

SES Water
Customer Scrutiny Panel (CSP)
Thursday 22 October 2020
Virtual meeting via MS Teams – from 10:00am

Present: **Graham Hanson* (Chair) (GH)**
 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: **Simon Bland*, Reigate & Banstead Borough Council (Deputy Chair) (SB)**
 Deborah Jones* - Citizens Advice Mole Valley (DJ)
 Jaime Ali*, Independent (JA)

***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 recognised that COVID-19 restrictions were having a negative impact on water companies across the country, and that SES Water were not an outlier in comparison to the general trends such as household usage being above target due to people being at home more. There were therefore a mix of performance results with positive progress such as Water Support Scheme registrations, SES Water being the most improved company for C-MeX customer satisfaction compared to Q1 year-to-date results, as well as reasonably healthy water resource levels following the summer period. However, the challenges include recovering from the above average number of supply interruptions, and leakage issues which, also exacerbated by COVID-19, mean a significant challenge in managing work-in-progress. As previously, the CSP highlighted that in missing key targets, such as per capita consumption, this year will present reputational issues 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 continues to respond very positively and compassionately to the COVID-19 impact, particularly in its accelerated support of customers in financial hardship.

- CMex/Customer Transformation programme: The CSP was pleased to note SES Water was the most improved company for C-MeX customer satisfaction, and that the satisfaction survey climbed 5pts to 74.95 with a high billing score of 83.30 - an indicator of the teams' work on outbound calling and pro-active contacting. The CSP is now actively involved in regular reviews of the C-MeX programme progress, and thanked AR for her support in this. In summary, the CSP concluded there were some positive improvements, particularly in significantly improved data analysis to identify issues for action, but that there have been resource issues in managing backlogs and work-in-progress, and in delivering the required Aptumo training, so overall progress has slowed. DL gave a very helpful update on the Aptumo implementation progress and reported positively on progress towards the go/no-go checkpoint. The CSP looks forward to being able to see Aptumo in a live environment once COVID-19 restrictions allow.

Chairman's welcome

The apologies for absence were noted.

The register of interests had been circulated prior to the meeting and two new interests for TP are to be added but these do not cause any conflict of interest with his CSP role.

No issues were raised with the minutes of the July meeting so these will now be published on the SES Water website. All actions have been completed since the last meeting.

Since the July meeting:

- GH and AT attended the Board meeting on 22 July which was a helpful session
- Meetings have taken place with AR on the C-MeX improvement programme
- GH has attended a number of virtual meetings with other CCG colleagues and has been elected to chair the next CCG Chairs meeting
- GH attended the Environmental Scrutiny Panel meeting on 6 October

In December there is a CCG Chairs meeting with Ofwat discussing the proposed role of the panels in the PR24 process which GH is attending.

MH asked if the draft findings from the Competition and Markets Authority (CMA) on the PR19 appeal process are likely to have any impact on the rest of the industry. IC responded that the Company is involved in industry discussions on the matter, led by Water UK and is supportive of the longer term focus on resilience. There will be further discussions with the Board and the previous day there was a call between Ofwat Chair Jonson Cox and SES Water Chair Jeremy Pelczer. MH asked that the CSP be kept informed of any outcomes and IC agreed.

Performance update – figures for Q2 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:

- Frontier Economics is working with Water UK and Ofwat to analyse the impact of COVID-19 on the water industry
- The Company has been invited to a session with Ofwat to discuss social value – a summary will be provided to the CSP
- The Company responded very well to the hot weather spells over the summer which saw demand reach record levels, with many more people at home. The per capita consumption (PCC) target is very unlikely to be recovered throughout the rest of the year
- There were a number of fairly significant bursts over the summer which were managed as incidents with largely positive feedback from customers. These events have affected the supply interruptions target as affected customers were impacted for longer than three hours, but the mains repair performance is still within the target limit year-to-date
- Due to recent challenges, including COVID-19, there are backlogs of work in some areas which are being worked on
- The Water Support Scheme target is well over target for the year, despite fewer customers joining the scheme in the month
- Leakage is higher than target year-to-date but is forecast to be met this year
- There have been more customer contacts about the taste, odour or appearance of their water but this is a very challenging target and the performance is still industry leading
- The softening performance reflects the process needing to be stopped at Elmer Treatment Works during the capital investment project and operational issues at Cheam and Kenley

GH asked about the current water resources position. IC responded that Bough Beech Reservoir is now being filled and although groundwater is slightly below average, the aquifers will start to recharge soon. The current long-term forecast is for a warm and wet winter.

IC concluded by saying that the future focus is on the C-MeX improvement programme, universal metering, working towards net-zero carbon and being the first water company to establish a 100% smart network, which should be by the end of the year. Network Strategy Manager Daniel Woodworth could come to a future CSP meeting to explain this in more detail.

MH asked if the Company is planning to make a bid to Ofwat's innovation fund and offered the support of the CSP if this was the case. IC responded that the Company would appreciate the CSP's support when the funding criteria is communicated and Innovation Manager Jeremy Heath would be involved.

AT asked if the new billing system, Aptumo, would be of assistance with meeting the PCC target. IC replied that this would not be the first focus, the priority will be ensuring that the system is implemented correctly and working for us and our customers. However, it does present a massive opportunity for the future. CaH added that the Company is planning a winter water efficiency campaign which the CSP will be asked to be involved with. MH added that using less hot water is linked with fuel poverty as well.

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

- At 17,928 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). The Company has launched 'Here for you,' the name for all the financial support measures in place, including 'Breathing Space', which provides a temporary payment break to those that need it
- Awareness of the extra support on offer is at 37% which is lower than the target of 57%. This was always seen as a very challenging target and more needs to be done to increase this, such as making the most of opportunities like the universal metering programme
- 93.5% of people think the extra support on offer is helpful (against a target of 80%) and this should be further supported with 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% and ahead of the 9% target

DL summarised the results of the quarter two household tracker survey, carried out as part of the Voice of the Customer programme with Explain Market Research.

GH asked if the Company was comfortable with the progress that was being made on customer service and C-MeX. DL responded yes, but there would never be an end point where the Company wasn't trying to do everything possible to improve the service provided to customers. Raising awareness of the additional support on offer will always be a challenge.

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

AR has been meeting regularly with CSP members to discuss the C-MeX improvement programme and actions taken, and the CSP members expressed their appreciation for Amanda's engagement with them, enabling the CSP to take a useful role in the C-MeX programme governance. In the meeting AR highlighted the current risks to the programme:

- Ability with current resource levels to work through backlogs, in particular the inspector fieldwork burndown plan to get to the target level of work in progress
- The impact of emergency works, such as the numerous bursts in August
- Delivering the required amount of Aptumo training and the resulting impact of taking employees out of their day-to-day roles to complete this. There is a risk of extension to the current timescale

AR summarised the recent 'Customer Immersion' session with senior managers, which included the group listening to recordings of customer calls and reading complaints. One of the outcomes of the session was a new escalation process for the Network Operations Contact Centre with one of our key supply chain partners.

AR said that the finalized Q2 C-MeX results were expected the following day but the initial results showed the following:

- SES Water was the most improved company for customer satisfaction comparing Q1 to year-to-date results and the satisfaction survey climbed 5pts to 74.95 with a high billing score of 83.30 - an indicator of the teams' work on outbound calling and proactive contacting
- Overall score is 77.13 - down from 79.01 in Q1, but climbed the league table up to 14th position for Q2
- This is driven by the unexpectedly high experience result in Q1 of 88.15 compared to 79.32 in Q2 which is far more aligned to previous shadow year results. Q1 was an outlier which reversed the scores for the youngest demographics of 18-29 years olds. This has been queried with Ofwat and the only change is they have started doing more face-to-face interviews than Q1, which could indicate this segment give higher scores digitally
- Billing scored 83.80 and Water scored 66.10 which is most likely reflecting challenges with customer enquiry work-in-progress burndowns

In summary, some positive improvements, and also illustrating the burndown plans and focus on the backlogs will inevitably make a real difference on the scores.

DL provided an update on the progress of the new billing system, Aptumo. He explained the critical path dependencies towards the go live date and other key issues:

- Data migration – over 99% of data has been successfully migrated but problem-solving is happening on a daily basis. There are a small number of issues that need resolving, some minor and some major which will be rectified before the system can go live
- Training – this is progressing well but the virtual environment is challenging, despite the great support from the Learning and Development team
- Go/no go decision – criteria for the Board's decision is being finalized

KG asked how many customer accounts are affected by the data migration issues and DL responded that it depends on the particular defect, with some being further reaching than others. So for example, an issue with tariffs would affect every account and is therefore critical to be fixed to enable go live.

AT asked if those testing are highlighting all the issues found? DL replied that a lot of work is being put into the testing process, which is agile and fast-paced. The approach means that every test performed needs to pass end-to-end. Issues are being fixed quickly but it does depend on the volume and complexity of the defects found. AT reiterated that it was

important culturally for people to continue raising issues after go live to ensure ongoing learning, especially as this is a brand new system for the UK water industry.

MH asked if the testing was being performed in a live or shadow environment? DL replied that testing is being carried out in a replica of the live environment, as well as in individual process level test sandboxes as well as an overall test environment. All of the environments meet stringent Salesforce accreditation.

DL summarised some of the key facts about Aptumo, including the additional business-wide benefit of using ProMapp to deploy a full repository of process maps, corresponding procedures and controls.

DL presented an example of a customer screen in Aptumo with some of the key highlights and benefits. GH commented that it would be useful for the CSP to see the system working in practice when it is live. AE observed that on the example shown the pause and wait times are very high for the call? DL explained that the example is not using real data and defined what pause and wait times mean in this context. DL also reiterated that although Aptumo will help to shorten call times through being a more efficient system with better processes, current call times are not very long and could be longer in the future with better quality conversations taking place.

DL showed the group some examples of customer letters that have been re-worked as part of the Aptumo project. Going forwards customer correspondence needs further streamlining and better governance to avoid too many templates being created. Improvements include making 'Here for you' more prominent and being able to dynamically change messaging depending on the subject matter of the letter.

GH asked if the CSP could provide feedback on the updated customer letters and DL said this was welcomed but implementation of any changes will depend on scale and timing.

AT said that she had recent personal experience of bereavement correspondence and said that there are different situations to be taken into account, such as an unexpected early death. DL said this was a valid point and that there was more work to do to make iterative improvements.

TP commented that from reading the metering letter it was confusing as to what the next steps are for the customer. DL responded that the letters are based on processes, many of which also need improving. He added that the letters were being seen here out of context, without other supporting communication.

DL concluded by summarising some of the different metrics that the Aptumo system will impact on, such as customer service performance commitments, complaints and resources and productivity. These metrics will be used to track progress and the success of implementation.

GH commented that as reporting progresses, it would be useful to have a CSP deepdive session to better understand the business-as-usual scrutiny that will be applied. He concluded by saying that a lot of good progress seems to have been made.

Universal metering programme update

AM presented a summary of the planned universal metering programme which had been shared with the CSP in advance. This included:

- Recap of progress since the last meeting in July
- A summary of the customer research undertaken
- Next steps, including developing the metering strategy for the wider roll-out and CSP discussion

The key areas for discussion with the CSP include:

- Approach to resistant customers and those that don't allow us to install – do we put in place and use a no access charge?
- Strong customer appetite for smart meters and they enable a greater level of interaction - what smart meter technology will we use and how many will we install?
- How can we use incentives to encourage behaviour change? When do we use them?
- We want to promote the environmental message – who should we partner with and how can the CSP support this?

GH asked what a 'no access' charge is and AM explained this was a charge to customers that do not allow access to their property for a meter to be fitted. AT added that it was important to offer incentives at the same time as penalties, such as a smart meter.

MH said that the main issues around being financially disadvantaged from having a meter include families with many children in low rateable value homes, those living in tower blocks with shared supplies that cannot be metered and those on Universal Credit. MH asked if any segmentation has been done of customers on Universal Credit? AM replied that additional analysis is being carried out on different financial impacts, including using the alternative of the assessed household charge. AM welcomed MH's offer of an offline conversation about Universal Credit.

JW asked if different customer messaging is being tested as part of the Raven pilot programme? AM said this was being considered and has been done in the past for promoting water efficiency visits, with cost messaging coming out on top over environmental. JW asked about the options for assistance with water efficiency advice and AM replied that a package of options is available such as the GetWaterFit usage calculator and virtual home checks. JW asked if uptake is being measured and AM responded that it is as the water efficiency and metering programmes are very much linked.

MH asked if smart meter data will also be helpful for the Company in picking up bursts and leaks? AM replied that the Company's network is being made fully smart not just through meters but through other technology like acoustic loggers.

GH concluded by saying that he was happy for further CSP engagement on metering, including the key discussion points, through the involvement of a sub-set of members.

Social purpose

IC updated the meeting that a session on the Company's social purpose had been held with the senior management team at the start of September to start the conversation, rather than come up with the answer. AR is working on a roadmap to get the Company to the right answer which includes engagement and consultation with a number of stakeholders including the Board, employees, customers and the local community. Social purpose will be a key discussion point at the Board Strategy Day in February and there is a role for the CSP to be involved.

GH asked for a sub-set of members to be able to look at the initial roadmap and provide feedback.

Any other business

- Key customer recruitment update – IC updated on the following new hires:
 - Chief Customer Officer Kate Thornton is joining on 2 November
 - Chief Information Officer John Gilbert has recently joined
 - Customer Operations Manager Craig Bridger and Customer Experience Manager Cate Searle have both recently joined
 - Developer Services Manager Tim Peacock-Bjurstrom has recently joined

- AT provided an update on the Environmental Scrutiny Panel (ESP) which had taken place on 6 October and said that SES Water Chairman Jeremy Pelczer will be attending the next meeting in January which will include an interactive session on social purpose and longer term environmental ambition

- CaH provided an update on the opening of the new education centre at Bough Beech and showed some photographs of the development. Four schools had visited so far and feedback had been very positive. It is hoped that the CSP will be able to visit and see the centre for themselves when COVID-19 restrictions allow