

PR19 Customer Challenge Group

Meeting number: 7

Meeting Date: 7th March 2018

Paper No: 7b

Agenda No: 10

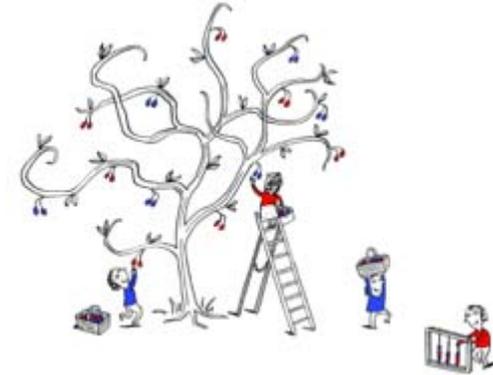
Title: Debrief of resilience research

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Name of research:	Resilience
Purpose of research:	Resilience is one of the four key themes that Ofwat expects companies' business plans to address; it is an important consideration in our PR19 engagement and eventual business plan submission and so we wanted to test a number of wider resilience concepts with customers (beyond the WRMP-specific options already tested) relating to this broader issue.
High level approach:	Accent undertook two large scale customer workshops which included a presentation from SEW, group discussion and then breakout sessions.
Audience/Representativeness:	The groups consisted of a cross section of our six customer segments in Basingstoke and Tunbridge Wells.
Key research questions:	<p>To understand what customers perceive to be the core resilience risks</p> <p>To identify what customers think SEW should be doing to mitigate the resilience risks</p> <p>To explore how customers think they can change their behaviour to reduce the specific resilience risks</p>
Key findings:	<p>We were pleased to see an overlap in the customer and SEW risks, with customers providing a very detailed and comprehensive list of issues. Employee strike action and fracking were additions to the SEW resilience model.</p> <p>The solutions provided by our customers were also comparable to the ones which SEW had proposed.</p> <p>During the discussions customers were naturally assessing the likelihood of the risks and the element of control that they believed SEW could have over the risk.</p>

	<p>There were a number of examples where customers identified that they would like us to go beyond our usual remit, for example lobbying against high levels of housing development and fracking. Customers recognise the need to share resilience responsibility and identify many of the aspects of our resilient/engaged customer concept. There was a feeling that they needed support (e.g. via devices) in addition to receiving advice about how they can participate.</p> <p>We are encouraged that our customers are highlighting the same priorities throughout our research programme e.g. water quality, resilience, desire to have more information (i.e. consumption data). We have asked customers a wide range of questions but the key themes for customers are always identified.</p>
<p>Next steps:</p>	<p>Resilience will be a key feature in our business plan and this research will help to support how this is written into the main document.</p> <p>This research will help us develop our resilient/engaged customer concept further and how we look to implement the behavioural change toolbox</p>
<p>Action needed from the CCG:</p>	<p>This paper is for information purposes.</p>



PR19 - Resilience Qualitative Overview

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March 2018



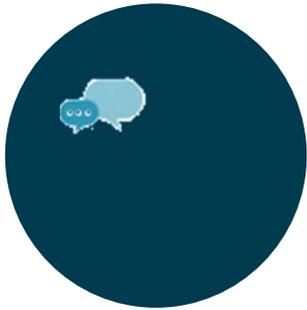
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SE Water have a comprehensive research programme to ensure the customer voice is heard throughout the PR19 Business Plan development process

Following HH segmentation, priorities and exploratory resilience work, there is a need to understand customers perspective on resilience

- Core Objectives:
 - To understand *what customers perceive* to be the core resilience risks
 - To identify what *customers think SE Water should be doing* to mitigate the resilience risks
 - To explore *how customers think they can change their behaviour* to reduce the specific resilience risks

Methodology and sample



Methodology

- 2 Customer engagement exchanges
- 3 hours
- Presentation, plenary and breakout sessions



Sample

- Spread of customers across the core segments
- Basingstoke
- Tonbridge

First Stage = presentation and plenary session to identify resilience risks

SE Water presentation, background video and resilience definition provided to set context for discussion of resilience risks

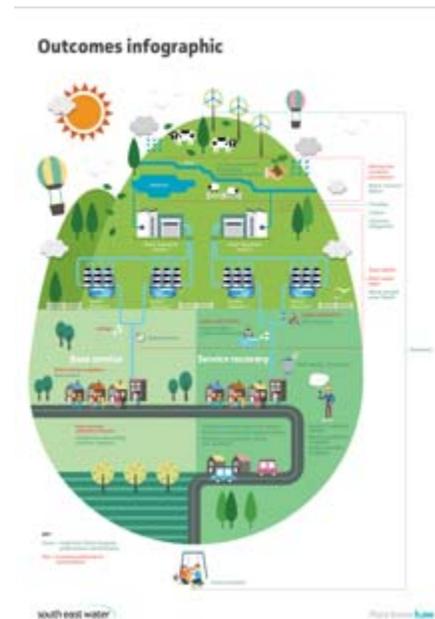
We're developing our plans so they meet all our customers needs now and in the future.



Resilience

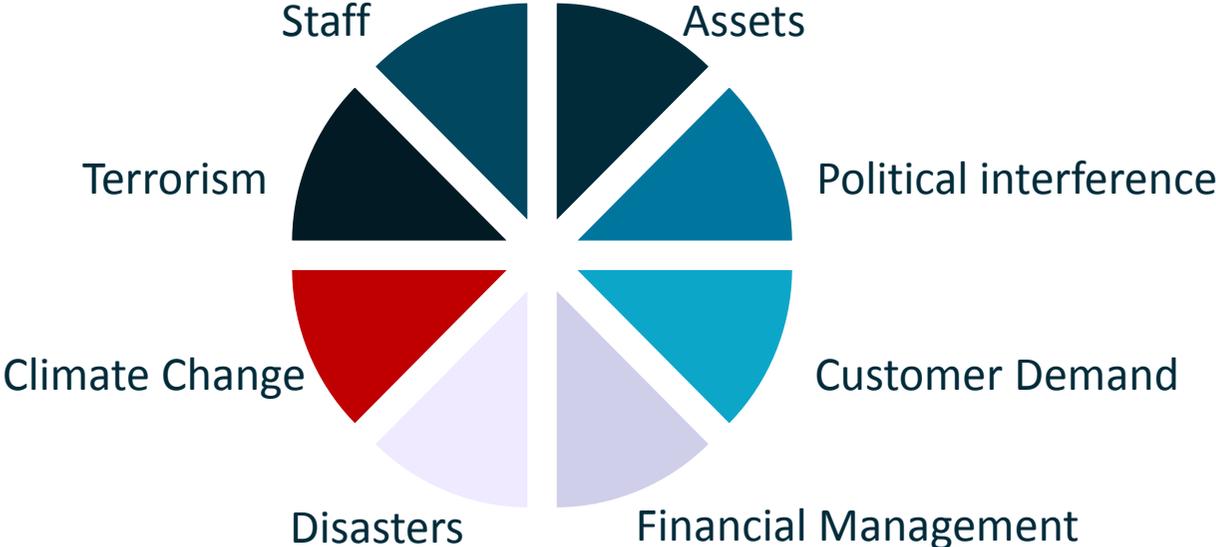
“Resilience is the ability to cope with, and recover from, disruption, and anticipate trends and variability in order to maintain services for people and protect the natural environment, now and in the future.”

South east water



Customers identified a wide range of resilience risks

Risks categorised into eight broad groups



Each category had a number of underlying ‘particular risks’ which broadly match SE Water resilience groupings

Cross referenced against SE Water long risk list (people, assets, natural world, resources) and local/general service risk list

Number of specific/technical/supplier related risks covered by SE Water that customers do not identify e.g. no. of properties w/o emergency generators, reliance on chlorine suppliers, broadband/phone unavailable

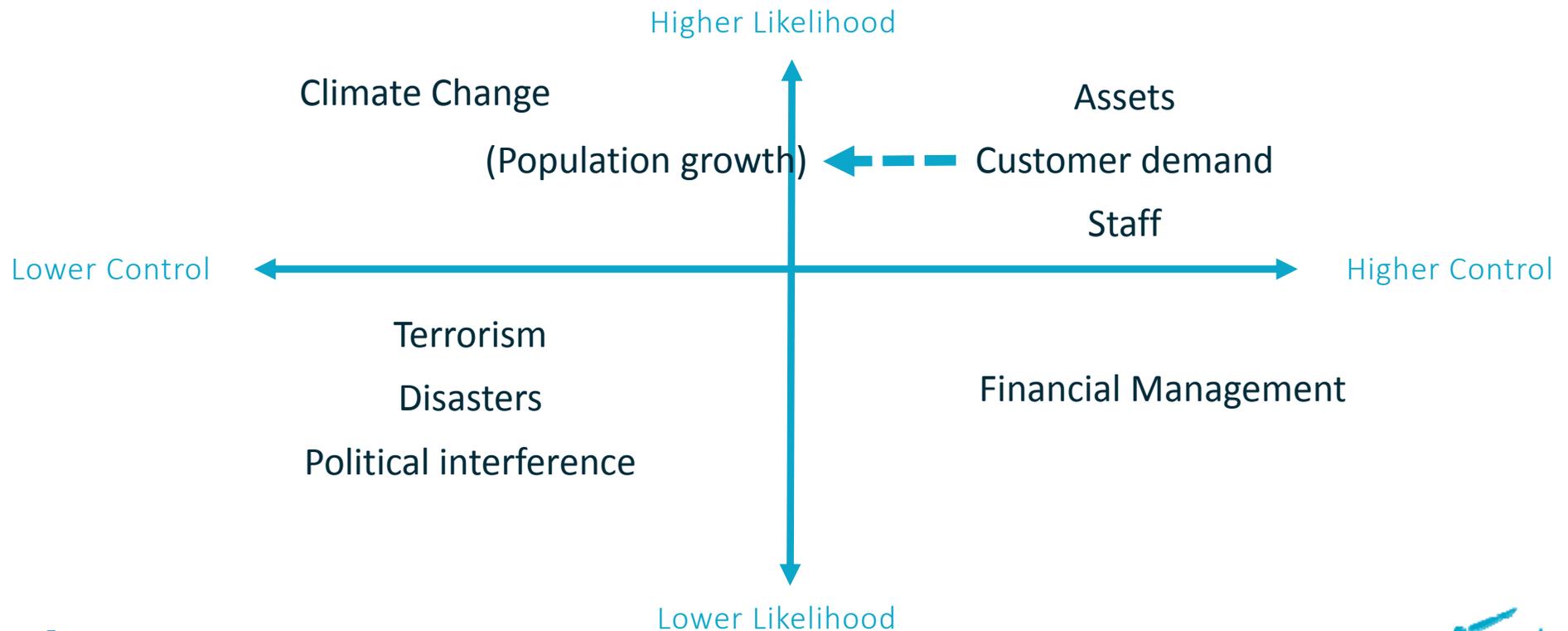
Staff	Assets	Terrorism	Political interference
<ul style="list-style-type: none"> ■ Recruitment/Retention of staff ■ <i>Employee action *</i> ■ Staff illness ■ Appropriate skill set 	<ul style="list-style-type: none"> ■ Ageing pipes network/leakage ■ Treatment work failure ■ IT failure ■ Customer data management 	<ul style="list-style-type: none"> ■ Asset security ■ Data theft ■ Poison water ■ Power attack 	<ul style="list-style-type: none"> ■ Government intervention ■ Nationalisation ■ <i>Fracking *</i> ■ Availability of local land
People	Assets	Assets/General Service	General Service
Climate change	Natural/Manmade disaster	Customer demand	Financial management
<ul style="list-style-type: none"> ■ Drought management ■ Pollution management ■ Flooding incidents 	<ul style="list-style-type: none"> ■ War ■ Natural disaster ■ Pollution incident 	<ul style="list-style-type: none"> ■ Population growth ■ Household consumption ■ Customer data 	<ul style="list-style-type: none"> ■ Management incompetence ■ Bad debt management
Natural world/local service	General service	Resilient customer	General Service

6 * Not on SE Water original risk lists



Discussions reveal perceived degree of control that SE Water is felt to have over certain resilience risks

Contingency strategies expected for all – even low likelihood/low control risks



Example of customer risks

Assets: critical risk to address - looking for SE Water to proactively and innovatively manage and protect life of assets

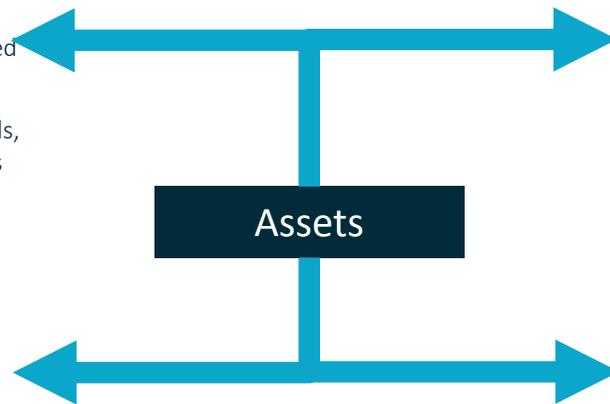
Benefits of managing assets is highly visible investment, long term cost saving, positive SE Water reputation, improved customer service and justification of bills

Ageing pipes network/leakage

- Proactive pipe renewal/replacement based on network data analysis
- Innovative R&D, new sustainable materials, new detection methods, intelligent valves
- Closer collaboration with customers
- Provide customers with smart meters to monitor leaks, discounts, leakage hotline

IT Failure

- Work with experts/3rd parties
- Back-up systems
- Invest in skilled employees



Treatment works failure

- Ensure back up plants available
- Redivert water
- Scheduled and timely maintenance
- 3rd party partnerships e.g. Southern Water

Customer data management

- Regular back-ups
- Engage customers to provide regular updates e.g. apps, calls, email
- Explain advantages e.g. easier to notify customers when there are problems

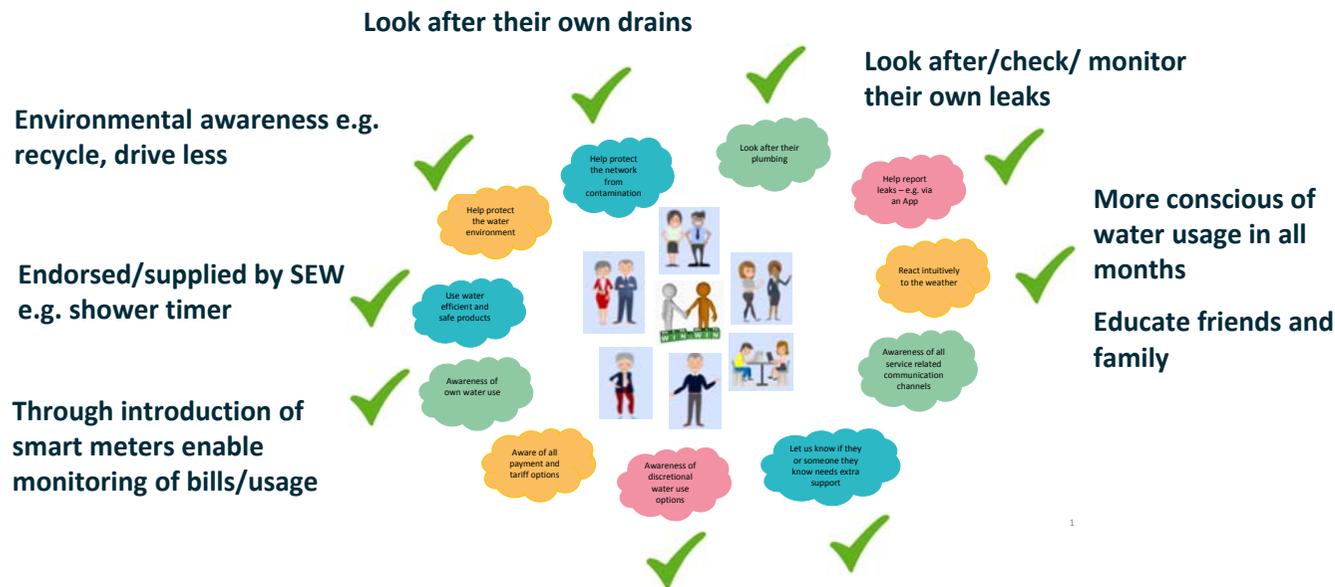
8 Some disadvantages that centre around disruption and cost but these seen as necessary to manage risk

Customers recognise the need to share resilience responsibility and identify many initiatives that SE Water have considered

Suggested initiatives demonstrate need for support (devices/smart meters) not just advice

Short term suggestions:

Longer term suggestions:



1. Grey water recycling
2. Rain water harvesting
3. Install tap sensors
4. Change their boiler/kettle

Overall research findings

- Through the research process, *customers understood that SE Water have to manage a number of risks to ensure they are resilient now and for the future*
- *Customers spontaneously identified a number of risks which categorized into eight distinct groups*

- Assets
- Customer demand
- Staff
- Climate change
- Terrorism
- Disasters
- Political Interference
- Financial management



Some of those are felt to be higher risk for SE Water and some SE Water are felt to have more control over e.g. damage to assets/pipework is felt to be a high risk but something that SE Water can control through proactive maintenance and replacement



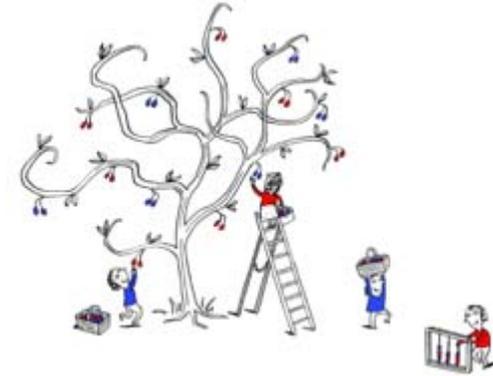
Vs. political interference which was seen as low risk and low control

Overall research findings

- Each of the eight customer originated *risk groups had already been identified and explored by SE Water* in their 'long list' or the local/general risk list – customers additionally identified fracking and the potential for staff action

- *Customers identified a range of broad strategies that SEW should adopt to mitigate the risks but do not have the knowledge or expertise to focus on the detail*

- *Strong suggestion by customers that they should be partners with SE Water in managing demand and they should take responsibility for their household water usage - given the pressures of everyday life, tangible support is required if real change is expected*
 - Smart meters to remind them of usage
 - Comparable data to show other households/historical data
 - £ incentives for using less water
 - Devices
 - Advice
 - Support/incentives for household changes to collect/store rainwater

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