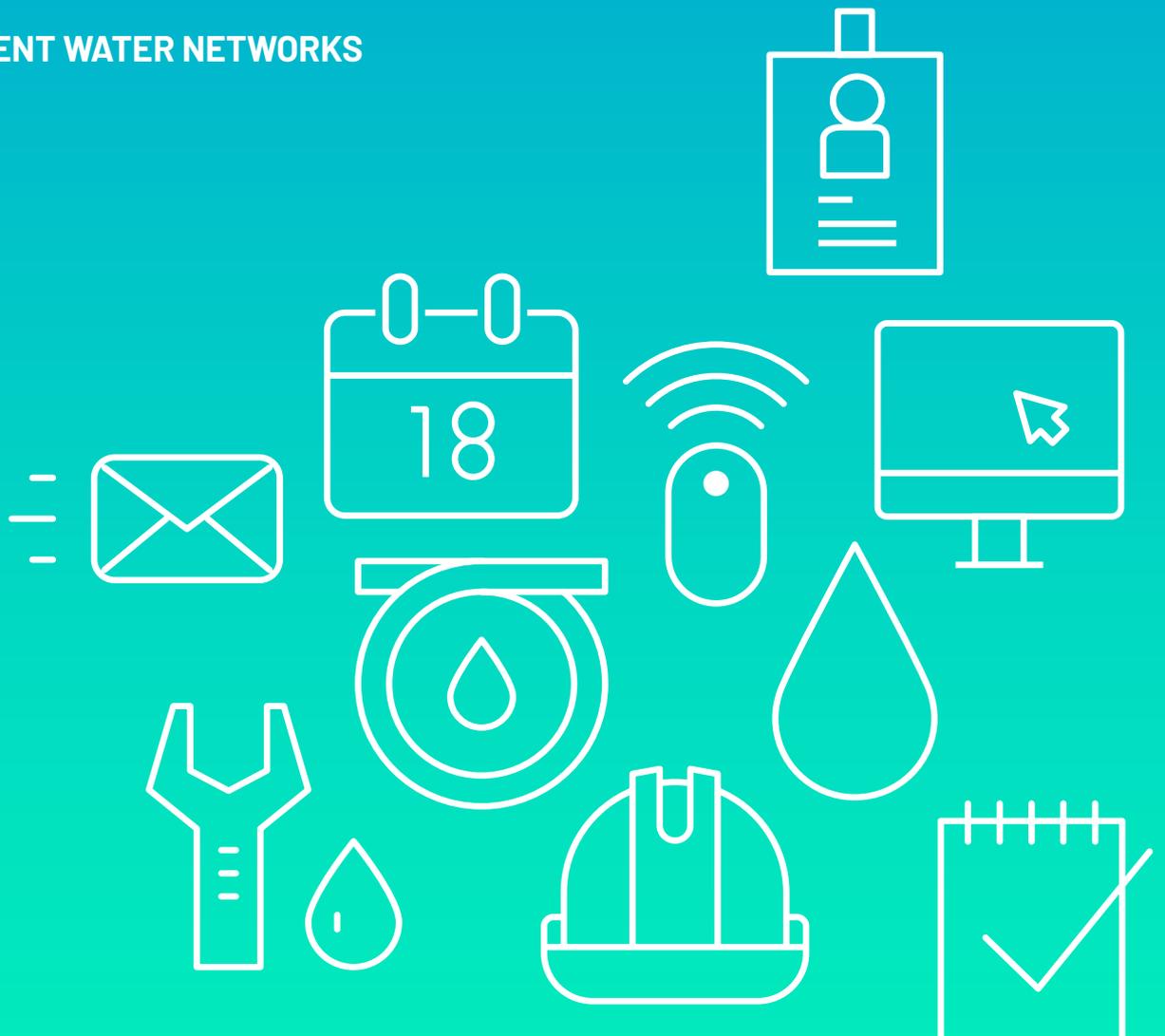




Customer Statement 2024

INDEPENDENT WATER NETWORKS



Executive Summary

Meeting the needs of our customers is our number one priority. The competitive developer services market incorporates inherent incentives to prioritise the needs of both our end- and developer-customers. In this respect, if we are unable to provide a superior service compared with our competitors, developer customers can 'vote with their feet' and choose alternative infrastructure providers in the future. Equally, if we fail to provide a good service to our end customers, the subsequent reputational impacts will compromise our industry standing, and impact our ability to secure future developer contracts.

A full understanding of the expectations and needs of our customer base is a prerequisite for the provision of an exceptional IWNL customer experience. Recognising this, the suite of products we offer to developers and end customers are shaped by insights we attain from our engagement.

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.

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 incumbent water companies, who previously had sole responsibility for the provision of water and wastewater services, as a proxy for our own, and offering reductions via direct debit, e-billing and volume discounts. We also keep our vulnerable customer strategy under continual review to ensure we are well-placed to provide the best possible support to those customers experiencing acute hardship in their day-to-day lives.
- Providing an excellent level of customer service and timely responses to complaints.
- Providing reliable and resilient water and wastewater services, with unplanned outages largely attributable to issues on the upstream incumbent network.
- Actively exploring options to conserve water and protect the environment e.g. maintaining low levels of leakage and reviewing the scope for customer behaviour change via innovation in both technology and engagement methods.

Our future focus

Our developer and end-customers are our number one priority, and we strive to exceed their expectations wherever we can. We regularly assess the services we provide and look for opportunities to enhance the experience of both customer groups. While day-to-day interactions continue to be our primary source of end-customer insight, we are currently implementing change to enable more proactive engagement. In particular, we are seeking to better integrate IWNL with local communities by increasing our presence at resident's events. We are also establishing further communication channels; both to allow our customers to get in touch in ways that are convenient to them, and to enable us to proactively seek their views e.g. via surveys. This engagement provides valuable insights into our end-customer needs and informs the shape of the services we offer to them. We recognise that improvements in customer service are being made in other industries and seek to replicate 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 2023-24 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 2023-24
 - 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 during 2020 - 25**
 - 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

The competitive developer services market incorporates inherent incentives to prioritise the needs and preferences of both our end- and developer-customers. In this respect, if we are unable to provide a superior service to our developer customers, compared to our competitors, they can 'vote with their feet' and choose alternative infrastructure providers in the future.

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 infrastructure and good standards of customer service, is critical to future IWNL business growth. As such, if we fail to provide a good service to our end customers, the subsequent reputational impacts will compromise our industry standing, with corresponding impacts on our ability to secure future contracts. We are also very aware of the importance of delivering a high-quality 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.

For all these reasons our customers are our number one priority and we put considerations of their needs at the heart of the way we run our business. While the drivers of this focus may differ for different customer groups, the delivery of an exceptional service to every customer will always be our top priority. Fully understanding customer needs, expectations, and preferences is a prerequisite for the provision of a superior customer experience; 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 scale¹, 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. While initially our efforts in this area were focused on making use of the information that we were able to glean from customers via day-to-day interactions, as we have continued to grow, we are beginning to initiate further proactive engagement. In particular, we are seeking to better integrate IWNL with local communities by increasing our presence at resident's events. We are also establishing further communication channels, both to allow our customers to get in touch in ways that are convenient to them and to enable us to proactively seek their views e.g. via surveys. These initiatives have enabled us to get closer to our customers and more fully understand their needs and expectations around the service we provide.

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.

¹ 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 wastewater 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 economic regulator of water and wastewater companies (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 to ensure that the costs that end users face are not excessive; and reflect the cost profile faced by incumbent water and wastewater providers. 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 can operate effectively.

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

1. The Environment Agency 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) 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) 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 48,000 discrete networks serving more than 3 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 who deliver new build premises; and second, on 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 refer 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 goal is to 'be a customer champion' and provide an exceptional experience that surpasses the service a customer would have received from a competing water company. As a result, we 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, dispersed customer base than incumbent competitors, we have to date had limited opportunities to proactively engage our end customers to better understand their needs and preferences. However, we have always recognised the value of using customer insights to shape a service that ultimately meets their needs. While historically this involved the use of insights from our day-to-day interactions with end customers, as we continue to grow, we are beginning to initiate further proactive engagement. In particular, we are seeking to better integrate IWNL within local communities by increasing our presence at resident's events. We are also establishing further communication channels; both to allow our customers to get in touch in ways that are convenient to them and to enable us to proactively seek their views e.g. via surveys. These initiatives have

enabled us to get closer to our customers and more fully understand their needs and expectations around the service we provide.

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 have established the ability to survey our customer base via upgrades to our existing systems; this helps to ensure that our customers still have a voice, even if they are unable to attend our face-to-face events. This, and the work that we have been progressing with Experian, will also allow us to complete a more effective segmentation of our customer population; enabling us to develop tailored customer journeys, particularly for our vulnerable customer groups that may need extra help. We are cognisant of the challenges faced by customers in vulnerable circumstances; and are seeking 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 and will be supported by our associated vulnerable customer strategy which we made available from the IWNL website in the Autumn of 2023.

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 decisions with respect to the most efficient way to operate and maintain 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 IWNL and customers will become more common.



2.2 Developer Services Customers

The evolving competitive conditions in the developer services market, effectively empowers developer customers by giving them a choice about the water and / or wastewater provider they appoint to supply required network infrastructure and services to end customers moving into new properties. These natural market forces place significant and enhanced incentives on IWNL, as a NAV, to deliver high quality services to our developer customers 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; maintaining 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 several projects across the country; giving them certainty about the working practices that will be deployed 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 can influence our relationship with incumbents, not only through our day-to-day interactions, but also through a survey known as the Developer measure of Experience (D-MeX). Both avenues provide ways for us to seek to improve the incumbent services that we receive so

that we can, in turn, provide better services to our own customers.

In the future, we envisage that innovative operating and contractual arrangements could emerge that facilitate the provision of demand side services from NAVs to incumbents. 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 wastewater 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 levels of satisfaction. However, two of the principles referred to incumbent-specific issues so we have 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 are to:

- Provide an exceptional customer experience that surpasses the service received by customers of incumbent water companies.
- Deliver outcomes that customers value at a price they are willing to pay.
- Engage our customers to achieve the right outcomes at the right time and price.
- Meet customer needs through both our planning and day-to-day service delivery.
- Take responsibility for engaging customers and demonstrate that it is done well; and,
- Acknowledge, and ensure, that engagement reflects individual circumstances.



CUSTOMER STATEMENT

Section three:

Our 2023-24 service performance



3. Our 2023-24 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. We are aware that the comparisons presented in this section are based on data from different operational years (namely IWNL data for 2023-24 and incumbent data from 2022-23), but we are utilising the most recent publicly available incumbent data.

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 2023-24 by:

- Continuing to use incumbent price points as a proxy for IWNL 2023-24 retail charges.
- Retaining a household customer Direct Debit discount of £3.00 per annum in 2023-24.
- Retaining a household customer e-billing discount of £1.50 per annum in 2023-24.
- Retaining a 2.5% water volumetric discount for household customers in 2023-24.
- Continuing to use Ofwat recommended Guaranteed Standards of Service payments.

We continued to play an active role in the Ofwat-led bulk supply working groups, which were convened to review the arrangements that incumbents use to charge NAVs for the provision of bulk water and wastewater services. While, over the past few years, 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 recognise that Ofwat plans to reinvigorate this group in 2024-25 and remain optimistic that there is substantial scope for improvement. We will therefore continue to engage in the 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, which 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 that accompany this, we are seeking to wholeheartedly embrace the challenge. In this vein, early in the 2023-24 regulatory year, the IWNL retail team worked hard to develop, and implement the provisions of, our [vulnerable customer strategy](#); which we made available from the IWNL website in the Autumn of 2023.

We have also become increasingly aware of emerging best practice, applicable within utilities as well as more broadly across other industries; specifically in terms of standards related to consumer vulnerability and inclusive services. In this respect, in 2022 the International Organisation for Standardisation (ISO) established ISO 22458:2022 'Consumer vulnerability' which specifies requirements and guidelines for the design and delivery of inclusive services at all stages of delivery. We are currently working through an action plan to attain accreditation under ISO 22458 and expect this to be achieved by the end of 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 that:

- uses medical equipment and is reliant upon electricity or water.
- undertakes dialysis treatment at their property.
- is blind or partially sighted.
- is deaf or hard of hearing.
- has loss or impairment of smell.
- has a disability (including mental health), or who is chronically ill.
- needs documents to be translated into another format or language.
- lives with children under five.
- has restricted movement.
- is of pensionable age.
- has dementia.
- has mental health concerns.
- is experiencing financial hardship.
- is isolated geographically.
- temporarily needs extra support.

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 cost-of-living and energy crises; both 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. As outlined previously in this section, we also developed an external-facing copy of our vulnerable customer strategy, which we posted onto the IWNL website in Autumn 2023.

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 vulnerability² and, for each condition, presents:

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

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

We are also conscious that our duty of care in supporting our customers extends not only to the time that they continue to be our customers but also to supporting their transition to alternative water and wastewater companies in the future. To this end, where a customer that is on a 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, we expect all of the customers that we acquire to register with us, which provides a valuable opportunity to attain insights regarding the individual circumstances of each 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 each 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, such as talking bills (over the phone); braille bills and documents; large

² The conditions that may place people in vulnerable situations which we are 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.



print bills and documents; text-direct; translated bills; and nominee services.

In 2023-2024 we also progressed the following initiatives which were focused on enhancing and better targeting the services that we are able to offer to our vulnerable customers.

- **Partnered with Scope:** We established a partnership with the charity Scope to help us to better understand the needs of our vulnerable customers and the extra help that some of our customers require. Within this context, our customer service advisors will receive targeted training to ensure that they fully understand the individual circumstances which could indicate that certain end customers may benefit from an offer of accessible services. We anticipate that the partnership will also help us to identify vulnerable customers that may be able / willing to participate in research projects and, aligned to this, we intend to work with Scope to conduct a lived experience panel later in 2024.
- **Recite Me:** We also installed Recite Me assistive technology on the IWNL website, with the intent of further enhancing our overall levels of accessibility and 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 disabilities, situational challenges, and language needs, including the following tools.
- **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 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 currently working to integrate our processes with the Experian database which will help to improve our ability to create tailored communication journeys for different groups of customers facing financial vulnerability. The contract we have established with Experian will allow us to access customer credit-rating data and this information will enable us to segment individuals into discrete groups with shared characteristics. This information will be invaluable in enabling us to tailor the corresponding communications we send to customers about their bills, recognising the different needs and preferences of these discrete groups. Access to Experian data 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, Experian will enable us to influence customer credit ratings where they do not pay their water bill, and this could encourage customers to take necessary steps to pay their outstanding balances; thereby reducing the debt that they might otherwise accrue.

3.2.4 Services we offer to support our customers facing financial vulnerability

In late 2023 / early 2024 a suite of enhancements to the Customer Relationship Management (CRM) system were introduced, which greatly improved the service we can provide to our customers. These improvements were introduced after attending a series of collaborative workshops hosted by CCW to discuss the Paying Fair Guidelines, where best practice concepts and ideas were openly discussed. As a result of these changes, we can now do the following.

- Ask customers to provide an actual meter reading, enabling us to instantaneously give them an updated account balance and the option to settle their bill at the same time. This billing functionality was introduced with the aim of helping customers who do not have a regular income and who may receive their payments in irregular patterns, such as gig economy workers.
- Agree weekly and fortnightly customer payment plans. This is facilitated by a more granular assessment of their spending which informs a mutually agreeable weekly payment pattern that will help the customer to manage their finances. Updates to the system also allow for direct debits to be scheduled on a weekly or fortnightly basis; and similar provisions to be implemented for payments via credit or debit card.
- Introduced an online income and expenditure assessment form, that is aligned to the Money and Pensions Advice Standard Financial statement format. This allows customers to complete an income and expenditure assessment in their own environment, reducing potential time pressures they may feel when on the phone to a customer service advisor.
- Introduced improved functionality for nominating third party account management which, for example, facilitates a straightforward transition to power of attorney account management.



In addition to the suite of enhancements we introduced in 2023-24, we also continue to offer the following products and services to our customers facing financial vulnerability; these are intended to alleviate the impacts of, and stress associated with, water poverty.

- **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. As outlined in our 2022-23 annual report, in 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.** We will match the social tariff offered by the incumbent water company operating in a given area where a customer requests this.

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 align to, and where possible surpass, the expectations of the regulator that were set out in these guidelines. As such, in developing new offerings during 2023-24, we have had regard to the potential interactions they may have with these guidelines. We recently completed a second internal assessment of our compliance with these guidelines, which demonstrated full IWNL compliance, and in many areas, we surpassed the expectations set out by Ofwat. We have since presented these findings to Ofwat.

By working with partners in the industry, such as CCW, we have a strong track record of innovation and adopting best practices that have been proven to be effective. As outlined above in Section 3.2.3, we are currently working to integrate our processes with the Experian database which will help to improve our ability to create tailored communication journeys for different groups of customers facing financial vulnerability. Access to customer credit-rating data will enable us to segment individuals into discrete groups with shared characteristics and support our efforts to tailor communications that we send to customers about their bills. 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.



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.

In our 2022-23 report we presented data on customer complaints compared against equivalent disaggregated data regarding incumbent performance in this area. However, as the incumbents no longer publish their complaints data in this format, we no longer have access to details regarding the proportion of written versus verbal complaints that they received. Despite this, we have continued to disaggregate the reporting of our complaints data as we believe this offers the most transparency as well as providing consistency of reporting.

As shown in Figure 1 below, there has been a slight increase in the number of complaints received by IWNL in the 2023-24 reporting year, but this should be considered within the context that, between March 2023 and March 2024, IWNL customer numbers rose from 40,000 to 73,000. Given that IWNL customer numbers have almost doubled during this period, we think the figures reflect the maintenance of high standards of performance in 2023-24. However, we will continue to strive to improve these numbers in the future.

FIGURE 1: NUMBER OF COMPLAINTS IN 2023-24 AND 2022-23 – WRITTEN AND VERBAL

	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24
Customers	43,000	45,000	49,000	51,000	54,000	56,000	59,000	62,000	65,000	66,000	70,000	73,000
Complaints												
Verbal	7	8	2	4	2	9	8	14	8	8	12	13
Written	2	4	1	5	3	0	2	13	4	5	7	6

	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
Complaints												
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

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 2023-24 reporting year. It shows that we mostly 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.



FIGURE 2: PERFORMANCE ON TELEPHONY AND WEBCHAT RESPONSE 2023-24

	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24
Percentage of calls answered (target >=97%)	99%	99%	99%	99%	99%	97%	97%	94%	97%	98%	99%	99%
Percentage of calls answered in 20 seconds (target >=90%)	96%	98%	98%	97%	97%	84%	81%	70%	83%	93%	93%	92%
% of webchats answered versus offered	100%	100%	100%	100%	99%	99%	100%	100%	100%	95%	100%	99%
% of chats answered within 30 seconds	99%	100%	100%	100%	99%	99%	100%	99%	100%	95%	100%	99%
Average wait time for chat to begin (seconds)	2	1	1	1	4	2	1	2	1	1	1	1

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; and data from 2023-24 demonstrates that the average inbound wait time to speak to an IWNL customer services advisor was 22 seconds, as compared with 21 seconds in 2022-23. 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. This helps 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. The data shows very high levels of performance from IWNL in effectively responding to webchat requests and responding quickly to these; with performance consistently at or above 95% over the entire 12-month period, and only falling to 95% for one month of the year. The average wait time for chats was 1 second over the entirety of this period.

In the 2022-23 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 2023, 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. 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 customer satisfaction.

We have sought to improve the means by which customers can contact us, so that they can feel empowered to tell us what is important to them. Our plans are driven by customers priorities, so we aim to actively listen and respond to their views. This is why we work with our customers, and charities, to understand the best way to communicate information in a way that suits them. This is particularly important as we, and all other Water Companies, are obliged to work within the parameters of a new Customer Focused licenced condition that has been introduced by Ofwat.

We have made several additions to our ways of working and website as a means to improve our customer service. For example, we have added a 'Contact Us' link to our IWNL homepage, to ensure that our customers can quickly and easily reach us when they want/need to. Our contact channels include post, phone, live chat and webforms.

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.

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 have mirrored this



approach in subsequent years and in 2023-24 have compiled data from the two following sources.

- The final report from Accent regarding 'C-MeX and D-MeX' performance during the 2022-23 reporting year, which was published in September 2023³; and
- The CCW publication presenting data regarding 'Household customer written complaint handling by water companies, 1 April 2022 – 31 March 2023', 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.

Based on data compiled from the September 2023 Accent report and the October 2023 CCW report, Figure 3 below illustrates relative IWNL performance in 2023-24 as compared with incumbent performance on customer satisfaction in 2022-23. 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, the following conclusions can be drawn.

- We are the second highest performer in the industry as measured by the NPS, which follows industry-leading performance on the NPS in 2022-23.
- We are on the margins of upper quartile performance on the likelihood to recommend measure, which shows a slight decrease in our relative performance, as compared with incumbents, in 2023-24. In 2022-23 we led industry performance on this measure
- We are an upper quartile performer in terms of complaints, which shows a slight decrease in our relative performance, as compared with incumbents, in 2023-24. In 2022-23 we led industry performance on this measure.

FIGURE 3: CUSTOMER SATISFACTION PERFORMANCE 2022-23/ 2023-2024

Likelihood to recommend		Net Promoter Score (NPS)		Written complaints	
Company	Score	Company	NPS	Company	No. / % change
Portsmouth Water	84.7	Wessex Water	47	Wessex Water	21.57
Wessex Water	84.1	IWNL	46	Portsmouth Water	22.62
Northumbrian Water	81.5	Portsmouth Water	46	Bristol Water	23.94
Bristol Water	81.4	Welsh Water	42	IWNL	26.26
IWNL	80.75	Northumbrian Water	41	South Staffs Water	27.68
Welsh Water	80.7	Bristol Water	38	Hafren Dyfrdwy	29.91
United Utilities	78.9	United Utilities	34	Affinity Water	30.49
Anglian Water	77.4	Anglian Water	30	Severn Trent Water	31.85
Hafren Dyfrdwy	77.3	Hafren Dyfrdwy	30	Northumbrian Water	36.51
Yorkshire Water	77.1	Yorkshire Water	29	SES Water	41.02
South Staffs Water	74.1	South Staffs Water	19	Anglian Water	42.93
Severn Trent Water	73.1	Severn Trent Water	17	Welsh Water	49.88
South West Water	72.5	SES Water	13	United Utilities	51.03
SES Water	71.5	South West Water	13	South East Water	57.19
Affinity Water	68.5	Affinity Water	5	South West Water	76.10
South East Water	66.9	South East Water	1	Yorkshire Water	102.81
Southern Water	61.6	Southern Water	-12	Thames Water	127.72
Thames Water	57.3	Thames Water	-21	Southern Water	227.52

We are pleased with our continued industry-leading performance on the NPS as well as our strong performance on likelihood to recommend and levels of customer complaints. Of course, we recognise the importance of continuing to deliver an exceptional customer experience and therefore continually seek to understand whether there are any areas of our performance where there is scope for further improvement.

³<https://www.ofwat.gov.uk/wp-content/uploads/2023/09/Accent-22-23-Annual-Report-Final.pdf>



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”⁴. 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”⁵.

In the 2023-24 regulatory reporting year, IWNL reported 25 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 25 IWNL unscheduled outages was 6.3 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.

Indeed, 61% of all our incidents were caused by upstream faults, while 84% of all minutes IWNL customers had without water were as a result of upstream failures. IWNL performance on unplanned outages in 2023-24 follows a similar trend to the performance we demonstrated in this area in 2021-22 and 2022-23. The longest unplanned outage occurred on 16th December 2023 and led to 216 plots losing supply for 11 hours due to a burst main on the Severn Trent water network which supplied the IWNL site.

For comparison, 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.

Despite our good performance in 2023-24, 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 few 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 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 five incumbents, have imminent agreements with three others that are not yet live, 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 provide all of our customers with 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 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 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.

⁴ PR19 Final determinations: Delivering outcomes for customers policy appendix.

⁵ Final reporting guidance for PR19 – supply interruptions



3.7 Guaranteed minimum standards of service payments for 2023-24.

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 2023-24. Figure 4 below outlines IWNL's 2023-24 performance figures and shows any associated penalty payments that were made to end customers.

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	6	£160
	Failure to attend appointment during the time specified	5	£110
Complaints, account queries, and requests about payment arrangements	Failure to reply to a complaint or query within 10 working days	3	£140
	Failure to reply to a request to change payment arrangements within 5 working days	0	£0
Notice of supply interruption	Failure to provide at least 48 hours' notice of an interruption to supply	53	£1590
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	7	£240
Pressure standard	Failure to meet the pressure standard	1	£30
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	0	£0

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 2023-24 was 12.98 litres / connected plot / day, which is down from 2022-23 where the average was 23.97 litres / connected plot / day. Care should be taken when directly comparing these figures given that the methodology

for calculating leakage figures has been amended for the 2023-24 reporting year. However, we are of the view that this new approach more accurately represents levels of leakage from the IWNL network. The 2023-24 IWNL leakage figure of 12.98 litres / connected plot / day compares with the industry average value reported by [Discover Water](#) for 2022-23 of 113 litres / property / day (which is the same as the figure for 2021-22). The IWNL leakage number equates to 5.41% of the total volume of water entering the network (down from 10.07% in 2022-23). Care also 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 2023-24, we have continued to progress our programme of data logger installation and, as of 1st April 2024, 61% 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 (Per Capita Consumption (PCC)) is the industry standard calculation of annual water consumption per person and a key output measure for the water industry.

The 2023-24 IWNL weighted average PCC was 112.3 litres / person / day (compared with 121.3 litres / person / day in 2022-23). This compares favourably with the latest industry average of 146 litres / person / day in 2022-23, which reflects three-year average data from April 2020 to March 2023 according to [Discover Water](#). It also compares favourably to the respective industry average PCC for metered and unmetered customers of 126 litres and 177 litres / person / day in 2022-23. As outlined above with respect to leakage, we note that care should be taken when directly comparing the 2023-24 PCC figures with equivalent data on IWNL PCC performance in 2022-23 as the methodology for calculating PCC has been amended for the 2023-24 reporting year. Our view is that the new approach more accurately represents PCC on the IWNL network.

When looking at individual performance of incumbent companies in 2022-23, for metered consumption, IWNL would have had the third lowest PCC behind Yorkshire and Severn Trent, which had respective PCCs of 104 and 109 litres / person / day for their metered customers. IWNL also performed considerably better than the worst performing companies which, for metered consumption, was Portsmouth with 147 litres / person / day and, for unmetered consumption, was South West and Bournemouth with 310 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 in the process of 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 have been aiming to reduce PCC below the 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.

To this end, IWNL partnered with Affinity Water as part of the Ofwat innovation funded project, Water Neutrality at NAV Sites. The aim of the project was to create a water neutral housing development at IWNL's NAV site, Bidwell West, through minimising water usage at the new development site and offsetting the additional demand by reducing demand in Affinity Water's upstream network. A water saving, behavioural campaign was launched during which customers were encouraged to make a "water saving pledge", such as turning the tap off when brushing teeth or using a watering can instead of a hose for gardening, with

nearly half of all residents making one or more pledge. The analysis suggests a saving of 9.25 litres per property per day for those customers making pledges, whilst savings of 7.25 litres per property per day were seen for properties who did not make a pledge, which suggests that the campaigning was still a success regardless of whether customers made a pledge or not. IWNL will use this learning to help shape future water saving communication to customers. Furthermore, 1,000 smart meters will be installed on the development to ascertain the impact of upgrading to smart meters from AMR meters and to continue monitoring the impact of the campaign.

3.10 Water Quality

IWNL takes its obligations to maintain safe and high-quality drinking water 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 2.44 in 2022; and compares with an average sampling rate of 2.73 in 2021. Internal IWNL data shows an equivalent figure of 12.62 sampling visits per 1,000 population in 2023, with 8.05 sampling visits per 1,000 population in 2022. These can be set against the figures of 10.97 and 9.99 visits per 1,000 population in 2021 and 2020 respectively.

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.

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:

- We are committed to becoming net zero, with our ESG Report being publicly available on the BUUK website. This document can be found [here](#).
- Rates of landfill avoidance improved to 95% for 2023.
- All offices are on renewable contracts, as well as pumping stations and metered fibre cabinets. However, our heat centres are not currently on 100% renewable contracts.



- Our new Fleet policy is in place and number of fossil fuel cars are reducing. By the end of 2023, 47% of all company cars were Hybrid cars.
- We maintained our ISO14001 accreditation in 2023.
- We have an arrangement with Dell to collect end of life IT Assets; in 2023 we reduced Waste Electrical and Electronic Equipment by 900kg, with over 370 laptops and 17 tablets being sold for reuse.
- We have formed a partnership with OnHand, an App where users can complete pledges aimed at helping the community or environment. In 2023, over 1400 tasks were completed via the OnHand App.
- Our offsetting plans will be developed once we have reduced Scope 1 and Scope 2 emissions further. This is considered a last resort after all decarbonisation plans have reduced Scope 1 and 2 emissions.
- We have also produced two Environmental goals:
 - For our business operations to be Carbon net zero in respect of greenhouse gas emissions scopes 1 and 2 and those elements of scope 3 under our direct control by 2040.
 - For BUUK to be Carbon Net Zero in respect of all greenhouse gas emissions scopes 1,2 and 3 by 2050.

We are continuing our work towards:

- Implementing our drive to eliminate single use plastics in our supply chain, achieving a reduction of approximately 50 tonnes (or 50%) compared to our 2019 baseline; and
- developing an integrated Climate Change Adaptation plan.



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; and

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.

We note that in February 2024 Ofwat also implemented a customer-focused licence condition within the licences of all water and wastewater companies, including NAVs. We fully support this initiative; recognising the importance that all companies should attach to ensuring the services they offer meet the needs of their end customers, particularly given that water bills are only set to increase and become a bigger proportion of overall customer expenditure.

We actively engaged in the process of developing the customer-focused licence condition and therefore, when further evolving our customer service strategy over the past year, we have designed any changes with these principles in mind. In April 2024, we met with Ofwat to discuss our compliance with the principles of this new licence condition. To prepare for this meeting we diligently reviewed our performance on customer service, which demonstrated that we are performing far in excess of the minimum requirements, across all 6 principles of the Customer Licence condition. We are committed to maintaining exceptional performance in this area and therefore intend to routinely seek feedback from Ofwat on their perception of how we are doing.

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, and we have continued to refine this plan in light of the new customer-focused licence condition.



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. As part of the continued process of acknowledging and accommodating customer views in our business activities, we strive to achieve an ongoing, effective two-way dialogue.

We are committed to becoming increasingly more proactive in our customer engagement, with the aim of facilitating consistent improvement in our customer offerings. In this respect, we aim to run more focus groups in communities so that we can better understand the needs of our end customers. We have also adopted numerous customer 'listening paths' which direct our customer experience plans. Once implemented, we will track the success of our plans by monitoring these customer 'listening paths' over time. The knowledge gleaned from our customers can then be used to improve our approach to both current and future initiatives.

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 be continually seeking 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.

As outlined in the preceding bullet, we have created 'Customer Listening Paths' which enable us to utilise customer feedback to help inform the direction of our strategy and the areas in which we focus our efforts for improvement. Desired outcomes are facilitated via our customer experience improvement plans; and once implemented, we regularly monitor their progress to ensure that they remain focused on delivering enhanced services that secure customer benefits. We track our successes, as well as any failed initiatives; and use these as feedback to ensure our approach remains agile and adaptable.



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 seek to keep abreast of developments in the discipline of customer engagement; both from within, and outside of, the water industry. 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 will seek to remain openminded in considering the role of new techniques.

4. WE WILL SEEK FEEDBACK ON HOW WE ARE DOING

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

These four principles provide an overarching framework in which we 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 have 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

We have continued to establish 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.

We have also developed our ability to proactively survey our end users through further enhancement of our customer systems. To this end, we are currently developing a programme that will proactively survey customers who have not recently contacted us, to ask for their feedback on specific services we provide. This will complement the feedback we gain from our day-to-day interactions by securing insights on the views of those customers that we may not otherwise engage with during the normal course of our operations. This will ultimately enable us to broaden our understanding of our customer base as a whole and thereby improve the suitability of the services we offer to all our customers.

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 working to integrate 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 with shared characteristics, which will enable us to tailor corresponding communications we send about their bills to recognise the different needs and preferences of these customer groups. Access to Experian data 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. We have continued to maintain these portals and customer feedback has highlighted the value that they deliver to our end users.

4.1.2 Enhancing customer awareness

We recognise the importance of seeking to proactively engage all of our customers particularly as our customer base increases; but we recognise the difficulties this may present. 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 in early 2022 we led the development and submission of an Independent Network Association (INA) application to the Water Discovery Challenge; a 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 was 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. Our expectation was that this would provide the customer with insight on their overall utility use and associated costs to enable them to make more informed consumption decisions. Our proposal was that the app would 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 would also be supplied to further support customer decision-making.

The proposed multi-utility app would have helped to address the limited awareness customers have regarding their water consumption by providing customers with tools that allow them to understand, in real time, how much water everyday tasks use, and how much they cost. Unfortunately, however, we were unsuccessful in our application for the innovation programme funding, but we intend to continue to look at developing an app for our customers and for opportunities to apply for innovation funding in this area in the future. In this respect, we note Ofwat's proposals for the development of the Water efficiency fund (WEF) in 2025, which we fully support and intend to proactively participate in.

In 2023-2024 we also participated as a stakeholder in the Northumbrian Water innovation project titled "Support for All", which aims to introduce a cross sector platform to share data from respective company Priority Services Registers. We are aware of the value of initiatives such as this to optimise utility company knowledge of the extra needs that their vulnerable customer base may have while minimising the effort that these customers need to make to inform their providers; and will continue to engage in initiatives of this nature where we have the opportunity to do so.

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, complementing 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 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 ensure 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.

Environmental incentives are being brought in as income offset is being removed for developers from April 2025. This will be used to encourage developers to build homes that are much more water efficient than they have been previously. Some incumbents have decided to roll out their incentives from April 2024, so we are working closely with them to ensure the best results for our developer customers and end customers alike. To achieve this, we are working as part of Ofwat's 'Environmental Incentives Working Group' to develop a scheme of incentives that are fair for developers, incumbents and NAVs alike, so that we can all better protect the environment for customers today and in the future. We look forward to participating in Ofwat's consultation on Environmental Incentives when it is released later this year.

PROJECT ZERO

We have also continued our 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. Affinity 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.

We have had some success with Affinity Water on this water neutrality pilot scheme. Initial findings indicate that the amount of water used in the area fell from 246,000 litres daily to 238,000 litres, which left 8,000 litres more water in the environment each day than previously. Under the water saving, behavioural campaign customers were encouraged to make a "water saving pledge", such as turning the tap off when brushing teeth or using a watering

can instead of a hose for gardening; with nearly half of all residents making one or more pledge. The analysis suggests that a saving of 9.25 litres per property per day was achieved by those customers that made a pledge, whilst savings of 7.25 litres per property per day were seen for properties who did not make a pledge. This suggests that the behavioural campaigning was a success regardless of whether customers made a pledge or not. IWNL will use this learning to help shape future water saving communication to customers. Furthermore, 1,000 smart meters will be installed on the development to ascertain the impact of upgrading to smart meters from AMR meters and to continue monitoring the impact of the campaign.

While the original intent of the pilot was to compare the impact of behavioural change techniques in some locations with the addition of water saving devices in others, (and the combination of both approaches in some areas), so far only behaviour change techniques have been rolled out. This is due to stringent rules requiring high drinking water quality to be maintained which means that non-potable water cannot be supplied even for non-drinking use.

