engagement to increase IWNL



customer visibility and clarify our role in meeting their water and waste needs. This is discussed in more detail in Section 5.

We note that, in the 2020-21 IWNL customer statement we committed to the development of a shadow C-MeX measure for 2021-22 to enable direct comparisons between IWNL and incumbents in terms of respective customer service performance. While we have begun to develop the processes to support this, our findings to date have indicated that our sample sizes need to be improved. In this respect, the month-by-month results of our shadow reporting have provided a wide range of C-MeX scores; from 68% to 90%. We think this variation is driven by relatively small sample sizes that give undue weight to outlier customer scores which have led to results that appear artificially high in some months and artificially low in others. We therefore do not think that the monthly results we have compiled effectively represent customer satisfaction. We have refined the process for 2022-23 and are exploring sampling techniques intended to overcome these limitations. Utilising lessons learned from this pilot year of shadow C-MeX reporting, we intend to publish a more reliable set of figures in our 2022-23 customer statement.

3.6 Unplanned outages and interruption response times

Ofwat has defined unplanned outages as “annualised unavailable flow, based on the peak week production capacity (or PWPC), for each company”⁵. It has described an unplanned outage as “a temporary loss of supply leading to a risk of customer impact” and clarified that “only outage events which exceed 24 hours in duration are included in this measure”⁶. In the 2021-22 regulatory reporting year, IWNL reported two unplanned outages across the network, affecting 32 customers from a population of over 23,000 customers; this compares with 20 unplanned outages in 2020-21 which affected 387 customers. Neither of the unplanned outages in 2021-22 exceeded 24 hours.

Ofwat has described supply interruptions as “the average number of minutes lost per customer...for interruptions that lasted 3 hours or more”⁷. It has also clarified that “supply interruptions are mainly caused by mains bursts” and that “companies have a range of options to improve performance on the duration of supply interruptions”⁸. Our records show that, of the two unplanned outages on the IWNL network during the regulatory year 2021-22, the longest interruption was around five hours (at 300 minutes).

Despite our good performance in 2021-22, we know how crucial it is for us to have robust arrangements in place to respond to a potential incident on our network. As such, over the past two years we have initiated discussions with incumbent water and waste companies about the potential to contract with them for standby emergency response services which we could call on to support the effective and coordinated management of an incident on one of our networks. Recognising the knowledge of, and familiarity with, the local network area that incumbent emergency crews have, we anticipate that they could provide a more responsive service than the equivalent services provided by the independent emergency crews with whom we have traditionally had standby contracts. In addition, the economies of scale that incumbents can take advantage of mean that they should be able to provide these services at a more competitive price. The combination of these impacts would mean customers could receive a service that was both lower in cost and higher in quality. To date, we have established emergency response contracts with four incumbents, as well as informal arrangements with another, and are actively pursuing discussions with the remaining incumbents to explore the possible provision of these services in the future.

In line with Defra regulatory requirements, we have established and maintain a contract with Water Direct which ensures that, if we do experience an emergency incident, we will be able to ensure that all our customers have access to at least 10 litres of water per person per day. If required, Water Direct would supply this water, following an unplanned outage, via an individual water tanker, multiple water tanks or in the form of bottled water.

We also publish a drought plan each year setting out the response that IWNL would take in the event of a drought and how we would manage our customer’s supply to meet the agreed levels of service, contained in our Water Resources Management Plan (WRMP). Although we do not have our own sources of water resource which means that supply side management is wholly under the control of the incumbent supplying company, we do have a role to play in the event of a drought. In this respect, as outlined in the drought plan, we would seek to fully engage the affected customers and encourage water efficiency, in the form of demand side management, to ease the impact if a drought were to develop. In March 2021 we issued a consultation on proposed updates to our 2019 drought plan in the form of our draft Drought Plan 2021; and published a final version in September 2021⁹.

⁶ PR19 FINAL DETERMINATIONS: DELIVERING OUTCOMES FOR CUSTOMERS POLICY APPENDIX

⁷ FINAL REPORTING GUIDANCE FOR PR19 – SUPPLY INTERRUPTIONS

⁸ PR19 FINAL DETERMINATIONS: DELIVERING OUTCOMES FOR CUSTOMERS POLICY APPENDIX

⁹ NON-TECHNICAL SUMMARY DROUGHT PLAN 2021, IWNL, SEPTEMBER 2021.



3.7 Guaranteed minimum standards of service payments for 2021-22

Customers of water and sewage companies are entitled to guaranteed minimum standards of service (GSS), as laid down by the Government in the Water Supply and Sewerage Services (Customer Service Standards) Regulation 2008. The government and Ofwat updated the recommended payments for the 2019-20 regulatory year and IWNL implemented corresponding revisions to our payments. Figure 4 below outlines IWNL's 2021-22 performance figures and shows any associated penalty payments made; and illustrates that there were limited instances in which we failed to meet the GSS.

FIGURE 4: GSS PAYMENTS 2021-22

Description of Standard		No. of Failures	Total Compensation Paid (£)
Keeping of appointments	Failure to provide notice in the required form	-	-
	Failure to attend appointment	8	£160
	Failure to attend appointment during the time specified	-	-
Complaints, account queries, and requests about payment arrangements	Failure to reply to a complaint or query within 10 working days	-	-
	Failure to reply to a request to change payment arrangements within 5 working days	-	-
Notice of supply interruption	Failure to provide at least 48 hours' notice of an interruption to supply	1	£20
Entitlement to payment or credit where do not restore supply as promised	Failure to restore supply by the time and date specified in the notice	-	-
	Failure to restore supply within 48 hours of a leak or burst	-	-
	Failure to restore supply within 12 hours	-	-
Pressure standard	Failure to meet the pressure standard	-	-
Flooding from sewers	Number of internal sewer flooding incidents	-	-
	Number of external sewer flooding incidents	-	-
Timing of payments	Penalty payments made	-	-

3.8 Leakage

Some degree of leakage from the distribution network is unavoidable. It may occur from storage facilities, transmission mains and distribution mains or from service connections to the customer meter. Leakage is normally the largest component of losses from a water supply system, but it is not the only component. Illegal connections may constitute real losses while meter inaccuracies may give rise to 'apparent' losses. Combined with leakage, these 'real' and 'apparent' losses make up 'unaccounted-for water' (UFW). IWNL has agreed UFW target rates of 5% of distribution input.

We have calculated leakage per property using figures from sites for which we can attain sufficiently accurate data. These calculations demonstrate that, across IWNL sites, the average leakage in 2021-22 was 24.68 litres / connected plot / day (up from 23.56 litres / property / day in 2020-21).

This compares with the industry average value reported by Discover Water for 2020-21 of 117 litres / property / day (up from 112 litres / property / day in 2020-21). The IWNL leakage number equates to 7.73% of the total volume of water entering the network (up from 6.76% in 2020-21). Care needs to be taken when comparing these numbers with incumbent network losses as these also include production and high-level distribution losses which are not present in a NAV network.

We are currently in the process of installing data loggers on all incumbent bulk meters which will allow us to monitor water usage and trends on site in real time, as well as enabling us to more quickly respond to unaccounted for losses. We will be monitoring the night-time flow on each of our sites to calculate a distribution loss figure.



3.9 Per Capita Consumption (PCC)

An increasing population means extra demand for water and, combined with increasingly erratic weather patterns, this could lead to more droughts in the future. It is therefore more important than ever for every to take care with their water use. The volume of water consumed per customer is a key output measure for the water industry. Per Capita Consumption is the industry standard calculation of annual water consumption per person.

The 2021-22 IWNL weighted average was 130.6 litres / person / day. This compares favourably with the industry average of 145 litres / person / day in 2020-21 (the last comparable year available). When looking at the individual performance of incumbent companies in 2020-21, IWNL would have had the best industry performance, just ahead of Southern Water which had an average PCC of 131.7 litres / head / day. IWNL performed considerably better than the industry worst performing company, Welsh Water which had a PCC of 163.3 litres / person / day.

3.10 Water Quality

IWNL takes its obligations to maintain safe and high-quality water drinking as its most important regulatory obligation. To do this IWNL completes proportionately more water quality sampling visits than incumbents. The average number of sampling visits per 1,000 population across the industry was 2.69 in 2020; this is likely to be unchanged in 2021, although the Drinking Water Inspectorate (DWI) has yet to release data regarding the industry average figures for 2021. Our internal

data shows an equivalent figure of 9.99 sampling visits per 1,000 population for IWNL in 2021; an increase on the figure of 7.94 visits per 1,000 population in 2020 which is due to a trend toward smaller new build sites.

The water quality regulations were initially drafted based on the assumption that network operators would control large geographic zones. As a result of this legislative construct, NAVs are required to carry out proportionately more sampling than incumbent water and waste companies. In this respect, the legislation places requirements on the number of water quality sampling visits that must be completed per year and this varies according to the size of the population within the relevant water quality zone. This is because, given their

IWNL currently advise all customers of their water consumption on their bills and distribute a waterwise message to customers via a summer and winter newsletter. In addition, we are contacting customers who reported internal leaks to see if they have been resolved and plan to target higher consumption sites with waterwise messages given their relatively high levels of PCC. We anticipate that these measures will contribute to a reduction of consumption. We will also continue to monitor PCC across all our sites.

IWNL promote water efficiency to our customers and are aiming to reduce PCC from the current levels to below the new Government standard of 125 litres / person / day for new homes. IWNL is also considering environmental solutions and water recycling strategies to meet the specific water demand requirements for each inset licence appointment.

scale, incumbents are able to absorb new development sites within their existing sampling arrangements. In effect, this means that IWNL carries out a proportionately higher number of sampling visits per year than incumbents.

The Compliance Risk Index (CRI) is a measure designed to illustrate the risk arising from treated water compliance failures, aligned to the risk-based approach that the DWI takes to the regulation of water supplies. It is based on broad principles related to the significance of the parameter, the cause / investigation / mitigation of the failure, and the location of the failure¹⁰. The latest available data relates to 2020 performance; industry average performance, across both incumbents and NAVs was 1.202 across England and Wales as compared with an IWNL performance score of 0.753.

3.11 Delivery against BUUK sustainability goals

As outlined above, at IWNL we are increasingly considering the scope for, and benefit to our customers of, deploying environmental solutions. Similarly, within BUUK we have been exploring ways in which we can enhance the overall performance of the business in terms of sustainability. In this respect, we recognise the impact that we can have on both the community and environment that we operate within, and we are seeking to make a positive difference in these areas, via a range of initiatives.

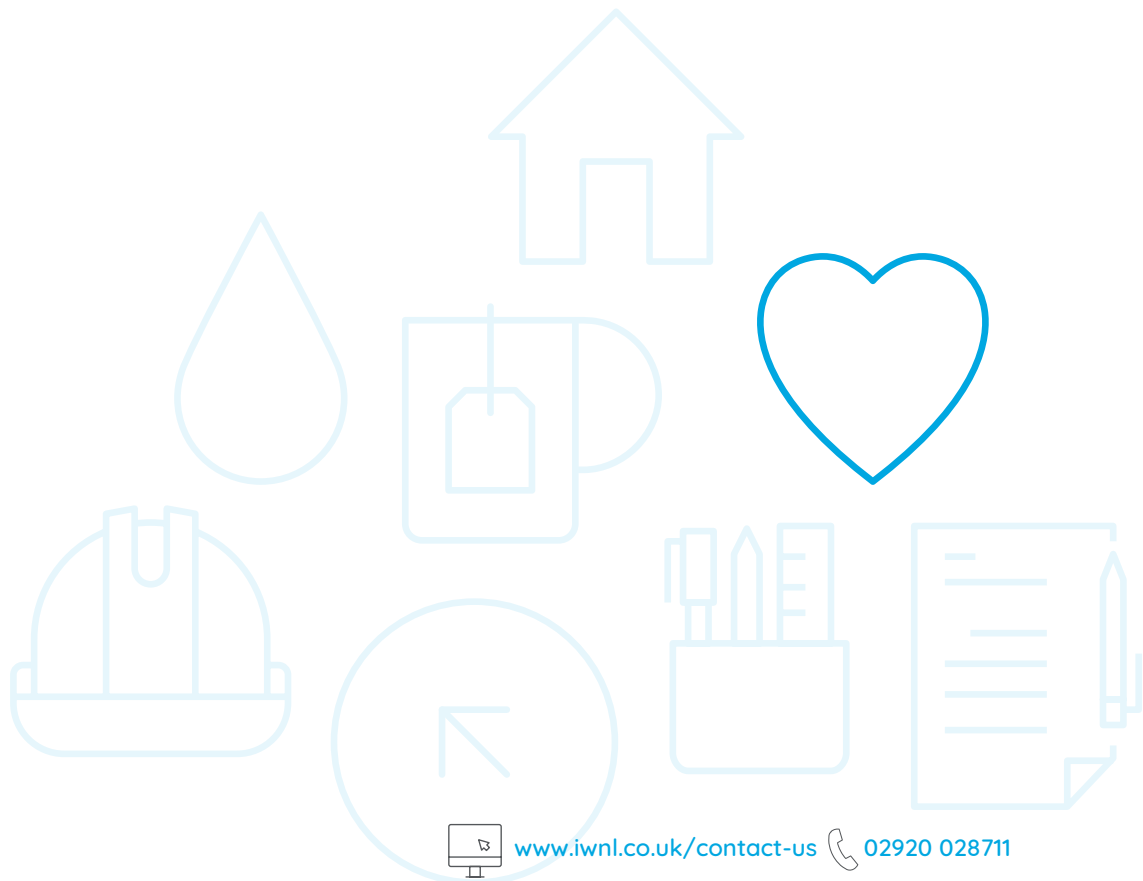
- Publicly committed to our directly controlled operations becoming net zero carbon by 2040, and implemented a high level plan to transition to net zero status.
- Implemented a drive to eliminate single use plastics in our supply chain, achieving a reduction of approximately 50 tonnes (or 50%) compared to our 2019 baseline.
- Established waste elimination programmes at all sites and, by 2021, rates of landfill avoidance had improved to 75%.

¹⁰ DWI COMPLIANCE RISK INDEX (CRI), AUGUST 2018



- Installed solar panels at the BUUK head office and from early 2022 all of our offices, pumping stations and fibre cabinets had been moved to renewable energy contracts.
- Made changes to our fleet policy to promote no / lower fossil fuel consumption cars.
- Maintained registration of ISO 14001 environmental accreditation.
- Established a partnership with an IT provider to collect end of life IT assets for reuse or recycling; with 435 items resold to be used again and 869 items recycled.
- Established a scheme to provide volunteering leave to support community projects.
- Currently developing an integrated Climate Change Adaptation plan.
- Currently exploring offsetting and insetting options for Scope 1 and 2 emissions.

In addition, BUUK was recognised as the overall asset sector leader for its superclass (the Infrastructure Assessment) in the 2021 Global ESG benchmarking (GRESB) initiative; achieving a score of 90% and a 5 star rating. GRESB is the leading environmental, social and governance benchmark for retail and infrastructure investments across the world.



CUSTOMER STATEMENT

Section four:

Transitioning from passive customer to active participant during 2020-25

- Our Strategy to empower IWNL customers to become more active



4. Transitioning from passive customer to active participant during 2020-25

The document “Tapped in: From passive customer to active participant” was published by Ofwat as part of the process that it recently went through to set the regulated prices that incumbent water and waste companies can charge for the 2020-2025 period. This provides valuable guidance in terms of the themes that water and waste companies should consider when developing any programme of customer engagement that aims to facilitate the delivery of a high-quality customer service.

The key themes presented in Ofwat’s guidance can be summarised as follows.

CUSTOMER PARTICIPATION IN THE SECTOR’S FUTURE

Engaging customers to create a shared future for water will improve customer support, satisfaction and trust which may in turn facilitate support from politicians, the regulator, and the media. It may also lead to new ideas that help the sector progress.

INCREASING CUSTOMER ACTION TO IMPROVE RESILIENCE

Encouraging behaviour change among customers can help water companies achieve their goals. Behaviour change involves transforming what customers think, feel, believe and do e.g. helping customers save water. Active participation at scale can have real impacts.

INCREASING COMMUNITY OWNERSHIP AND PARTICIPATION

Where people genuinely commit to act together in their local areas, e.g. by saving water or improving rivers and bathing waters, this can improve the local water environment.

CUSTOMER PARTICIPATION IN THEIR EXPERIENCE

Companies can provide customers with more control over water use at home and their customer service experiences e.g. via rainwater harvesting, choosing different water quality for different uses, and providing more options to engage e.g. phone, text, email, tweet, live chat. These customer experiences should be seen from the perspective of different customer segments.

The following section of this customer statement details the action plan we propose to implement to ensure effective delivery in line with each of the themes above.

4.1. Our strategy to empower IWNL customers to become more active

In the most recent process that Ofwat led to set the regulated prices that incumbent companies can charge for the 2020-2025 period, a number of the companies implemented high quality customer engagement strategies and these examples provided valuable insights on emerging industry best practice. Therefore, in defining and implementing a future IWNL strategy for customer engagement, customer service and customer satisfaction, we have drawn on lessons learned in this area. In this respect, we have identified the following key guiding principles that will inform our future work.

1. OUR PLANS WILL BE DRIVEN BY CUSTOMER PRIORITIES

We will respond to customer insights regarding the outcomes that matter most to them by setting ambitious, yet realistic, targets in these areas and seeking to proactively deliver in line with them. We are working to develop a ‘living’ strategic direction statement (SDS) that encompasses our evolving knowledge of customer views, needs, and preferences to ensure that key insights guide both our day-to-day activities and the development of strategic plans. As part of the continued process of acknowledging customer views and seeking to accommodate these in our business activities, we will strive to achieve an ongoing, effective two-way dialogue.

2. WE WILL ACTIVELY LISTEN, AND RESPOND, TO CUSTOMER VIEWS

We will continue to make use of the valuable insights provided by our customers in our day-to-day interactions with them and, as our business grows, will seek to engage them more proactively. Demonstrating that we have actively listened to our customers views and explaining how we have factored these into our future plans will be a key guiding ethos. In the event that we do not take corresponding action in line with their views, we will commit to providing clear, unequivocal reasons as to why we have not responded in the way they would like. Where relevant, we will also seek to identify alternative approaches that may deliver the same / similar outcomes.



3. WE WILL INNOVATE AND ADOPT BEST PRACTICE

We recognise that the field of customer engagement has evolved substantially in recent years and expect that it will continue to do so. Within this context, we understand the importance of learning lessons from others regarding the application of innovative techniques and approaches that may emerge as leading best practice. As such, we are seeking to keep abreast of developments within the discipline of customer engagement; both from within the water industry and from outside it. However, we also acknowledge the potential value that can be attained where we adopt approaches to engagement that are lesser understood and arguably riskier, and therefore we will seek to remain openminded in considering the role of new techniques.

4. WE WILL SEEK FEEDBACK ON HOW WE ARE DOING

We are acutely aware that, despite the best of intentions, our strategy for effectively engaging our customers may not perform as planned or illicit responses that are aligned with our expectations. Given this, we are keen that the two-way dialogue we establish with our customers extends to discussions regarding the engagement strategy itself and how it is performing. We note that the customers we are seeking to engage are likely to have valuable insights on whether the engagement strategy is working as it should; whether we are focusing on the key issues, asking the right questions, and using the most effective techniques. This will allow us to continue to review, revisit, and refine our approach, with the intent of ultimately establishing a programme of engagement that represents best practice.

These four principles provide an overarching framework in which we will progress our future programme of customer engagement and, it is within this context that, we have begun to develop our customer engagement strategy. We have assessed our approach from a number of perspectives and identified the various components that we believe it should comprise. The following sections present the discrete elements of the strategy that we are intending to implement in the coming years.

- First, it provides an overview of our proposed proactive customer engagement;
- Second, it presents our plans to enhance overall levels of customer awareness;
- Third, it highlights how we intend to expand our product and service offerings;
- Fourth, it describes our proposals to facilitate customer behaviour change; and
- Finally, it explains how we intend to shift the focus of the developer agenda.

4.1.1 Our strategy to empower IWNL customers to become more active

Alongside the regular review of customer information attained via day-to-day engagement (discussed in section 1.2 above), we propose to initiate a programme of proactive customer engagement to facilitate the co-creation of future products and services with our key stakeholders; our customers. We are aware of the wealth of data available regarding evolving best practice in customer engagement; and have sought to take these into account in developing a forward-looking customer engagement strategy.

A particular lesson that we have considered when developing our proactive customer engagement strategy is the importance of segmenting our customer base to attain insights regarding the needs of the discrete customer groups that we serve. This will help to facilitate the delivery of customer services that meet their expectations. We note that it is especially critical for us to consider the specific circumstances of customers that find themselves in vulnerable situations and are keen to prioritise work in this area.

The analysis of end customer satisfaction, presented in

Section 3.5, illustrated that while we have demonstrated continued strong performance on the NPS as well as significant improvements in our performance on customer complaints, we performed comparatively poorly in terms of the 'likelihood to recommend' measure of customer satisfaction. We are particularly disappointed with performance against this measure given that equivalent analysis completed in 2020-21 suggested IWNL was an industry-leader in this area. We have therefore reviewed the drivers of this decline in performance and identified that the main factor influencing this poor score was the relatively limited levels of awareness of IWNL amongst our end customers. We note that this could be seen positively given that it is likely to mean that our customers have not had reason to contact us to seek additional support or complain about our services. However, as set out in Section 2.1, we have a genuine desire to provide innovative services that meet the needs of our customers and anticipate that enhanced IWNL visibility among our customer base could facilitate the open two-way dialogue required to enable this. We are therefore initiating a targeted programme of local community-based events to raise IWNL's profile at our existing sites and actively invite customer feedback on the types of services that they would value.

Aside from proactive customer engagement to better understand their views, needs and preferences with respect to our future focus and service offerings, we recognise that there is also value in the proactive provision of transparent customer information regarding their day-to-day water and wastewater services. To this end, in 2021, we implemented two targeted customer portals: one focused on enabling customers to better understand their water quality and the drought level in their area; and the second serving as an incident portal providing 'live' progress updates to our customers. Both of these initiatives are discussed in more detail in Section 5.

4.1.2 Enhancing customer awareness

We recognise the difficulties, and impracticalities, of seeking to proactively engage all of our customers particularly as our customer base increases; even with unlimited resources, some individuals may be apathetic or unwilling to engage on water and waste issues. Despite this, we suspect that where customers have a better understanding of water and waste issues, they will be more likely to actively consider changes in their behaviour and the potential to engage with relevant



products and services.

It is within this context that we propose to initiate a series of campaigns with the objective of increasing customer awareness, understanding and appreciation of key water and wastewater issues. The specific topics to be covered by these campaigns will be informed by the insights we attain from the proactive community engagement that we propose to initiate, which is discussed in section 4.1.1 above.

4.1.3. Expanding IWNL product and service offerings

A key theme of our proactive customer engagement will be to better understand customer views on alternative products and services that IWNL could offer. Where possible, we would like to pose open questions about offerings that customers may be interested in engaging on, and complement this with closed question to understand customer appetite for particular products and services e.g. levels of interest in grey water systems.

In addition to levels of interest in customer products and services, we would be keen to understand the priority that customers attach to IWNL engagement in further water and wastewater projects. In this respect, we could facilitate local environmental enhancements e.g. via investment in additional sustainable drainage solutions (SuDS) that could improve the aesthetics of a new development as well as contributing to enhanced biodiversity in the area. We acknowledge that an effective assessment of a possible role for these types of investments will, in many cases, require that related discussions take place during the design stages of any project and this inevitably limits the potential to engage the actual end customers that would receive services on these planned developments. However, we intend to initiate discussions on these issues with a representative sample of our existing customer base, as a proxy to better understand the needs and expectations of our future customers. Our proactive engagement will therefore seek to explore customer appetites for, and the associated priority attached to, these types of initiatives.

4.1.4. Facilitating customer behaviour change

As outlined in earlier in this section, the Ofwat 'Tapped In' report suggested that, where people commit to act together in their local areas e.g. by saving water or improving rivers, this can improve the local water environment. As part of our targeted programme of local community-based events, we therefore intend to explore the willingness of our customers to engage in schemes focused on improving the local and / or national water environment. This could include water efficiency programmes, rainwater harvesting schemes or local initiatives to enhance waterways. We anticipate that the level of customer interest in these types of arrangements and associated offerings will help to shape the specific products and services that we offer to our customers in the future.

4.1.5. Shifting the focus of the developer agenda

In the 2021-22 period we sought to instigate a shift in the IWNL agenda; from a focus on the provision of an established suite of products and services, to arrangements that facilitate ongoing dialogue about the views of both developers and their customers regarding the products and services that would best meet their needs and preferences.

In line with this, we have increasingly sought to utilise customer insights to shape our service offering with the intent of facilitating the delivery of an exceptional service to our developer and end customers that surpasses the service they would have received from the incumbent water company.

There are numerous examples of how we have put this into practice and the enhanced outcomes that this has facilitated for our developer and, by inference, end customers in the 2021-22 regulatory year. The following section presents two discrete examples.



Case study 1: South West Milton Keynes

In February 2022 we agreed a multi-utility adoption contract with Taylor Wimpey via Infrastructure Gateways (IGL) for the provision of electricity, water, wastewater and fibre services to 1,795 properties located on the South West site in Milton Keynes. Under this contract, IGL will construct the site infrastructure, while IWNL will own / operate the assets on an ongoing basis.

Given our enduring role in owning and operating the site, we have worked closely with Taylor Wimpey / IGL on the design of the waste network infrastructure. A key focus has been to deliver a sustainable engineering solution that will facilitate optimal end customer outcomes while ensuring that upfront costs for the developer are efficient and minimising the ongoing cost of operation for IWNL. While any design solution must be considered within the constraints of the overall site topography and existing assets, as a multi-utility offering we are able to assess the scope to flex the design of not only the sewerage solution but also other infrastructure elements on the site.

A crucial constraint on this site is the existing Anglian Water Pumping Station, located to the South East of the site, and a key requirement underpinning the waste network design was that it must be appropriately engineered to match available capacity at the pumping station. Given associated costs, we were keen to optimise the number of onsite pumping stations and therefore split the site into two discrete areas that would drain to the Eastern and Western pumping stations respectively. Within each of these areas we identified defined water catchment areas and associated detention basins to accommodate run off in zones likely to be at risk of flooding. In some cases, existing trees and ditches needed to be removed while in others, HV cables needed to be diverted and pylons needed to be removed; facilitating this was easy for IWNL given our multi-utility role in the project.

Case study 2: Wykham Park

In November 2021 we entered into a multi-utility contract with L&Q / Gallagher for the provision of gas, electricity, and water services to just over 1,000 properties located on the Wykham Park site in Banbury, Oxfordshire. In line with standard process, we approached Thames Water to obtain a quote for the 'contestable' offsite works necessary to connect the new development site to the existing Thames main. In parallel, we asked our affiliated utility infrastructure provider, GTC, to provide an equivalent quote for the provision of these offsite works.

The Thames Water quote that we received included a cost estimate for the 'offsite' works amounting to £450,000 while the corresponding quote from our GTC colleagues included estimated costs totalling £311,000. In effect, we were able to offer a saving to our customer of approximately £139,000 as compared with the quote from the incumbent, for the construction of the same utility infrastructure required to connect the development. The ability to attain this level of saving for our end customer was primarily due to the economies of scale from which we were able to benefit as a result of the provision of a bundled offsite offering covering gas, electricity and water.



CUSTOMER STATEMENT

Section five:

Next Steps

- Expanding IWNL communication channels
- Development of the C-Mex shadow measure of IWNL performance
- Complaints improvement programme
- Vulnerable and water poor customers
- Proactive provision of customer information
- Reducing water demand



5. Next Steps

In the preceding section, we presented our overarching strategy, focused on empowering IWNL customers by putting in place the mechanisms that will enable them to participate in discussions regarding their water supply more proactively. The ultimate intent of this strategy is to allow our customers to directly influence the decisions that we take about the products and services that we offer to developers and to our end customers. The strategy provides an overarching framework within which we are progressing a series of more tactical initiatives that will support the delivery of desired outcomes.

The following section presents an overview of the more tactical 'next steps' that we are currently progressing as well as some of the initiatives that we have begun to implement in the 2022–23 regulatory year.

- First, it presents our work to expand IWNL customer communication channels;
- Second, it explains the proposed IWNL C-Mex shadow measure of performance;
- Third, it provides an overview of our complaint's improvement programme;
- Fourth, it presents our proposed approach toward enhancing the experience of our vulnerable and water poor customers;
- Fifth, it details our proactive approach to providing customer information; and
- Finally, it describes the work we are doing to facilitate reduced water demand.

5.1. Expanding IWNL communication channels

At present, we offer five customer contact channels including; phone, post, in person, webforms and webchat. In 2021-22, we explored the potential to expand these channels and assessed the suitability of respective available options. As a first step we reviewed the demographics of our customer base, recognising that different customer types typically have different preferences when it comes to communication. In addition, we investigated the specific views that our customers had previously expressed during day-to-day engagement regarding the role and effectiveness of various communication channels in supporting high-quality customer service provision.

The results of this analysis highlighted that SMS and / or Whatsapp would most suit the needs of our customer base and also reflect emerging customer service trends by seeking to mirror the communication channels that many of our customers use in their day-to-day lives. In line with this, as set out in Section 3.4, in the coming 2022-23 regulatory year we will implement an additional communications channel in the form of SMS and / or whatsapp. This will enhance the suite of communications channels we currently provide and offer a further way to engage in real time dialogue with an IWNL customer

advisor. While we expect the provision of this additional communications channel to enhance the level of satisfaction of many of our customers with respect to their experience of engaging IWNL, we anticipate that they will facilitate particular benefits for a subset of customers in vulnerable situations; those that are hearing impaired. Natural obstacles may make these customers less inclined to use traditional call centre services and the availability of SMS / whatsapp will provide an alternative way to attain a real-time response to their queries.

We have also recently completed an upgrade to the IWNL website to make it easier to access key information and hence more user-friendly for our customers. In addition, we are in the process of transitioning to our new customer platform, hosted by content guru. This is an industry-leading application that will offer IWNL the option of adopting various add-ons that provide enhanced functionality and the potential to enhance the overall customer experience. Once the transition to content guru is complete (currently anticipated to take place in Quarter 2 of the 2021-22 regulatory year), we will assess the potential for, and associated value of, adding additional functionality to the platform.



5.2. Development of the C-Mex shadow measure of IWNL performance

IWNL already has a broad range of measures in place to assess our customer service performance and customer satisfaction with the service we provide. We are proud that in 2020-21 (the last year of publicly available information) IWNL would have effectively been an industry-leader in terms of likelihood to recommend and NPS as well as having the second highest performance with respect to customer complaints.

In the IWNL customer statement published in July 2021, we committed to develop a shadow C-MeX measure for 2021-22 which would enable direct comparisons between IWNL and incumbents in terms of respective customer service performance. As set out in section 3.5 above, we have begun to develop the processes to support this but have been unable to capture sufficient data to ensure that our samples are statistically significant. In this respect, the small sample sizes that we have been able to capture to date have given undue weight to outlier customer scores; and led to results that appear artificially high in some months and artificially low in others. We therefore do not think that the monthly results we have compiled effectively represent customer satisfaction.

We have refined the process for the 2022-23 reporting year and developed sampling techniques that are intended to overcome these limitations. Utilising the lessons learned from the pilot year of reporting on the shadow C-MeX, we intend to publish a more reliable set of figures as part of our 2022-23 customer statement.

5.3. Complaint's improvement programme

We note that good performance in managing customer complaints remains a gate entry requirement for any potential C-MeX incentive outperformance. In 2020-21 we recognised that our written complaint performance, of 33.3 complaints per 100,000 customers, would place IWNL below the industry average performance (using the latest available public information from 2019-20). As a result, we carried out analysis of the types of complaints that had been raised by customers and implemented an improvement programme to address these issues. Improvements included system enhancements, further customer service training and improved business processes as well as a complete redesign of the customer bill reflecting on customer feedback and actively seeking the views of step change, CCW and customers themselves regarding the proposed design.

Reflecting on the types of complaints that had been received and the scope to address the root cause of these issues, we set an ambitious target for IWNL to achieve 11.7 complaints per 100,000 customers in 2021-22 which we estimated to be aligned with 80 percentile incumbent company performance.

A review of IWNL complaints performance from the 2021-22 regulatory year demonstrates that we easily

outperformed this target, with only 8.82 written complaints received per 10,000 customers. A further review of IWNL performance against the most up-to-date complaints data for incumbent water and waste companies (published by CCW in October 2021), illustrates that IWNL would have been the second highest performer in the industry for 2021-22. While we are aware that this comparison is based on data from different operational years, we still think this demonstrates strong IWNL performance, particularly when compared with our performance in the 2020-21 reporting year.

We attribute this improvement in our performance to the proactive steps we took in 2021, via our complaint's improvement programme, to implement a series of bespoke initiatives that were aimed at addressing the root causes of the complaints we received in 2020-21. Recognising the step-change in IWNL performance over this period, we intend to maintain the existing strands of the complaint's improvement programme with the aim of continually enhancing our performance in this area. Where we identify potential ways in which the programme could be further developed or best practice examples that represent leading industry thinking, we will seek to incorporate these within the overall programme.

5.4. Vulnerable and water poor customers

Given the importance of delivering a service that effectively meets the needs of our vulnerable and water poor customers, we are continuing to push forward a number of the initiatives that we commenced in 2020-21 with the aim of further enhancing the level of service we provide to customers in vulnerable situations. We consider this work to be of particular importance against the backdrop of the recent, and ongoing, cost of living crisis which will likely have significant impacts on the ability of our customers to pay their bills. Elements of the vulnerable customer programme we are continuing to progress include:

- Reviewing our internal vulnerable customer categories, refining these to ensure they accurately reflect the range of vulnerable customers we serve, and assessing whether there are any further products or services that these customers would benefit from;
- Reviewing our list of vulnerable customers to ensure accuracy and completeness; and
- Providing training to our customer service advisors to better equip them to recognise, and subsequently support, IWNL customers in vulnerable circumstances.

Currently IWNL seeks to match incumbent company social tariffs if requested by a customer. While we recognise that there is more we can do for our vulnerable and water poor customers, we note that restrictions in the current NAV framework make it difficult for NAVs to offer a comprehensive nationwide policy. We have therefore been fully engaged in, and committed to providing support to, the work that Defra has been progressing on the establishment of a comprehensive nationwide social tariff. We recognise the potential obstacles to the effective establishment of such a tariff



but are optimistic that the required provisions will be in place and can commence concurrently with the next price control period which is set to take effect from 2025-2030.

We are also in the process of exploring formal compliance with a recognised industry standard for vulnerable customers (BS18477). BS18477 was the outcome of an initiative progressed by several consumer representative groups including Citizens Advice and the Royal National Institute of Blind People (RNIB). The aim of the initiative was to provide guidance to companies on how to treat consumers fairly and a key objective of the resulting standard is to provide a framework that will help organisations, and their employees, better understand the underlying factors involved in customer vulnerability. The standard therefore focuses on ensuring that relevant organisations, and key staff members who work with end customers, are fully equipped with the tools to enable them to support those customers that may be in situations of vulnerability, not just those that have informed us that this is the case.

The focus of BS18477 is therefore very much aligned with our view, specified in Section 3.2, that many people in vulnerable situations may not identify themselves as part of this group which means that it is our responsibility to pick up on any signs of vulnerability and act accordingly. The standard is being adopted by an increasingly wide range of utility companies and, in fact eight of the incumbent water and waste companies have already demonstrated compliance with BS18477. If IWNL attains accreditation under BS18477 it will not only formalise the vulnerable customer initiatives we have already established internally but also demonstrate that we are meeting equivalent standards of service to those provided by a number of the incumbent water and waste companies. The key requirements specified in BS18477 relate to implementation of provisions that:

- support the identification of customer vulnerability;
- ensure that the design of products and services is inclusive of all customers; and
- encourages effective data collection / sharing while effectively protecting this data.

We have already put in place a number of targeted initiatives that will support IWNL accreditation under this standard, including dedicated staff training on identifying customers in vulnerable situations and the recent redesign of our website which has helped to improve accessibility and inclusivity. However, we are aware that there are additional steps that we will need to take to secure compliance with the requirements of BS18477. As such, we are currently exploring the potential to deploy 'Recite Me' software on our website which will significantly enhance accessibility and enable a broader range of customers from diverse backgrounds, and with a variety of specific needs, to access all relevant information on our website easily and efficiently.

5.5. Proactive provision of customer information

We recognise that there is value in the proactive provision of transparent customer information regarding day-to-day water and wastewater services. To this end, we have been developing and are in various stages of implementing the following initiatives.

- The IWNL 'Protecting you and our environment' portal that

allows customers to better understand their water quality / hardness and the drought level in their area; and

- An incident portal that provides 'live' progress updates to our customers.

The following sections provide an overview of each of these initiatives, including the rationale, status, and timings. We are optimistic that proactively providing this information will also help to enhance IWNL visibility among our customer base and compliment the targeted programme of local community-based events we plan to progress in 2022-23; the focus of which is to raise our profile at existing sites and actively seek customer feedback.

5.5.1. The IWNL 'Protecting you and our environment' portal

We understand that our customers are interested in the quality of the water we supply, including the level of water hardness, as well as any constraints that we may impose with respect to the volumes of supply they may consume. These factors could have a material impact on their everyday lives and, in this respect, customers want to know:

- the composition of the water we supply to assure themselves it is safe to drink;
- the relative hardness of the water we supply to assess whether there may be value in purchasing a water softener to reduce limescale build-up; and
- whether there are likely to be any restrictions on their water supply that would impact their ability to water their garden, wash their car, or fill their pool.

As a result, in June 2021, we launched the IWNL 'Protecting you and our environment' portal which allows our customers to use their postcodes to identify their water quality and water hardness, as well as the drought level in their area. We have sought to make the content as informative and user-friendly as possible.

5.5.2. An incident portal providing 'live' incident updates

Our customer incident portal went live in the 2021-22 reporting year and now allows them to access information regarding any ongoing incidents on our network that may affect their water supply, including the location of the incident and the estimated time until resolution. This application mirrors similar portals provided by incumbent water companies and will help to ensure that we provide a service to our customers that is as good as, if not better than, the service they would have received from the incumbent. The service effectively removes the need for customers to contact the call centre during a 'live' incident, which could be time-consuming given that lines may be relatively busier in these periods.

We are currently progressing an extension to the capabilities of the portal that will enable customers to sign up for text alerts which will provide regular progress updates on the incident, including estimated timeframes for resolution. In addition, when a customer signs up to receive text updates regarding a 'live' incident in their area, they will be offered the option to opt into text updates with respect to any possible future incidents that may take place in their area. This could enhance our communications with customers on our Priority Service Register (PSR) by facilitating targeted messaging with them during an incident.



Along similar lines, we are currently exploring enhancements to our telephone systems that, during a 'live' incident on one of our networks will enable us to identify and effectively prioritise calls from customers that are registered on the PSR. This will ensure that our PSR customers are able to contact us quickly when a 'live' incident on our network is unfolding and our lines are relatively busier.

5.6.Reducing water demand

We are committed to supporting any initiatives that facilitate sustainability and deliver enhanced environmental outcomes. To this end, we are currently taking an active role in working with NAVs and incumbent water companies, via the bulk supply working group, to identify the appropriate form of incentive arrangements that could be incorporated within NAV tariff structures to facilitate improved water efficiency and reduced per capita consumption (PCC). At present, the incentives on NAVs to reduce water consumption or improve water efficiency and / or leakage are relatively low as we receive a limited share of the benefits that accrue to incumbents from these efforts. However, NAVs are increasingly providing water and wastewater networks for new housing sites, and we anticipate that the role of NAVs in this regard will only grow further. We believe NAVs are well placed to offer innovative and sustainable solutions, and are hopeful that the conclusions of the bulk supply working groups will effectively recognise the role of NAVs and developers in facilitating improvements in these measures on behalf of incumbents.

Linked to this, we are currently working with developers to explore the potential for them to install more water efficient fixtures and fittings as part of the homes they construct. However, we recognise the potential for these more efficient products to be removed or replaced by the end customer following renovations or change of tenancy. We are therefore keen to extend these conversations and explore the more fundamental questions that exist around whether there are changes that can be made to the internal pipework and plumbing that is installed beyond the communication pipe that we lay, to further improve the baseline level of water efficiency in these new homes.

In addition, as outlined above in section 3.1.5 we think there could be value in facilitating a shift in the current developer agenda; towards arrangements that support an ongoing dialogue with their customers regarding the products and services that would best meet their needs. Some of the key areas that developers could explore include a potential role for them in progressing water initiatives as an integral element of the new developments that they construct. In this respect, as part of the planning process they could assess the scope to incorporate facilities that would have the effect of enhancing local waterways or improving biodiversity. This will not only deliver benefits to local communities, but also help to facilitate success in effectively navigating the planning process. We think there could be a role for us in facilitating effective dialogue in this area.

5.6.1. Water Breakthrough challenge: Water Neutrality at NAV sites

In 2021 we partnered with Affinity Water to support its Water Breakthrough Challenge project: Water Neutrality at NAV sites. This project was awarded funding via the Ofwat innovation competition and explores the potential for new build sites to

achieve water neutrality; a position under which the increase in total water demand required to support the new development would be offset by a corresponding reduction in existing levels of demand. The project recognises industry expectations that upward pressure will be exerted on current levels of water demand in the future given continued population growth, and seeks to overcome opposing trends in the supply of water where a reduction over time is expected as the impacts of climate change are increasingly felt.

The main aim of the project is the delivery of the world's first new housing development to demonstrate water neutrality at-scale. It involves trials on three sites, each comprising approximately 1,000 properties, and seeks to establish parameters for a technological, commercial and operational business case under which water neutrality may be achieved. The project explores the potential for water neutrality under three discrete scenarios.

1. WATER NEUTRALITY VIA TECHNOLOGY CHANGE

This focus of this scenario is on exploring the impact that technology alone could have in terms of driving water neutrality. Affinity Water is proposing to deploy a range of technologies including:

- a. Use of rainwater harvesting;
- b. Installation of smart metering / water efficiency tools during construction; and
- c. Deployment of offsetting activities at local commercial buildings

2. WATER NEUTRALITY VIA BEHAVIOURAL CHANGE

This scenario explores the impact of initiatives intended to drive customer behaviour change in terms of driving water neutrality on a new build site. Affinity Water proposes the following elements.

- a. Implementation of a best practice behaviour change campaign;
- b. Distribution of water saving gadgets to customers to reduce demand; and
- c. Deployment of offsetting activities at local commercial buildings.

3. WATER NEUTRALITY VIA TECHNOLOGY AND BEHAVIOURAL CHANGE:

This scenario uses a combination of the technology, tools and techniques incorporated in the preceding two scenarios; using the best of both approaches to create a blueprint for water neutrality.

IWNL is one of nine partners working on the project; other partners include another NAV and several technology providers. The contribution of these participants is managed via an independent steering committee comprising a range of executive-level representatives from each project partner, who bring a wealth of sector expertise as well as associated networks that the project can draw on. Anglian Water has sought to design the solution in partnership with customers and has conducted extensive stakeholder engagement with developers, local authorities, local councils, other UK water companies and digital / innovation providers to inform the scope and focus of the project. The current timescales envisage that findings from the project will be available in 2024.

