

CUSTOMER SCRUTINY PANEL MINUTES

Monday 17th July 2023

Attendees

Chair: Steve Crabb (SC)

CSP Members: Alison Thompson (AT) (*Teams*)

Ana Maria Millan (AM) (*Teams*)

Amy England (AE)

Simon Bland (SB)

Beryl Wall (BW) (*Teams*)

Paula Stone (PS)

Rhushil Scouton (RS) (*Guest*)

Chris Hoskins (CH)

Apologies Janet Wright (JT)

SES Water: Kate Thornton (KT)

Rebecca Wiles (RB)

Dan Le Roux (DLR)

Dan Taylor (DT)

Katie Lowes (KL)

Katie Kehoe (KK)

Sarah Watts (SW)

1. Private Meeting

A private session of CSP members took place prior to the start of the meeting.

1. Minutes and Arising Matters

SC advised that the action log had been circulated in advance along with the challenge log. The majority of challenges had been addressed, while BW had added a number of additional challenges relating to the PR24 engagement process that SES was working through. SC said he would share the updated challenge log with CSP members.

1. Business Update

KT introduced Rebecca Wiles, SES's newest Non-Executive Director, who was attending the meeting as a guest.

KT apologised that both IC & PK were unable to attend due to annual leave.

KT reflected that it had been a tough period for the water industry with continued reputational pressure, particularly around sewage pollution and storm overflows. This was still having an impact on SES Water, even though it is a water-only company. SES was keen to educate customers about its responsibilities and was working to increase brand visibility and promote positive messaging. The reputation of the industry had also been hit by recent speculation about the financial resilience of some water companies. SES Water was confident about its own resilience, and its shareholders had recently committed to making an additional £22 million cash injection into the company.

It continued to be an extremely busy period for the business as the team prepared its PR24 submission. As part of this, KT said that SES Water was making good progress with its programme of customer and stakeholder engagement to ensure that the plan that it put forward reflected their views and priorities.

The strategic review of the business by SES Water's shareholders was ongoing, and further conversations with potential buyers were expected in the coming weeks. KT assured CSP members that delivering against the company's performance commitments to its customers remained the number one priority for the Board and executive leadership team, alongside shaping SES's Long Term Delivery Strategy and PR24 plan for the future.

SC said that concerns had been shared with him about mixed messages in circulation about the future of the company, but he was confident that the executive team and Board were doing everything they could to manage these. SC commented that it was important that SES Water ensured that the right messaging was going out to stakeholders and the wider community, as well as to business and regulatory audiences. KT said SES Water had received very little comment from customers, and the communications team were monitoring press coverage carefully so they would be able to correct any facts where necessary. RW said it would be helpful if SC could share any mixed messages he was aware of, and observed that the company itself did not have access to all the facts at that point; ultimately it had to receive the right offer or SES Water would stay under the current ownership.

KT said that SES Water had issued its annual performance report on the previous Friday. She reiterated that it had been a tough year for many of the reasons that have already been reflected on, including the global economic environment. The company was proud to have reached its leakage target and to have maintained its position as one of the top performing companies for water quality. It had again performed strongly from an environmental perspective and was performing strongly against many of their social commitments. KT acknowledged that there was still work to do to increase awareness of its support schemes, while SES Water had also missed some of its mains replacement targets, a priority area which the Wholesale team were continuing to work on.

KT advised that the customer experience (C-MeX) results for the first quarter of the financial year had not yet been published, but were due later this month. Operationally, performance remained strong, with 85% to 90% of calls being answered within 30 seconds and fewer than 1% of calls being abandoned due to customers hanging up in frustration. On average, emails were being answered within 3 to 5 working days, depending on volume. The proportion of customer issues being resolved on first contact had dropped to around 83%, however, so this was now an area of focus as SES Water had committed to achieving an average of 87.5% First Contact Resolution across the year. Complaint volumes also remained high, with resulting pressure on the length of time taken to resolve customer complaints, which was another high priority for the executive team. KT said that the increase was across a range of different complaint categories, including debt recovery activity, metering and pressure optimisation.

From a revenue perspective, cash collections were holding up well and the company was seeing an increase in the proportion of customers paying by Direct Debit penetration. This was important, as it enabled the company to identify when a customer was having problems paying their bills much earlier, enabling SES Water to take proactive steps to help customers manage their bills. The company had also further reduced its percentage of void properties, enabling it to bill for a higher percentage of the water consumed and ensuring the cost of water was more fairly distributed.

The company was actively promoting its support schemes and developing new partnerships to help remove the barriers to access. Despite this, the number of customers receiving help with their bills via the Water Support scheme had reduced in June, as more customers who were no longer eligible for support were removed than were added.

KT explained how SES Water had invested in its marketing and community engagement team this year, with levels of community engagement increasing as a result. One example of this was its new partnership with Surrey Pride, which would see staff attend the Pride event in Reigate Park in September where it would provide free water. SES Water had also announced a new partnership with a local mental health charity, The Lucy Rayner Foundation, and had expanded its programme of volunteering days with local charities aligned to its purpose.

On the same day as the CSP meeting, SES Water had launched its first ever paid marketing campaign, promoting water efficiency messages across local radio and media. Throughout August it would be holding events at four garden centres across its supply area to talk to customers about using water wisely and also taking the opportunity to promote the various help schemes SES Water have available.

KT reported that the company's water resources were in good shape for the time of year. The reservoir at Bough Beech had healthy water levels, while groundwater levels were above the long term average. SES Water did see a spike in

customer demand through the very hot spell earlier in the year, but water resources were healthy enough for it to help South East Water when they were struggling to supply a number of their customers at the same time.

KT advised that the company was about to start work on its next big resilience scheme, which would involve closing the A22 in Purley with a substantial diversion in place for several weeks over the summer holidays. The team had been engaging very actively with the local community and councils in preparation for the work. Customer feedback had been positive to date, and SES Water had also committed to giving some money back to the community through a contribution to Purley in Bloom, which would help regenerate a derelict area next to the A22.

1. Defining Service Excellence

KT reported that SES Water had not delivered the C-MeX performance that it set out to do in PR19 to date, and was therefore working on an extensive improvement programme, with the Board setting a clear challenge that they wanted to see SES Water in the top half of the C-MeX table by the start of PR24. KT reflected on the scale of this challenge, which would require the company to improve its score by 4 points compared to the previous year on a consistent basis. As part of this programme, SES Water had been doing work to define its core service principles as described in the pre-read pack. The purpose of this session was to take the CSP through the work done to date and ask for their feedback and challenges, before the behaviours were finalised and rolled out across the business.

AT thanked KT and said the proposal looked excellent and that its linkage back to the company purpose was useful. AT added that for credibility within the business, stakeholder perception was also important. AT also observed that it was crucial that SES kept thinking about the link to enhancing nature in everything that they do, and that ultimately this came back to trust.

KT clarified that the service principles were for internal use and that the next steps would be to embed them within colleague and customer experience, aligned to the company purpose and values.

1. Driving Digital Uptake/MyAccount Update & Marketing Plan/Mobile & Email Penetration

KK provided a summary, via her pre-read slides, of progress on the MyAccount customer portal which launched in 2022. Approximately 22% of customers had registered to date. KK said the team had put together a marketing plan to increase awareness and take-up. She also updated on plans to make the sign-up process easier, and the panel debated how accessing MyAccount could be made a more positive experience.

RS asked what plans the company had to expand social media activity to channels such as TikTok, which might appeal more to younger demographics. KK acknowledged that this was a good challenge and explained that the company was looking to expand its use of social media, with Instagram likely to be the next one introduced.

DLR commented that MyAccount was being used in a very effective manner. In the future, it would play an important role in the plan to get water consumption down to an average of 110 litres per person per day, as SES Water would be able to present more data to customers as it progressed with its smart metering roll-out.

Mobile & Email Penetration

KL explained that increasing mobile and email penetration was a priority, as the company prepared to introduce more automated digital contacts and to match contact methods to customer preference. She provided a summary of data quality and penetration rates, explaining that using SES Water's definition of data completeness, the company currently held complete details on just 35.3% of accounts. However, for new accounts set up using the new customer portal, this figure was 80%. She shared a new report that would enable the team to understand data completeness performance down to advisor level, with advisors now being set and coached to individual targets. The team was also looking at customer journeys, to ensure that the information coming in through calls was captured at first contact.

1. Universal Metering Programme

SW provided an update on the Universal Metering programme. SW explained that the company is currently conducting a reviewing of the Universal Metering customer journey, factoring in learnings and feedback received since the launch of the programme last year. A number of improvements were being made to the customer experience as a result, including the design and wording of communications. A new leaflet had been produced, which was currently inviting feedback. A review had also been undertaken of all the letters that are issued.

SW walked the panel through the new customer journey, which the panel said looked good.

1. **PR24 Customer Engagement**

DLR provided a summary of the research findings from 'Bespoke 2'. This consisted of two elements – a quantitative online survey with 600 respondents, and qualitative work with smaller focus groups. Both sought to explore customers' priorities and levels of ambition across areas of the plan where there was genuine choice. The top five customer priorities were not a surprise; They were:

1. High quality water
2. Reduce leakage
3. Affordable bills for all
4. Reduce water usage to offset risk on water usage during droughts
5. Maintain existing infrastructure for current and future customers.

DLR commented that the research also asked whether respondents had experienced any service issues in the past as context for their prioritisation; 42% of people said they had not experienced any service problems.

1. **Environmental Scrutiny Panel (ESP) Update from Alison Thompson**

AT advised that the ESP met on 4 July, with the meeting focussing on Water Resources Management Planning, the Water Efficiency Marketing Campaign and new work underway to better model Per Capita Consumption (PCC). The ESP also reflected on recent deep dives which the panel had undertaken as part of its challenge to the company as it developed its new Long Term Delivery Strategy (LTDS) and draft Business Plan for PR24. These deep dives had focused on material issues such as reducing PCC. Over the last couple of months the ESP had been working with the CSP to co-author a report to the Board as an input to the Board assurance process, and both panel chairs would be meeting with the Board in the coming week to discuss the report's findings.

1. **AOB**

SC thanked AT & BW for the work they had been doing to input into CSP's feedback on the LTDS and PR24, and RW for attending the meeting.