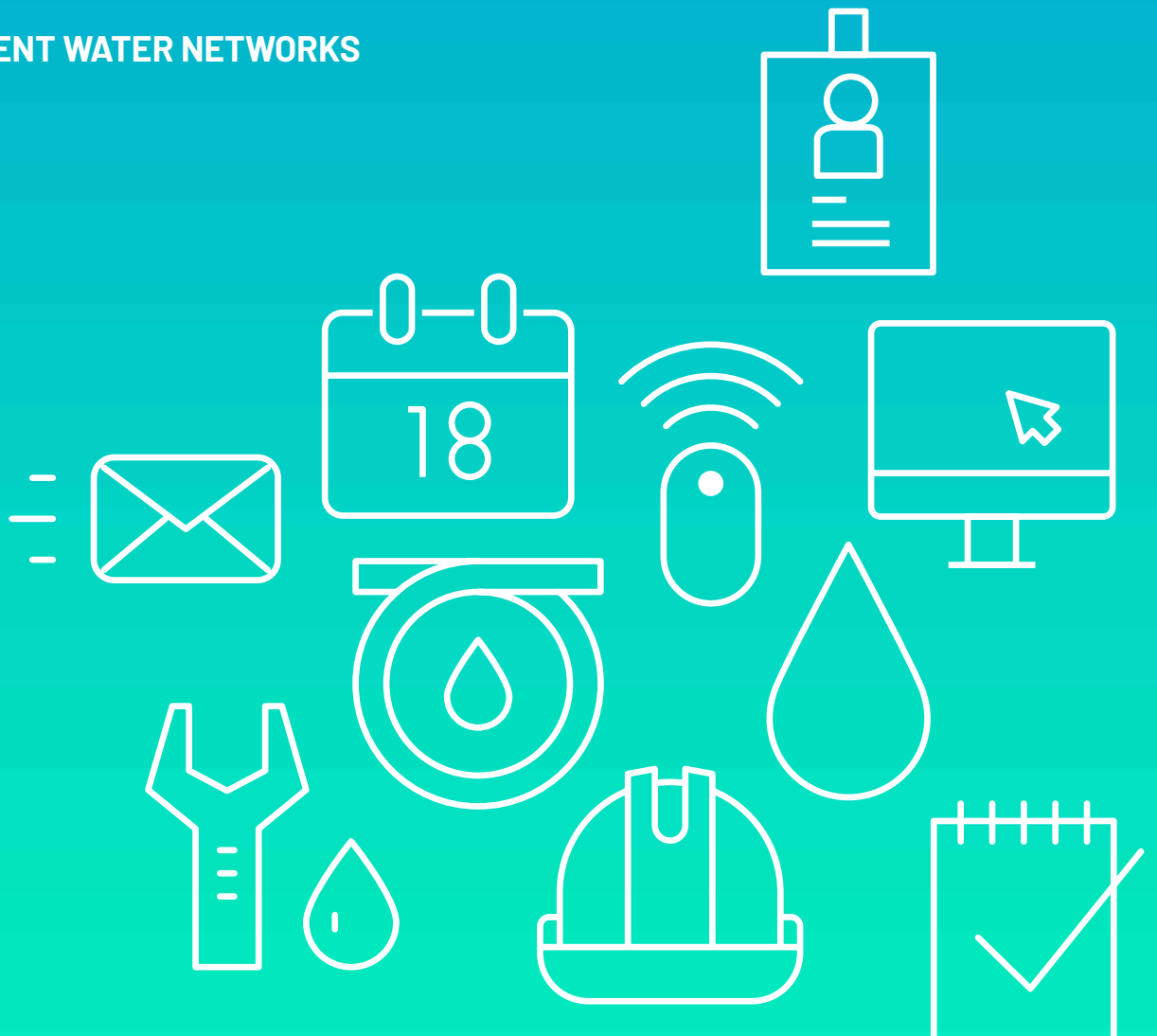




# Customer Statement

INDEPENDENT WATER NETWORKS



# Executive Summary

Customers are the lifeblood of any company; a full understanding of the expectations and needs of our customer base is therefore 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 the insights we attain from our engagement with them.

While we would expect the delivery of a good customer experience to be a key element of any company strategy, it is particularly critical to those that operate in competitive markets. In this respect, our reputation in developer and end customer markets, as well as our track record in delivering high-quality services, is critical to our future growth. Delivering an exceptional service to all of our customers is therefore our top priority; which is achieved in the following ways.

## Developer customers

We construct, adopt, own and operate water and wastewater infrastructure for developer customers; assets that are critical to the delivery of move-in ready new build premises. Our collaborative customer relationships allow us to explore ways to meet developer needs more effectively via innovative solutions to age-old problems. This, along with our strong track record in delivering robust infrastructure and high-quality end customer service, leads our developer customers to come back to us time and again.

- Providing an industry-leading level of customer service for the second year in a row and continuing to improve our performance in responding to customer complaints.
- Providing reliable and resilient water and wastewater services, where unplanned outages are minimised, and attributable only to issues on the upstream network.
- Actively exploring options to conserve water and protect the environment by maintaining low levels of leakage and reviewing the scope for customer behaviour change via innovation in both technology and engagement methods.

## End customers

Even though the domestic retail water and wastewater markets are not currently open to competition, we remain committed to the provision of an exceptional customer experience and to surpassing the level of service provided by others in the market as we have a strong desire to improve the lives of the customers we serve. We do this by:

- Using the end customer prices set by the incumbent water companies, who previously had sole responsibility for the provision of water and wastewater services, as a proxy for our own, and offering further reductions via direct debit, e-billing and volume discounts. We are also committed to keeping our vulnerable customer strategy under continual review to ensure we are well-placed to provide the best possible support to those of our customers experiencing acute hardship in their day-to-day lives. We expect our flexible approach to support IWNL agility; allowing us to adopt emerging best practice quickly and helping to secure enhanced outcomes for vulnerable groups.

## Our future focus

Our developer and end customers are our number one priority, and we strive to exceed their expectations wherever we can. We continually assess our customer service and look for opportunities to enhance the experience of our customers. At present, day-to-day interactions are our primary source of customer insight, but we are actively implementing change to enable more effective engagement with our customers and understand their needs more fully. In particular, we are seeking to better integrate IWNL with local communities by increasing our presence at resident's events and establishing further communication channels to allow our customers to get in touch in ways that are convenient to them. It also enables us to attain valuable insights into their needs which inform the shape of services we offer to them. We recognise improvements in customer service being made in other industries and are committed to replicating these methods where we can.



# Contents

- 1. Key players in the water and waste industry**
- 2. IWNL customers**
  - 2.1 End customers
  - 2.2 Developer services customers
  - 2.3 Incumbent relationship
  - 2.4 Principles underpinning the service we provide to our customers
- 3. Our 2022-23 service performance**
  - 3.1 Price
  - 3.2 Vulnerable and water poor customers
  - 3.3 Complaints
  - 3.4 Telephony response times
  - 3.5 Customer satisfaction
  - 3.6 Unplanned outages and interruption response times
  - 3.7 Guaranteed minimum standards of service payments for 2022-23
  - 3.8 Leakage
  - 3.9 Per Capita Consumption
  - 3.10 Water Quality
  - 3.11 Delivery against BUUK sustainability goals
- 4. Transitioning from passive customer to active participant**
  - 4.1 Our strategy to empower IWNL customers to become more active
    - 4.1.1 Proactive customer engagement
    - 4.1.2 Enhancing customer awareness
    - 4.1.3 Expanding IWNL product and service offerings
    - 4.1.4 Facilitating customer behaviour change



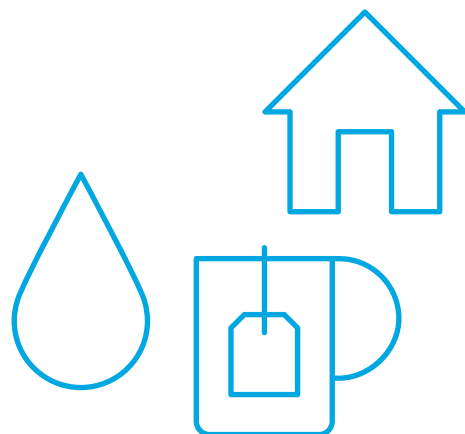
# Introduction

IWNL customers are our number one priority and we therefore put considerations of their needs at the heart of the way that we run our business. It is useful to recognise the different drivers for the high service levels we seek to provide which vary between the respective customer groups we serve. In this respect, developer customers, unlike end user customers, can choose between service offerings from multiple providers. Given this choice, our reputation in the market, and track record for delivering high-quality reliable customer services, is critical to future IWNL business growth. We are also very aware of the importance of delivering an exceptional service to our end customers given that a reliable supply of water and effective disposal of wastewater is critical to their day-to-day lives. While the drivers may differ, the delivery of an exceptional service to every customer continues to be 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 offerings.

Although we are a new entrant to the sector, and relatively small in scale<sup>1</sup>, we have ambitions for significant growth. 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. This will enable us to get closer to our customers and more fully understand their needs and expectations around the service we provide; recognising that, for us to deliver an exceptional service, we must have a clear picture of the people that comprise our customer base, including qualities that unify them and those that trigger different expectations.

We also 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. This customer statement therefore:

1. Presents background information on key players in the water and wastewater industry;
2. Introduces our customer base and their respective characteristics;
3. Explains the principles we use to develop service offerings to our customers;
4. Sets out how we plan to help our customers tell us what they want; and
5. Sets out how we plan to improve the experience of our customers in the future.



<sup>1</sup> Our relatively small scale is of particular note when compared with the incumbent water and wastewater companies that historically had sole responsibility for the provision of water and / or wastewater services.



CUSTOMER STATEMENT

# Section one:

Key players in the water and waste industry



# 1. Key players in the water and waste industry

To allow all potential readers to effectively engage with / navigate this document, this section provides a background briefing regarding the water and wastewater industry, focusing on the key players and their main roles. It begins by introducing the regulator of water and wastewater (known as Ofwat) and goes on to describe incumbent water and wastewater company roles.

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 wastewater industry in England and Wales was privatised. This meant that the companies operating in the sector no longer functioned as government bodies. Ofwat's primary duties are to protect the interests of consumers, wherever possible by promoting competition, and to ensure that water and wastewater companies effectively carry out their roles.

The key driver of the establishment of a water regulator was the recognition that access to water and wastewater services are a basic human need; it should be possible for all citizens to contract with a provider for these services. A complicating factor was that the water and wastewater companies were sold as regional monopolies who had sole responsibility for the provision of water and / or wastewater 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 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 wastewater companies charge their customers. This is to ensure that prices are not excessive, while Ofwat also monitors the level of service that customers receive to ensure that this is aligned to industry performance.

In addition, 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. Given the importance of these services, Ofwat also works to ensure that these companies are able to operate effectively.

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

1. 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 wastewater companies with respect to sewerage treatment and river quality.
2. 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.
3. 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.

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

Historically, the incumbent companies had sole responsibility for the provision of water and wastewater 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 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 wastewater 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 has two main focuses: firstly, on the construction, ownership and operation of water and wastewater 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 wastewater, with the intent of effectively shaping the energy and water future in the UK.



CUSTOMER STATEMENT

# Section two:

IWNL customers





## 2. IWNL Customers

Ofwat has specified that references to customers should be references to residential and business users of water and wastewater services. As a NAV operating in water and wastewater 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 an exceptional service that is aligned to the preferences, and meet the needs, of each of these customer groups is equally critical.

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

### 2.1 End Customers

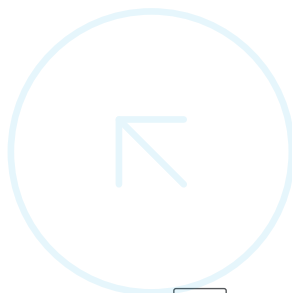
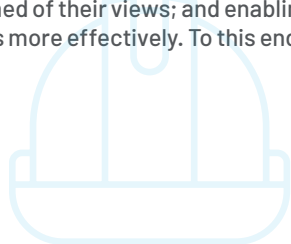
As a new entrant within the water market, we have a genuine interest in providing services to end customers that meet their needs in innovative ways. In this respect, a key IWNL objective is to provide an exceptional customer experience that surpasses the service a customer would have received from a 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 wastewater company, with relatively more limited resources and a smaller, more 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. We are therefore committed to moving away from the traditional utility school of thought that assumes we know what our customers want without asking them. To this end, we have started attending local community events, as well as hosting our own, so that we can listen to our customers face-to-face. In addition, we are developing our surveying functionality through upgrading our systems; this will ensure that we can still give a voice to our customers even if they are unable to attend our face-to-face events. This will also allow us to complete a more effective segmentation of our customer population, which means we can do more for those that are vulnerable and need our help. We are cognisant of the challenges faced by customers in vulnerable circumstances; we have sought to proactively engage them to better understand the specific services that would enhance their customer experience. We anticipate that our improved 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. 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. We 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, wastewater, 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. This provides an 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, 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. As a result, we 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. We are able to influence our relationship with incumbents not only through our day-to-day interactions, but also through a survey known as the D-MeX. In this way we can improve incumbent services for ourselves so we can provide better services for our own customers. 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 mutually beneficial outcomes, 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

Every five years Ofwat completes an in-depth review to set the regulated prices that incumbent water and wastewater companies are permitted to charge for the coming five-year period. Prior to implementation of the current package of price control provisions, which took effect from April 2020 and will remain in force until March 2025, Ofwat specified seven principles applicable to considerations of customer service and customer satisfaction. As appropriate, we have also adopted these principles and used them to shape our approach to customer service and customer satisfaction. In this respect, two of the principles referred to incumbent-specific issues and we have therefore chosen not to adopt these but we have embraced the remaining five as well as a further principle that reflects the specific NAV context we operate within. The resulting principles that underpin our customer service are:

- 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; and,
- Acknowledging, and ensuring, that engagement reflects individual circumstances.



CUSTOMER STATEMENT

# Section three:

Our 2022-23 service performance



## 3. Our 2022-23 service performance

We are focused on continuously providing excellent service and network performance to our customers and therefore closely monitor these service levels via 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 review the prices that we offer to our customers to ensure that they provide better value than those of the incumbents. This was achieved in 2022-23 by:

- Continuing to use incumbent price points as a proxy for IWNL 2022-23 retail charges;
- Retaining a household customer Direct Debit discount of £3.50 per annum in 2022-23;
- Retaining a household customer e-billing discount of £1.50 per annum in 2022-23;
- Retaining a 2.5% water volumetric discount for household customers in 2022-23;
- Continuing to use Ofwat recommended Guaranteed Standards of Service payments.

We also continued to play an active role in the Ofwat-led bulk supply working groups, which ran throughout 2021 and 2022 as well as 2023 to date. When the working group was reconvened in 2021, it was tasked with reviewing the arrangements that incumbents use to charge NAVs for the provision of bulk water and wastewater services. While the working groups have facilitated significant engagement from Ofwat and incumbent companies across a range of issues, we have yet to see material improvements to the tariffs that incumbent companies offer to us. However, we remain optimistic that there is substantial scope for improvement and will therefore continue to engage in the ongoing discussions that take place; with the intent of securing positive outcomes which will ultimately flow through to the prices that our end customers face. We also remain committed to regular pricing reviews to ensure our customers continue to receive an efficient, high-quality service that represents value for money; the scope for us to achieve this, will only increase if the industry is able to agree a structure of / approach to bulk supply tariffs that fully reflects the value that NAVs deliver.

### 3.2 Vulnerable and water poor customers

We are aware that in the past utility companies did not sufficiently consider the needs and preferences of their vulnerable customer base when developing product and service offerings that were aligned to the anticipated requirements of the generality of their customer portfolio. Thankfully, in recent years the tireless work of customer advocacy groups, alongside respective sector regulators, have raised the profile of these customers. In effect, it has made all utility companies more aware of the importance they should attach to understanding the varied guises that vulnerability can take, the potential implications this can have for the lifestyles of affected customers, the specific needs these customers may have as a result, and the ways in which utility offerings can be tailored accordingly. IWNL has been on this journey alongside our incumbent utility counterparts, and we are aware that it is one that does not have a clear endpoint. In this respect, we expect our understanding of the IWNL customer base to continue to improve ad infinitum while, at the same time, the communities to whom we provide services will change and perceptions of the factors that can lead to vulnerability will evolve. Despite the inevitable difficulties accompany this, we are seeking to wholeheartedly embrace the challenge.

We are also aware of emerging best practice, applicable within utilities as well as more broadly across utilities, in terms of standards related to consumer vulnerability and inclusive services. In this respect, the International Organisation for Standardisation (ISO) has established ISO 22458:2022 Consumer vulnerability which specifies requirements and guidelines for the design and delivery of inclusive services at all stages of delivery. Towards the end of 2022, we completed an internal audit of our performance against the relevant requirements to allow us to identify any potential areas of weakness and address these areas of concern prior to seeking formal ISO accreditation. We are currently working through an action plan to attain accreditation and expect this to be achieved by the end of 2023 or early in 2024.

#### 3.2.1 Our understanding of vulnerability and changing societal conditions

Our experience to date has taught us that 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); and
- 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. However, over the past few years this has been particularly relevant given the impact of covid, the cost-of-living crisis and the recent energy crisis; all of which have had the potential to make living conditions more difficult for vulnerable customers in particular. We have therefore kept our vulnerable customer strategy under review to ensure its continued applicability given prevailing circumstances, to monitor any possible gaps that might emerge and to clarify the support available to those that may be experiencing challenging circumstances and / or financial hardship. We have also sought to proactively engage with our vulnerable customer base to better understand the specific services we can offer to enhance their customer experience.

Given that many people in vulnerable situations do not necessarily identify themselves as such, we fully acknowledge that we have a responsibility to pick up on any signs of vulnerability and act accordingly. Recognising this, our customer service advisors receive targeted training 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 vulnerability<sup>2</sup> 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 wastewater 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.

### 3.2.2 Services we offer to support our customers facing non-financial vulnerability

We understand that most utility companies face challenges when seeking to identify and engage with their vulnerable customers given the size of the customer base that they serve. This is particularly pertinent as our experience has highlighted that end customers are not typically proactive in responding to utility companies requests to update customer information. However, we recognise that many utility companies, particularly independent network operators and retailers operating in competitive markets, have a unique window of opportunity to engage with every customer on their network when the customer registers for utility services.

As a NAV in the water market, all of the customers that we acquire will be expected to register with us and this provides a valuable opportunity to attain insights regarding the individual circumstances of each and every one of our customers, as well as their needs and preferences. Recognising the value this confers, our registration process includes a step that captures key customer information that may indicate that a customer falls within a category of possible vulnerability. We actively take this information into account when considering the products and services that we subsequently offer to all of our new customers. In addition, we inform them that they can opt to proactively register for services in the future if their circumstances change.

Given the varied forms that vulnerability can take, we recognise that a 'one size fits all' approach will not meet the needs of every customer we serve across our network. Having said that, we do understand that some classes of vulnerable customers have discrete needs that we can effectively meet where we offer defined services. In this respect, we have developed a range of bill management services that our customers can register for, including: talking bills (over the phone); braille bills and documents; large print bills and documents; text-direct; translated bills; and nominee services.

In addition, in 2022-23, we installed Recite Me assistive technology on the IWNL website, with the intent of further enhancing our overall levels of inclusivity. The proposition underpinning Recite Me is that more than 1 billion people worldwide encounter barriers when trying to read and understand content online due to disabilities, learning difficulties, visual impairments, or circumstances where English is the individuals second language. Recite Me offers a range of on-demand accessibility solutions to facilitate website content that is user-friendly for individuals with

<sup>2</sup> 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.

disabilities, situational challenges and language needs. At IWNL we recognised the benefits that Recite Me could provide to our end customer base by enabling them to customise their digital experience in a way that best suits their individual needs. Recite Me achieves this through a combination of the following toolbar accessibility features.

- **Screen Reader:** This tool effectively reads aloud website text which helps users to perceive and understand the digital content we provide.
- **Reading aids:** This includes five main tools including a ruler, screen mask, magnifier, margins and a dictionary.
- **Styling and customisation:** This allows users to change the way the website looks including customisation of the colour scheme, text, font style, size, colour and spacing.
- **Translation:** This quickly and easily translates web content into over 100 languages, including 65 text-to-speech voices.

### 3.2.3 Methods we use to help identify customers facing financial vulnerability

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 rises in the cost-of-living. 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 also recognise that, where our customers are experiencing financial difficulties, they are likely to be facing emotional strain too and, as such, any action we can take that will help to alleviate the effects of this stress will be welcome. We are therefore in the process of integrating our processes with the Experian database which will help to improve our ability to create tailored communication journeys for different customer groups. In this respect, the contract we have established with Experian will allow us to access their credit-rating data and this information will enable us to segment customers into discrete groups; tailoring corresponding communications we send about their bills to recognise the different needs and preferences of these customer groups. It will also enable us to better predict where our customers are likely to fall into debt and therefore where we should focus appropriate support, in the form of targeted communications, advice and services. In addition, as Experian will enable us to influence customer credit ratings where they do not pay their water bill, this could encourage customers to take necessary steps to pay their outstanding balance; thereby reducing the debt that they might otherwise accrue.

### 3.2.4 Services we offer to support our customers facing financial vulnerability

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. During 2022, 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, fortnightly, or to a frequency that suits their specific needs. Having now explored the feasibility of these flexible payment options, we are in the process of implementation; with an expectation that we will be able to offer these services by the end of 2023 or early in 2024.

#### **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. During 2022, we explored ways to enhance the support we provide to customers in water poverty and, as part of this, implemented changes to effectively streamline the WaterSure renewal process. Following these changes, in cases where our customers are required to reapply for the WaterSure scheme, either annually or due to a change in circumstances, our enhanced process will ensure they have continued access to this valuable support while their application is processed. This not only provides critical financial support to our customers that are most in need but also helps to reduce the stress and emotional strain that these individuals might otherwise face.

#### **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 wastewater 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.

In line with its role as economic regulator of the water and



wastewater sector, Ofwat has actively considered the increasing levels of water poverty that have been observed during the cost-of-living crisis and, in this context, the steps that water and wastewater companies should take to provide effective support to their vulnerable customer base. To this end, in May 2022 Ofwat published new guidelines providing guidance to water companies around the role they should perform in supporting residential customers pay their bill, access help and repay debts. We are committed to ensuring the products and services we offer are fully aligned to the expectations of the regulator that were set out in these guidelines. As such, in developing new offerings during 2022, we have had regard to the specifics of these guidelines. The guidelines have attained increased prominence given Ofwat's proposals to implement a new customer-focused licence condition in early 2024 which would require our full and effective compliance with the provisions.



## 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: NUMBER OF COMPLAINTS IN 2022-23 – WRITTEN AND VERBAL

	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23
Customers	23,581	24,748	25,482	26,625	27,491	28,871	30,440	32,047	34,080	35,553	37,103	40,184
<b>Complaints</b>												
Verbal	4	1	2	2	5	3	0	4	6	0	2	6
Written	1	0	2	0	2	2	1	0	4	2	3	1

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 September 2022<sup>3</sup>, 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 2021-22, IWNL would have been the best performer in the industry for 2022-23. 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 and 2021-22 reporting years.

In this respect, in 2021-22 IWNL received the equivalent of 8.8 written complaints per 10,000 customers which placed us second in the league table when compared to incumbent water and wastewater companies; with only Hartlepool Water achieving a more favourable score of 5.8 written complaints per 10,000 customers. IWNL performance in 2022-23 also compares favourably to our own performance in 2021-22, with a reduction in the overall levels of complaints received, from 8.8 written complaints per 10,000 customers to 5.8; a 34% improvement in performance. These

improvements are of particular note when considered in the context of our performance in 2020-21 (the first year of the current price control period). In this year 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 sustained 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. In this respect, recognising the proportionately high number of customer complaints we received in 2020-21, over the course of 2021-22 we completed an 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 received and actively seeking the views of step change, CCW and customers themselves regarding the proposed design.

## 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 below presents our performance across both measures during the 2022-23 reporting year. It shows that we easily 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 a sustained improvement from 2020-21 where we missed our target of answering 90% of calls in 20 seconds for three months of the year.

<sup>3</sup> <https://www.ccw.org.uk/news/household-customer-complaints-report-published/>





FIGURE 2: PERFORMANCE ON TELEPHONY RESPONSE 2022-23

	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23
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%
% of webchats answered versus offered	100%	100%	100%	N/A	100%	98%	97%	97%	96%	99%	100%	99%
% of chats answered within 30 seconds	100%	100%	100%	N/A	99%	98%	97%	97%	96%	98%	99%	99%
Average wait time for chat to begin (seconds)	0	0	0	N/A	2	1	2	1	4	1	1	2

Meeting our ambitious targets on the quality of our customer telephony service 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 2022-23 demonstrating that the average inbound wait time to speak to an IWNL customer services advisor was 19 seconds, as compared with 43 seconds in 2021-22. Indeed, all our calls are answered by an advisor, which avoids the need for customers to choose from a series of options on an automated menu and 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. Figure 2 above also contains data regarding IWNL performance in responding to webchats, which is new for the 2022-23 customer statement. The data shows very high levels of performance from IWNL in effectively responding to webchat requests and responding quickly to these; with performance consistently above 96% over the entire 12-month period, and only falling to 96% for one month of the year. The average wait time for chats was 1.3 seconds over the entirety of this period. Unfortunately data on webchat performance is unavailable for July 2022 as IWNL switched customer platforms during this month and therefore does not have the data.

In the 2021-22 IWNL customer statement, we also committed to the implementation of SMS and / or WhatsApp as an additional communications channel, with the intent of enhancing customer service by offering a further way for individuals to receive a real time response to any enquiries that they might have. In 2022, we undertook a full assessment of the possible options available to implement this change and we are currently in the process of implementing the supporting technical arrangements which we expect to go live later this year.

We anticipate that this change will not only contribute to enhanced performance on telephony times as more customers will be able to choose to contact us via SMS / Whatsapp rather than over the phone, but will also further enhance overall levels of customer satisfaction. In this respect, research illustrates that customers have a high level of familiarity with SMS / Whatsapp and are more comfortable engaging with service providers through these channels. In turn, these improved comfort levels, enhance overall customer convenience by enabling individuals to get in touch with us wherever and whenever they want; rather than having to find a suitably quiet and / or private place to speak. Where easy communication with us is facilitated, any issues that our customers are experiencing are likely to be rectified that bit sooner, leading to an overall improvement in levels of the experience of our customers.

### 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 possible ways that we could measure our performance, but we are committed to the use of a measure that is objective and based on industry-leading thinking; and have adopted the same approach, in terms of the use of metrics that we used for the 2020-21 and 2021-22

IWNL customer statements.

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. We took the same approach in the 2021-22 IWNL customer statement, and have again mirrored this approach for 2022-23, using figures compiled from the two following sources of data.

- The final report from Accent regarding 'C-MeX and D-MeX' performance during the 2021-22 reporting year, which was published in September 2022<sup>4</sup>; and
- The CCW publication presenting data regarding 'Household customer written complaint handling by water companies, 1 April 2021 – 31 March 2022', 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.

FIGURE 3: CUSTOMER SATISFACTION PERFORMANCE 2022-23

Likelihood to recommend		Net Promoter Score (NPS)		Written complaints	
Company	Score	Company	NPS	Company	No. / % change
<b>IWNL</b>	<b>88</b>	<b>IWNL</b>	<b>62</b>	<b>IWNL</b>	<b>5.8 (-34%)</b>
Wessex Water	86	Wessex Water	54	Portsmouth Water	9.4 (-13%)
Portsmouth Water	84.4	Portsmouth Water	49	Wessex Water	9.6 (-32%)
South Staffs Water	83.7	Northumbrian Water	49	Bristol Water	11.2 (-38%)
Northumbrian Water	83.5	South West Water	46	South Staffs Water	12 (-21%)
Bristol Water	82.6	Bristol Water	41	SES Water	12.7 (-27%)
Welsh Water	80.5	Welsh Water	38	South East Water	12.9 (-27%)
United Utilities	79.4	United Utilities	36	Affinity Water	14.1 (14%)
Yorkshire Water	77.3	Yorkshire Water	30	Welsh Water	14.7 (-13%)
Anglian Water	76.9	Anglian Water	29	Hafren Dyfrdwy	15.1 (-25%)
Hafren Dyfrdwy	75.5	Hafren Dyfrdwy	27	South West Water	15.9 (-4%)
South West Water	74.9	Southern Water	22	Anglian Water	17 (-29%)
Severn Trent Water	74.8	Severn Trent Water	22	United Utilities	17.5 (-15%)
South East Water	72.2	South East Water	14	Yorkshire Water	21.4 (15%)
Affinity Water	71.8	Affinity Water	12	Severn Trent Water	22.6 (3%)
SES Water	70.6	SES Water	9	Northumbrian Water	39.7 (-1%)
Southern Water	63.7	South Staffs Water	-6	Southern Water	44.8 (56%)
Thames Water	60.2	Thames Water	-13	Thames Water	68.1 (0%)

Based on data compiled from the September 2022 Accent report and the October 2022 CCW report, Figure 3 above illustrates relative IWNL performance in 2022-23 as compared with incumbent performance on customer satisfaction in 2021-22. 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 2021-22; and

- an industry-leader in terms of complaints performance which represents a substantial improvement from our position as a bottom-quartile performer on complaints in 2020-21 and a further improvement from our position as the second-highest performer in 2021-22. As set out in section 3.3, we attribute this significant, and sustained, progress on performance to the complaints improvement programme we implemented in 2021-22.

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 and 2022-23; moving from the bottom

<sup>4</sup>[https://www.ofwat.gov.uk/wp-content/uploads/2022/09/2021-22\\_CMeX\\_DMeX\\_Report.pdf](https://www.ofwat.gov.uk/wp-content/uploads/2022/09/2021-22_CMeX_DMeX_Report.pdf)



quartile of performers in 2020-21 to the second highest performer in 2021-22 and the strongest performer in 2022-23.

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 the 2021-22 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

## 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”<sup>5</sup>. 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”<sup>6</sup>. In the 2022-23 regulatory reporting year, IWNL reported 12 unplanned outages across the network, but none of these exceeded the threshold of 24 hours set by Ofwat and therefore none would qualify as an unplanned outage under the Ofwat definition. The overall average duration of all 12 IWNL unscheduled outages was 11.6 hours. The main cause of these outages was a loss of supply to our last-mile network as a result of disruption on the upstream water network.

IWNL performance on unplanned outages in 2022-23 follows a similar trend to the performance we demonstrated in this area in 2020-21 and 2021-22. In this respect, 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, but neither of these exceeded 24 hours. In 2020-21, IWNL reported 20 unplanned outages across the network, affecting 387 customers. The biggest unplanned outage took place on 26 December 2020 and led to 337 customers losing supply and this outage was due to an Anglian burst main which affected an IWNL site. In effect, this means that unplanned outages on the IWNL network in 2020-21 affected only 50 customers (from a population of over 17,000) and none of these exceeded 24 hours.

Despite our good performance in 2022-23, 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 three years we have initiated discussions with incumbent water and wastewater companies about the potential to contract with them for standby emergency response services which we could call on to support the

this, in the 2022 IWNL customer statement, we committed to initiating a programme of community engagement to increase IWNL customer visibility and clarify our role in meeting their water and wastewater needs. During 2022-23 we have established a targeted programme of customer engagement that makes use of existing local community forums, such as local authority and housing association meetings as well as events that are held for residents of new housing developments. These events give customers the opportunity to communicate their needs in a friendly and relaxed environment. Further details regarding this initiative, and the outcomes observed, are presented in section 4.1.1.

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, 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, the IWNL drought plan was published in September 2021 and specifies that 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.

<sup>5</sup>PR19 Final determinations: Delivering outcomes for customers policy appendix

<sup>6</sup>Final reporting guidance for PR19 – supply interruptions



## 3.7 Guaranteed minimum standards of service payments for 2022-23

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. In 2019, the government and Ofwat updated the recommended payments and IWNL implemented corresponding revisions to our payments for the for the 2019-20 regulatory year; which remained in place for 2022-23. Figure 4 below outlines IWNL's 2022-23 performance figures and shows any associated penalty payments made. It highlights that there was one substantive instance in which we failed to meet the GSS and were therefore required to make substantive payments to our end customers. This was due to a loss of supply to our last-mile network, which took place on 26 December 2022 and led to 337 customers losing supply as a result of multiple bursts on the upstream Affinity Water network which were caused by cold weather.

FIGURE 4: GSS PAYMENTS 2022-23

Description of Standard		No. of Failures	Total Compensation Paid (£)
Keeping of appointments	Failure to provide notice in the required form	0	£0
	Failure to attend appointment	11	£500
	Failure to attend appointment during the time specified	0	£0
Complaints, account queries, and requests about payment arrangements	Failure to reply to a complaint or query within 10 working days	0	£0
	Failure to reply to a request to change payment arrangements within 5 working days	2	£40
Notice of supply interruption	Failure to provide at least 48 hours' notice of an interruption to supply	0	£0
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	0	£0
	Failure to restore supply within 48 hours of a leak or burst	0	£0
	Failure to restore supply within 12 hours	2	£51,960
Pressure standard	Failure to meet the pressure standard	0	£0
Flooding from sewers	Number of internal sewer flooding incidents	0	£0
	Number of external sewer flooding incidents	0	£0
Timing of payments	Penalty payments made	1	£50

## 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 2022-23 was 23.97 litres / connected plot / day (down from 24.68 litres / property / day in 2021-22 and slightly up from 23.56 litres / property / day in 2020-21). This compares with the industry average value reported by Discover Water for 2021-22 of 113 litres / property / day (down from 117 litres / property / day in 2020-21 and 112 litres /

property / day in 2019-20). The IWNL leakage number equates to 10.07% of the total volume of water entering the network (up from 7.73% in 2021-22 and 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.

In the 2021-2022 IWNL customer statement we outlined that we were in the process of installing data loggers on all incumbent bulk meters to 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. In 2022-23, we have continued to progress this programme of data logger installation and, as of 1st April 2023, 71% of properties connected to our network are covered by an IWNL logger. We have prioritised the installation programme to capture sites which have the most connected properties first and to sequentially move onto the connection of sites which are still largely in construction.



## 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 customer 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 (PCC) is the industry standard calculation of annual water consumption per person.

The 2022-23 IWNL weighted average PCC was 121.3 litres / person / day (compared with 130.6 litres / person / day in 2021-22). This compares favourably with the industry average of 145 litres / person / day in 2021-22; the three year average from April 2019 to March 2022 according to Discover Water. It also compares favourably to the respective industry average PCC for metered and unmetered customers of 134 litres and 174 litres / person / day in 2021-22. When looking at individual performance of incumbent companies in 2021-22, IWNL would have had the frontier industry performance for unmetered consumption, ahead of Bristol Water which had an average PCC of 146 litres / person / day for its unmetered customers. For metered consumption IWNL would have had the fourth lowest PCC behind Yorkshire, Severn Trent and South West Water which had respective PCCs of 111, 114 and 118 litres / person / day for their metered customers. IWNL also performed considerably better than the worst performing companies which, for metered consumption, was Bristol Water with 146 litres / person / day and, for unmetered consumption, was South West Water with 266 litres / person / day.

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.

## 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 2.73 in 2021; and compares with an average sampling rate of 2.69 in 2020. Internal IWNL data shows an equivalent figure of 13.40 sampling visits per 1,000 population in 2022; which is an increase on the figure of 10.97 and 9.99 visits per 1,000 population in 2021 and 2020 respectively. This can be attributed 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 wastewater 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 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 failure<sup>7</sup>.

## 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 wastewater elimination programmes at all sites and, by 2021, rates of landfill avoidance had improved to 75%;
- 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; and
- Currently exploring offsetting and insetting options for Scope 1 and 2 emissions.

<sup>7</sup> DWI Compliance Risk Index (CRI), August 2018



CUSTOMER STATEMENT

# Section four:

Transitioning from passive customer to active participant during 2020-25



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

As outlined above in section 2.4, every five years Ofwat completes an in-depth review to set the regulated prices that incumbent water and wastewater companies are permitted to charge for the coming five-year period. Prior to implementation of the current package of price control provisions, which took effect from April 2020 and will remain in force until March 2025, Ofwat published a document “Tapped in: From passive customer to active participant”. This document provides valuable guidance to water and wastewater companies in terms of the themes that they should consider when developing any programme of customer engagement that aims to facilitate the delivery of a high-quality customer service; and they have informed the development of the IWNL strategy in this regard. 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 have been steadily implementing since April 2020 to ensure effective delivery in line with each of the themes above.

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

Prior to implementation of the current price control, which took effect from April 2020 and will remain in force until March 2025, a number of the incumbent water and wastewater companies implemented high quality customer engagement strategies and these 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 inform the direction of our future work.

### **1. OUR PLANS ARE DRIVEN BY CUSTOMER PRIORITIES**

We seek to 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 open minded 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 have (since 2020), and will (for the rest of the remaining price control period) progress our future programme of customer engagement. It is within this context that we have developed, and initiated the implementation of, our targeted customer engagement strategy. We have assessed our approach from multiple perspectives and identified the various components that we believe it should comprise. The following sections present the discrete elements of the strategy that we begun to implement and will continue to roll out in the remaining years of the current price control period.

- 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; and
- Finally, it describes our proposals to facilitate customer behaviour change.

#### 4.1.1 Proactive customer engagement

In the 2021-22 IWNL customer statement we committed to complement our regular review of customer information attained via day-to-day engagement (detailed above in section 1.2), with a programme of proactive customer engagement to facilitate the co-creation of future products and services with our key stakeholders; our customers. In developing this programme of work we sought to take into

account the wealth of data available regarding emerging best practice in customer engagement as well as feedback from our customers on how they would like us to engage more effectively with them.

In this respect, we acknowledged the customer feedback received during 2021-22 which highlighted that any low NPS or 'likelihood to recommend' 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 the 2022 IWNL customer statement, we committed to initiating a programme of community engagement to increase IWNL customer visibility and clarify our role in meeting their water and wastewater needs. Over the course of 2022-23 we have therefore established a targeted programme of customer engagement that makes use of existing local community forums, such as local authority and housing association meetings as well as events that are held for residents of new housing developments. These events give customers the opportunity to communicate their needs to us, in a friendly and relaxed environment. We have used these events to not only increase our profile in the local communities we serve and better integrate ourselves within them, but also to better understand the individuals that comprise our customer base, particularly those customers who we might not have engaged with previously.

While our performance, in terms of the results we attained for customer satisfaction in 2021-22 (discussed above in section 3.5), indicate positive improvements in customer experiences in the past year, we recognise that this is only a snapshot in time and may not be fully representative of customer perceptions. As such, we fully acknowledge that there is scope for us to do more. In this respect, in 2023-24 we are intending to develop our surveying functionality through further enhancement of our customer systems. To this end, we have plans to develop a programme that will proactively survey customers who have not recently contacted us, to ask for feedback on specific services we provide. This will complement the feedback we gain from our day-to-day interactions, enabling us to broaden our information and improve our services for everyone.

A particular lesson that we 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 we serve. Our expectation is that this will help to facilitate the delivery of customer services that more effectively meet the expectations of the individuals that comprise our overall customer base. As outlined above in section 3.2.3 we are in the process of integrating our processes with the Experian database which will help to improve our ability to create tailored communication journeys for different customer groups. In this respect, we will use Experian credit-rating data to segment customers into discrete groups; tailoring corresponding communications we send about their bills to recognise the different needs and preferences of these customer groups. It will also enable us to better predict where our customers are likely to fall into debt and therefore where we should focus appropriate support, in the form of targeted communications, advice and services.

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 drought levels in their area; and the second serving as an incident portal providing 'live' progress updates to our customers. Further information on both of these initiatives is presented in Section 5 of the 2021-22 IWNL customer statement.

## 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 wastewater issues. Despite this, we suspect that where customers have a better understanding of water and wastewater 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 recently led the development and submission of an Independent Network Association (INA) application to the Water Discovery Challenge; a new tier of innovation funding made available by Ofwat for the remaining three years of the current price control (2022-25). The aim of the proposed project is to develop an innovative multi-utility application (app) that allows customers to view their water and energy usage in real time, via their phone / tablet. This will provide the customer with insight on their overall utility use and associated costs to enable them to make more informed consumption decisions. The app will utilise connectivity from gas, electricity and water smart meters, building on the mandated roll out in energy and informing future decisions on the role of smart meters in water. Educational aids will also be supplied to further support customer decision-making.

A key driver of the project was a recognition that in recent years, studies have highlighted the limited awareness customers have regarding their water consumption which, in the interests of affordability, water scarcity and the natural environment, should be addressed as a priority. Customer understanding of the costs associated with their water use, and the impact that increased consumption can have on gas and electricity bills, is also limited. Providing customers with greater visibility of their water consumption and how this impacts their energy use, via an easy-to-use app that brings the information together in one place, could facilitate more informed choices about future consumption. This could improve water efficiency and, in turn, enhance affordability during the cost-of-living crisis.

The proposed multi-utility app would help to address this limited awareness by providing customers with tools that allow them to understand, in real time, how much water everyday tasks use, and how much this costs. We are aware that Ofwat received a significant volume of applications for funding under the water discovery challenge but are optimistic that the INA could be successfully shortlisted as finalists for round 2 of the process. If this is not the case, we intend to explore alternative funding options as we consider this project could have real value in terms of enhancing customer awareness of their water consumption.

## 4.1.3. Expanding IWNL product and service offerings

A key theme of our proactive customer engagement has been to better understand customer views on alternative products and services that IWNL could offer. Where possible, we have sought 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. rainwater harvesting.

In addition, we would be keen to understand the priority that customers attach to IWNL engagement in further water and wastewater projects. In this respect, the government has announced the introduction of Schedule 3 of the Flood and Water Management Act 2010, whereby sustainable drainage solutions (SuDS) are in the process of being made mandatory for all new developments. As well as protecting areas from surface water flooding, SuDS also improve the aesthetics of a new development and contribute to enhanced biodiversity in the area. We would appreciate any feedback that either our end user or developer customers have on this matter.

## 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 have sought to explore the willingness of our customers to engage in schemes focused on improving the local and / or national water environment. This has highlighted a clear desire on behalf of our customers to understand the kinds of steps that they could take to engage in water efficiency programmes and embed the required behavioural change to ensuring that the benefits from these kinds of initiatives are enduring. This was one of the key factors in influencing our leadership of, and input to, the INA application for innovation funding under the Ofwat Water discovery challenge.

We are committed to supporting any initiatives that facilitate sustainability and deliver enhanced environmental outcomes. Linked to this, we are continuing our work with developers to explore the potential for them to install more water efficient fixtures and fittings as part of the homes they construct and to take advantage of the environmental incentives that incumbent water and wastewater companies are increasingly offering. 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.

Over the course of 2022-23 we have also continued to work with Affinity Water and others under the guise of the partnership established to support the 2021 Water Breakthrough challenge project: Water Neutrality at NAV sites which was successful in receiving funding via the Ofwat innovation competition. The project 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.

