

**SES Water**  
**Customer Scrutiny Panel (CSP)**  
**Thursday 16 July 2020**  
**Virtual meeting via MS Teams – from 10:00am**

**Present:** **Graham Hanson\* (Chair) (GH)**  
**Simon Bland\*, Reigate & Banstead Borough Council (Deputy Chair) (SB)**  
**Karen Gibbs\* Consumer Council for Water (KG)**  
**Tom Perry\* - Environment Agency (TP)**  
**Martin Hurst\*, Independent (MH)**  
**Chris Hoskins\*, Nutfield Conservation Society (CH)**  
**Amy England\*, Independent (AE)**  
**Janet Wright\*, Independent (JW)**  
**Helen Mouldsley\*, Independent (HM)**  
**Alison Thompson\*, Independent (AT)**

**Ian Cain – SES Water Chief Executive Officer (IC)**  
**Dan Lamb – SES Water Head of Retail Services (DL)**  
**Cat Holland – SES Water Head of Communications & minute taker (CaH)**  
**Alison Murphy – SES Water Water Strategy Manager (AM)**  
**Amanda Reynolds – external consultant (AR)**

**Apologies:**

**Deborah Jones\* - Citizens Advice Mole Valley (DJ)**  
**Jaime Ali\*, Independent (JA)**  
**Tom Kelly – SES Water Wholesale Director (TK)**  
**Paul Kerr – SES Water Chief Financial Officer (PK)**

**\*Denotes CSP member**

**The CSP held a private session before the main session of the meeting.**

The CSP Chair's summary of key areas of focus and action following the meeting are as follows:

- **Performance:** The CSP found the reporting detail on performance helpful and noted that there were positive outcomes in many areas, although COVID-19 had impacted on the key areas of per capita consumption (PCC) and leakage. The CSP highlighted that missing the PCC and leakage targets this year will present a particular reputational issue in light of the recent Public Accounts Committee report on water supply and demand which attracted a lot of media coverage. However, the CSP also agreed that SES Water had responded very positively and compassionately to the pandemic, particularly in its accelerated support of customers in financial hardship.
- **C-MeX/Customer Transformation programme:** The CSP noted the initial feedback on the first quarter C-MeX reporting, and that this still placed SES Water towards the low end of the water company league table. SES Water still gets very high customer

satisfaction with the water service generally, but this is offset by the experience received when customers need to contact the company. The update from Amanda Reynolds on the C-MeX improvement programme was therefore very well received, and the CSP was pleased to see the planned inclusion of the panel in the governance structure. The CSP also had a update on the Customer Transformation Programme, and again noted there was some impact of COVID-19, but progress continued, and particularly noted the positive feedback that Aptumo has gone live for the first time in the world at Coliban Water in Australia.

### **Chairman's welcome**

The apologies for absence were noted.

There were no new interests registered at the meeting but the register had been updated and circulated prior to the meeting.

Only summary notes of the shortened virtual CSP session in April were taken by the Chair – these have been published on the SES Water website.

GH welcomed two new CSP members – Amy England and Janet Wright – who both summarised their backgrounds and particular interests. Their biographies are available on the CSP page of the SES Water website.

Since the last session in April, the CSP has been reviewing its core role and focus now that the key role around PR19 has ended and before the PR24 process starts next year. The conclusion from this is that the panel wants to work with the Company to advise, challenge, support and provide a positive contribution from a customer perspective, particularly focused on three key areas:

- Customer service and transformation
- Social purpose
- Communications strategy

Various panel members have already met with DL and CH and GH will be following up with IC on social purpose.

### **Performance update – figures for Q1 2020/21**

IC began the session by giving some industry context around factors influencing performance and plans, in particular the response to COVID-19 which has been the key priority over recent months. In summary:

- The Company is striving to still meet all of its year one Business Plan performance commitments but recognises that this will be even more challenging now
- The per capita consumption (PCC) target will be very hard to meet due to various factors like more people being at home and having been unable to go into customers' homes during full lockdown. Activity continues though, including virtual home water

efficiency checks and supporting the national, 'Water's Worth Saving' campaign from Waterwise. Although demand is higher than average for the time of year, water resources are in a good position with groundwater remaining above average

- The leakage target will also be very challenging as the customer-side leakage activity has not been launched as intended and there is a backlog of outstanding jobs which has increased with less resource available. Nevertheless, there has been good progress on technological innovations to sustainably reduce leakage in the long-term and make the pipe network more intelligent
- Customers have been supported with a payment holiday that was quickly introduced (see below)
- The void properties figure is behind target as no field progress has been made due to the restrictions in place. Continued data cleansing is taking place as part of migration to the new billing system later this year
- A lot of operational activity has now re-started including re-planning the mains replacement programme, support to developers on site and reading internal meters where customers are happy to allow access into their homes
- The Company is examining the longer term financial resilience issues, as well as the shorter term effects, such as re-phasing the capital expenditure mains replacement programme
- Developer Services performance needs to be improved, especially now they have re-mobilised and are expecting the Company to do the same. Some escalated complaints have been received as a result
- The softening target is not currently being met due to the major ongoing investment project in Elmer Treatment Works. This is due for completion shortly and at that point softening performance is forecast to be back on track for the remainder of the year

DL gave a more detailed account of some of the key customer performance commitments. In summary:

- At 17,248 people enrolled, the Water Support Scheme target for 2021/22 has already been met (15,970) and is not far off the 2022/23 target (18,980). 4000 customers have joined the scheme since February, with around 2700 of those automatically qualifying as a result of taking a three-month payment holiday. The holiday was introduced within five days of lockdown starting and the Company is looking to embed a permanent 'breathing space' mechanism rather than stop the payment holiday option completely
- Awareness of the extra support on offer is at 37% which is lower than the target of 56.7%. This was always seen as a very challenging target and there will be more investment in understanding what more needs to be done to increase this
- 93.5% of people think the extra support on offer is helpful and this should be further supported with the launch of the 'Here for you' scheme sub-brand
- Only 7% of people believe their water bill is not good value for money and this is just behind the best ever performance of 6%

GH commented that missing the PCC and leakage targets this year will present a particular reputational issue in light of the recent Public Accounts Committee report on water supply and demand which attracted a lot of media coverage. GH also recognised the impact of

COVID-19 on these two areas and was pleased to hear from IC that the Board is very much focused on these areas as well.

***Action: SES Water to circulate Q1 performance commitment summary that was presented.***

MH asked if the Company is planning on adding and publicising any stretch targets in light of COVID-19, such as for the affordability measures? DL responded that it has never been the Company's position to stop when a target has been reached, for example with the Water Support Scheme which was shareholder funded for a number of years, and the Company is now providing the highest level of payment holiday support per 10,000 customers across the industry. IC added that the Business Plan is already enormously challenging in terms of both delivery and investment. There are also key challenges to come like successfully implementing the new billing system, which should not be underestimated. The preference would be to continue to try and deliver what has been promised rather than look like we have failed on going further than originally planned. MH responded that this would present an opportunity to enhance the Company's reputation and IC agreed but added that there is a difference between that and stating a revised target.

DL summarised the results of the quarter one household tracker survey, carried out as part of the new Voice of the Customer programme with Explain Market Research, which were provided in a new dashboard format.

DL added that the C-MeX quarter one results were expected the next day. Some early insight showed that the service score was slightly lower than normal, some of which is due to stopping various activities due to COVID-19. The experience and perception score is higher than previous quarters, largely due to the Company's response to COVID-19, including the additional financial support on offer.

GH added that the lower Net Promoter Score but high customer satisfaction provides a good opportunity to further promote the Company.

### **Progress on C-MeX delivery plan, including Customer Transformation Programme**

AR joined the Company five weeks ago to help accelerate the C-MeX improvement plans and she shared her initial findings with the meeting. In summary AR believes there is a real opportunity for the Company to be more customer-centric and she discussed the following areas:

- Key findings include the care that SES Water employees have for the community and ensuring that there is a reliable supply of high-quality water – passion for 'water always on'. There is also recognition that the Company is on a journey but there is a desire and appetite to further improve
- Data is available but fragmented and there is a lack of analyst capability to present insights and themes
- The C-MeX programme has a clear vision to: 'create a high performing customer-centric organisation by immersing ourselves in a customer orientated culture,

improving customer satisfaction and perception, a focus on right first time through insight-driven customer experiences that make SES Water a great brand'

- A number of 'C-MeX Solution Charters' have been drawn up based on the key issues that need addressing from the insights available. Examples include keeping customers informed, complaint handling, querying a high bill, low pressure, leak on a meter and listening to customers and follow-up on low scores
- There are five clear cross-business priorities which will help address customer dissatisfaction, right first time delivery, reduce complaints and reduce operating costs
- The perception hotspots that need addressing include apathy towards SES Water, demonstrating value for money and tackling water quality issues like hardness and taste
- A focus on governance of the programme, including increased CSP involvement going forwards

GH commented that it was a very helpful presentation and it was good to see the proposed increased CSP role in the programme and governance. GH also commented that the CSP would be interested in understanding how they will track progress on the five priority areas.

***Action: AR to identify appropriate reporting to the CSP on progress of the five priority areas.***

CH commented that there seemed to be a lot of reliance on technology which is not used by all customers. AR responded that part of the customer strategy and in particular the new CRM system is to build in customers' contact preferences. SMS and email provide great opportunities but contact should be tailored as required. DL added that during COVID-19 SMS has proven to be very effective, with a particularly positive response from those on the Priority Services Register but it always needs to be the right channel for the right need at the right time.

AT commented that AR had completed a lot of work in five weeks. She offered the support of the Environmental Scrutiny Panel as customers and the environment are so aligned and customer participation is needed in the strategy to provide deep engagement and trust.

KG asked which of the five cross-business priorities will have more of an immediate impact. AR responded that all five are important to being more customer-centric and each will have a different effect. For example, dealing with high bill queries in a better way will reduce a lot of repeat contacts and complaints. All are different to each other and will have different outcomes but all five are being tackled at the same time.

GH asked when there would be a further update and suggested a deepdive session at the appropriate time. AR responded that this should be possible at the end of August.

***Action: AR to propose some dates for the deepdive discussion.***

IC highlighted that AR's presentation had not yet been shared with the Board, illustrating that the CSP is very much trusted and part of this process, with GH and AT attending the next Board meeting in July where they will hear the discussions first-hand.

Following a dedicated CSP session the previous week, DL summarised the Customer Transformation Programme with two key messages:

- The programme is progressing well but not without challenges, such as the current data migration test cycle and ensuring that it becomes a robust and repeatable process to create high confidence of success at the point of go live
- The Aptumo solution has now gone live successfully with Coliban Water in Australia, the only other company in the world currently deploying it

**Action: DL to circulate customer letter templates for CSP review.**

### **Universal metering programme update**

AM presented a summary of the planned universal metering programme. This included:

- Ensuring that customers understand that they live in water-stressed area is key – they need to know that there is a problem to be fixed
- The commitments in the Business Plan are to reduce PCC by 7.3% and meter 90% of customers by 2025 (currently at 60%)
- Customer views on metering gained as part of the Business Plan development means the Company considers that universal metering will be accepted by most but implementation and support provided will be key
- The customer journey is being designed with participation from customers through a three-stage research approach, working with Explain Market Research. This includes identifying existing learnings, designing the approach through focus groups and 121 interviews and finally then testing the approach to gather quantitative feedback
- Meters are being fitted as part of the Raven Housing repatriation programme this year with the main programme starting to roll out in April 2021 in Tandridge
- The programme is being supported by a comprehensive communications and stakeholder engagement plan which is intended to promote SES Water's wider credentials, social purpose and contribution
- The customer research results will be shared with the CSP when available

GH asked for greater clarity on how long the period will be between having a meter fitted and when the customer is moved onto measured charges. AM responded that there will be a transition period but this is being defined as part of the customer research. Early switching will be encouraged though, with a bill comparison letter after three months. The enhanced optant metering programme had a switching rate of 25%. There is likely to be a delayed effect in seeing any consumption reduction until year three of this five-year period.

MH commented that it was a really good presentation and it was positive to see the Company planning to work with others as part of planning and delivery. He asked if any data had been gathered on large households living in low rateable value properties as it is likely they will not meet the eligibility thresholds for financial support but are likely to be much worse off. AM responded that more water efficiency advice and options will be available and

she is working with specialists in social housing to look at the data. The plan is also to proactively contact customers if it looks like there is a leak on their property.

AT commented that it is important to understand the need for the metering programme and it is not just about reducing bills. She queried that at the customer workshop she observed it sounded like there would be a two-year transition period? AM responded that this was Thames Water's transition period and was discussed as part of looking at different communication materials in the workshop. The feedback was that two years is too long and installing a meter is not enough to change behaviour, the associated information and support that goes with it is important.

KG said that she would expect CCW to be directly consulted on the programme and AM responded that this was in the plan.

CH commented that many customers will have large gardens which are important to them but are not necessarily well off so could be financially impacted. AM responded that it is possible to maintain a garden without using a lot of mains water and there are already a number of assistance options in place like discounted water butts and an allotments programme.

JW observed one of the customer workshops and said that people being unaware of being in a water-stressed region is an issue. JW also asked if any free water-saving devices will be offered? AM responded that this is already part of the water efficiency programme and the Company has the most comprehensive free pack in the industry. Fixing leaks on customer pipework is also carried out for free but there needs to be more national awareness of water-stress.

### **Social purpose**

IC outlined what the Company already does from a social purpose perspective but there is an appetite to do more and he gave some other industry examples including Bristol Water's 'Social Contract' and Severn Trent calling themselves, 'a socially purposeful company'. IC added that it is important for the Company to decide what is right for us; and the CSP, employees and customers need to be involved in the conversation.

IC added that the plan is to create a framework that feedback can be provided on and there is already a lot that can be included such as the Public Interest Commitments, diversity and inclusion, biodiversity and green recovery. Once the framework is ready, it will be shared more widely for comment at a workshop later in the year.

***Action: IC to propose a date for the social purpose workshop in September.***

GH said that the CSP would have an internal session ahead of the workshop to be better informed and make the best use of the time.

MH added that he is working as part of Sustainability First's 'Purpose of Utilities' and that B Corp certification is worth considering as it gives an external validation of what the Company is doing around social purpose.

**Any other business**

AT provided an update on the Environmental Scrutiny Panel (ESP) and ahead of the CSP meeting had shared the minutes of the previous ESP meeting, as well as an article in The Water Report about the new panel. She further emphasised the importance of the ESP and CSP working closely together, particularly as a key activity will be looking at the Company's longer term environmental strategy which will have customers at the heart.