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SOUTHERN WATER STAKEHOLDER WORKSHOP REPORT

IT'S YOUR WATER TOO: WORKING TOGETHER FOR A RESILIENT FUTURE FOR WATER

APRIL 2018

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INTRODUCTION

On 20 April 2018, Southern Water hosted a workshop to seek feedback from its stakeholders to help shape its next business plan (2020–2025). Ofwat has identified four key themes that it is looking for water companies to address when formulating their plans. These four themes are as follows:

- Great customer service;
- Affordable bills;
- Resilience in the round; and
- Innovation.

The format for the workshops consisted of presentations given by Southern Water representatives based on these topic areas, followed by roundtable discussions and electronic voting. There was also a Q&A session which gave stakeholders the opportunity to ask senior Southern Water personnel questions.

Southern Water instructed EQ Communications, a specialist stakeholder engagement consultancy, to independently facilitate the workshops and to take notes of the comments made by stakeholders. Every effort has been made to faithfully record the feedback given. In order to encourage candour and open debate, comments have not been ascribed to individuals. Instead, notes have been made of the type of organisation that each stakeholder represents.

The full presentation can be found [here](#).

EXECUTIVE SUMMARY

The workshop opened with an introduction from Ian McAulay, Chief Executive of Southern Water. Ian gave an overview of some of the challenges that the company is facing, including climate change, the rising population and the growth in the region's economy – all of which create more water stress. He also gave stakeholders a business update and explained what government, regulators and stakeholders expect of water companies.

WORKSHOP ONE: AFFORDABILITY & VULNERABILITY

After Ian's presentation, Mark Field, Head of Billing and Collections, presented Southern Water's approach to ensuring that bills are affordable and supporting customers in vulnerable circumstances. Mark explained Ofwat's expectations and requirements as well as the views of customers and stakeholders on these issues. Mark explained that 382,000 customers are facing situations of long-term vulnerability and talked stakeholders through Southern Water's new initiatives to deliver the Reach and Support initiative. There was then a roundtable discussion where stakeholders were asked to give their views on the company's proposed approach and suggest how their organisations could give support.

- Stakeholders were in favour of Southern Water's proposed initiatives and its collaborative approach. It was commented that the work the company undertakes in this area is more effective when delivered through established third parties. Organisations such as Citizens Advice, as well as health centres and social housing providers, were among the most commonly suggested partners.
- Stakeholders strongly approved of Southern Water's approach to addressing issues of vulnerability, with the largest proportion of stakeholders (34.3%) voting 8 out of 10 when asked to give feedback on the company's approach.

WORKSHOP TWO: CUSTOMER SERVICE

Mark then presented Southern Water's customer service propositions. He talked stakeholders through the regulator's expectations in this area as well as those of the company's stakeholders. He then outlined the initiatives Make it Count, Spring, Live Water, Solutions, and Reach and Support before asking stakeholders for their views.

- There was consistent agreement that Southern Water's customer service had improved, and while stakeholders were generally in favour of the proposals put forward, most agreed that the company should improve the fundamentals before innovating further. All four propositions had moderate support, with Reach and Support viewed as the most effective, receiving an average score of 6.76 out of 10 during the electronic voting. It was felt, however, that the proposals seemed weighted towards domestic consumers over businesses.
- There was agreement that many customer service complaints were the fault of contractors, and that these third parties should have a central point of contact at Southern Water to direct grievances.

WORKSHOP THREE: INNOVATION

The discussion on innovation was introduced by Gerard Harkin, Research and Development Manager. Gerard gave stakeholders some background on innovation and explained to them

what the regulator expects of water companies. He went on to describe a range of Southern Water's innovative projects. These included smart sensor networks for real-time monitoring; innovations in network modelling; digital tools used for home water usage; holistic catchment monitoring; converting food waste to energy; pollution reduction initiatives to minimise the impact of microplastics; and water reuse. He also explained how Southern Water works in collaboration with universities and outlined the work that the company has undertaken to create an innovation hub. Stakeholders then gave their views on Southern Water's proposals during a roundtable discussion.

- Stakeholders were enthusiastic about many of the projects presented to them, particularly smart sensors and digital tools in the home. Most felt that smart metering that monitored the cost of water for customers would deliver benefits by driving down demand. Stakeholders also believed that further education was needed on non-flushable products.
- Several stakeholders suggested that the company should consider schemes that recycle grey water as well as new technology to generate energy through micro-hydroelectric power in the home.

WORKSHOP FOUR: RESILIENCE

Meyrick Gough, Water Strategy Manager, presented the penultimate session of the morning, talking stakeholders through what customers, government and the regulator expect of water companies to ensure resilience. He then explained some of the specific challenges Southern Water is facing. These ranged from climate change and population growth to cybercrime and the predicted skills shortfall. In the final part of the presentation, he described what the company had done to address these challenges and what it intends to do in the future.

- The biggest challenges to resilience identified by stakeholders, by some margin, were climate change and the increase in the region's population.
- While many stakeholders were of the view that Southern Water ought to do more than currently planned to improve resilience, it was noted that many of the challenges the company faces in this area are beyond their control. More leadership from government in this area was called for.

WORKSHOP FIVE: PERFORMANCE COMMITMENTS

Chris Esslin-Peard, Head of Regulatory Policy & Strategy, presented Southern Water's performance commitments and incentives in the final session of the morning. The presentation covered areas such as the political landscape, Ofwat's expectations, and the expectations of customers and stakeholders. Attendees learned that Southern Water's previous business plan (2015–2020) included 26 performance commitments, ten of which carry financial penalties or rewards, known as outcome delivery incentives (ODIs). Attendees were then asked to help shape the company's performance commitments and ODIs for the upcoming business plan period (2020–2025) by stating which of these they felt most strongly about.

- In the 'Doing the Basics Brilliantly' category, the most widely supported performance commitment by a clear margin was 'Leakage', followed by 'Per Capita Consumption'.

- When stakeholders were asked which ‘Cleaner, Greener, Better’ performance commitment they were most in favour of, ‘River Water Quality’ came out on top, followed by ‘Renewable Energy’.

WRITTEN FEEDBACK

After the workshop, stakeholders were asked to complete a short feedback form. Some of the key findings are shown below:

- 79% of attendees who filled out a feedback form said that they found the workshop ‘very interesting’ and 21% found it ‘interesting’. No one was of the opinion that the event was ‘not interesting’.
- 95% of attendees agreed or strongly agreed that the right topics were covered on the day.
- 100% of stakeholders thought EQ Communications’ facilitation was ‘very good’ or ‘good’, and 100% wished to receive the post-event report and would be interested in attending similar events in the future.

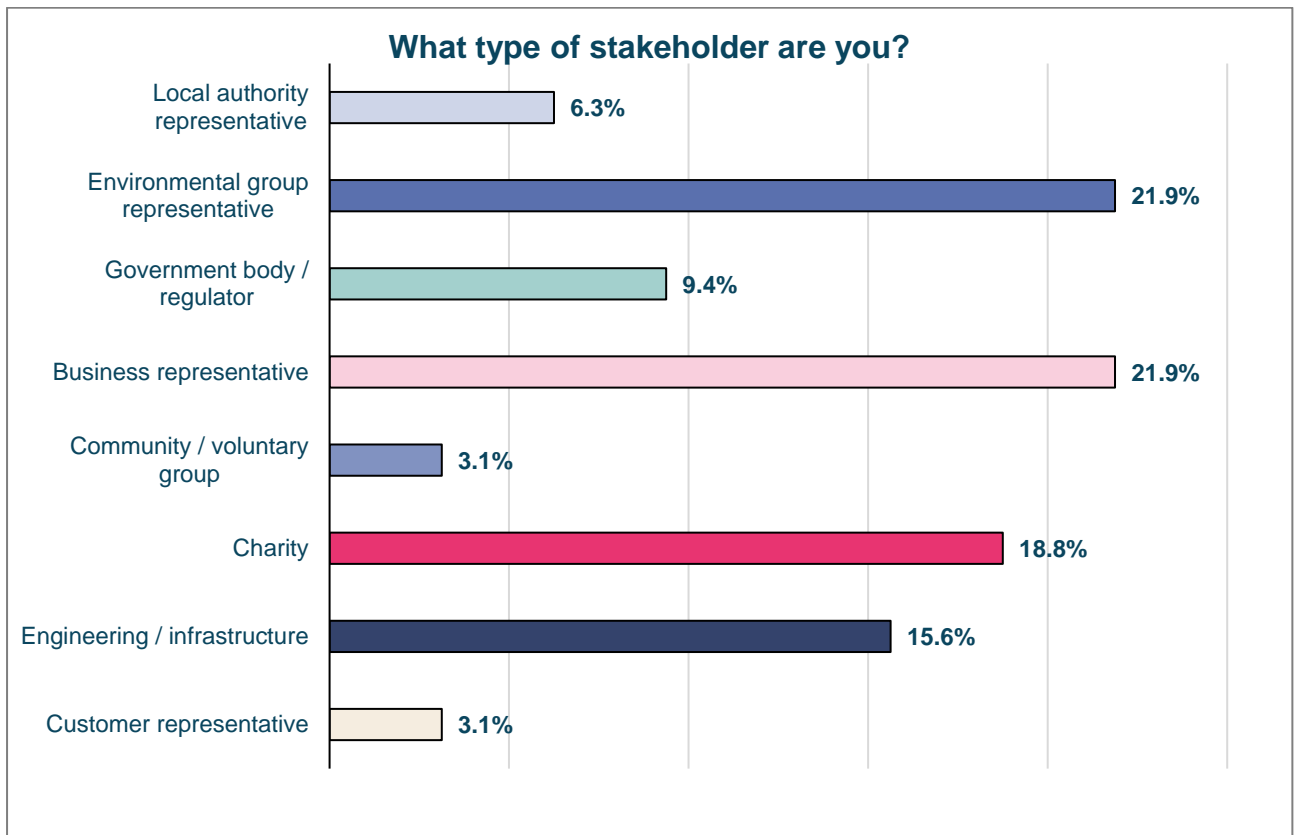
ATTENDEES

A total of 34 stakeholders attended the workshop, representing 31 companies. The companies represented on the day are shown below:

Age UK East Sussex	MARCOM Defence
Atkins Ltd	Marine Conservation Society
Confederation of British Industry	Medway Council
Consumer Council for Water	Network Rail
Country Land and Business Association	Ricardo
Customer Challenge Group	RSPB
Engineering Construction Industry Training Board	South Downs National Park Authority
Environment Agency	South East Rivers Trust
Forestry Commission – South East & London	Southern Regional Flood & Coastal Committee
Future Water Association	Stantec
Gatwick Diamond Business	Sussex Inshore Fisheries and Conservation Authority
Green Alliance	The Rivers Trust
Hampshire & IoW Wildlife Trust	The Rural Services Network
Hampshire County Council	Water Policy International
Institution of Civil Engineers	WaterAid
Kent County Council	

STAKEHOLDER TYPES

Stakeholders were asked to vote electronically to give details of the type of organisation they represent. The outcomes are shown below:



WORKSHOP ONE: AFFORDABILITY & VULNERABILITY

Following Mark Field's presentation on Affordability and Vulnerability, there was a roundtable discussion where stakeholders were asked whether they felt Southern Water's proposed initiatives met the expectations of customers and the company's regulators. They were then asked to consider ways in which they could support the company in its Reach and Support initiative.

SUMMARY

The majority of stakeholders were supportive of Southern Water's proposed approach to addressing issues relating to affordability and supporting customers in vulnerable situations. When asked to vote on how effective they thought each of the company's proposed initiatives were, just over two thirds (68%) voted 7 out of 10 or higher for Reach and Support. There were similar levels of support for Spring / Live Water and Solutions, with 64% voting 7 out of 10 or higher for each initiative, although Make it Count was slightly less popular with 53%.

There was praise for how the company works in partnership with other organisations. Stakeholders strongly emphasised collaboration throughout the discussions, specifically with established and trusted organisations such as Citizens Advice and housing associations. Other ideas of how to reach out to customers in vulnerable situations included through food banks and health centres. It was noted that greater collaboration with other utilities is required, particularly when it comes to data sharing, although some participants commented that this isn't always easy due to issues relating to data protection.

Several stakeholders, especially those representing voluntary groups, recommended clarifying the parameters of 'vulnerability' and further demarcating different categories such as temporary vs permanent and acute needs vs subtle needs. A small number of stakeholders expressed concern that the term 'vulnerable' might, to some, carry a stigma which would exclude those in need of support. It was added that Southern Water's efforts on the Priority Services Register (PSR) must be presented in a positive light to address this issue.

1. Do you feel that our proposed approach to affordability and vulnerability will meet the expectations of our customers and our regulators?

- "I think it's a refreshing approach." Environmental group
- "[The proposed approach is] stepping into the world of local resilience forums, which is a brilliant approach." Business representative
- "I think it's a really positive, much more proactive approach. There's been offerings, but they haven't been proactively approaching the people that need those things in the past." Environmental group
- "Need clear information through trusted partners, and exactly what steps Southern Water will take in the event of an outage or flood or sewage problem. It needs to strengthen its relationship with its trusted partnerships to find vulnerable customers." Government / regulator

- “I like the ‘working in partnership’ part of it, some customers might not feel comfortable having these things offered from Southern Water but are more likely to embrace the same schemes from other, more personal groups.” Voluntary group
- “Citizens Advice Bureau, identifying these groups to work in partnership with is vital.” Environmental group
- “You could do formalised partnership with other utility suppliers. That could be an opportunity.” Engineering / infrastructure company
- “There must be scope for water companies to work together to offer options to vulnerable customers.” Government / regulator
- “Southern Water should publicise the subsidies at food banks, educate on how well you have paid your bill, if you have paid your bill, you get the money off.” Voluntary group
- “Could there be a test for vulnerability when you go down to the doctor? How do you get people who don’t want to be on the list?” Voluntary group
- “The social housing industry is possibly a conduit as well. They should understand how to do pooling of resources, so you don’t overwhelm people.” Business representative
- “There are too many different levels of vulnerability, you need to make consistency across systems.” Voluntary group
- “Different categories of vulnerability are essential.” Business representative
- “There needs to be alternative communications options – like who is the water warden in the area?” Government / regulator
- “It’s the responsibility of the water service to be out and about. They need to show people the value.” Environmental group
- “There are issues behind [sharing third-party information] though, especially at the moment with the controversies of data sharing.” Business representative
- “You have to make sure the information is clear, through the partner organisations, about both transient and permanent vulnerable states.” Government / regulator

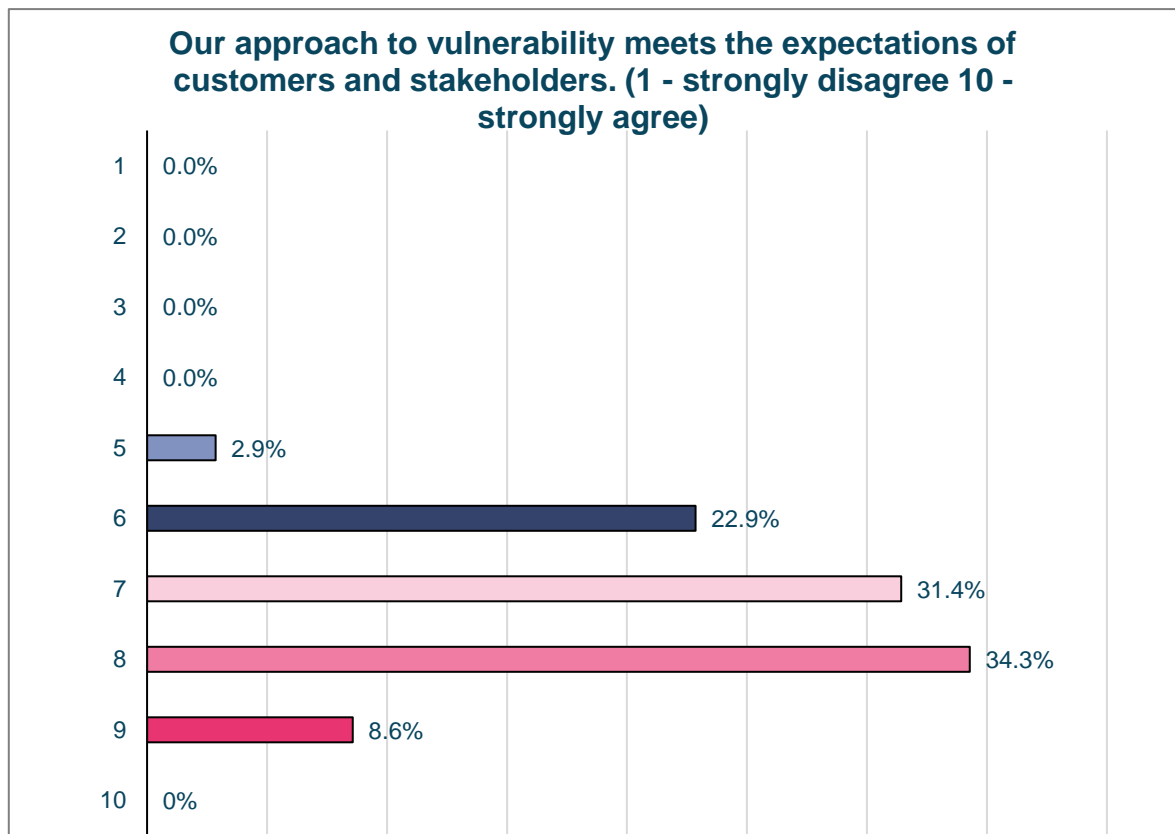
2. How could you / your organisation support Southern Water in its Reach and Support initiative?

- “There has been a move with the PSR to get companies together, there is certainly a need for joint discussion and most importantly group phraseology/language. We face an issue at the moment with the fact that data is being shared but vulnerability is defined on different scales.” Community group
- “Vulnerability is a broad spectrum and the act of defining it will inevitably leave a certain section of people out who need support.” Environmental group
- “You need to change how you present the PSR to people, put it into a positive light.” Community group

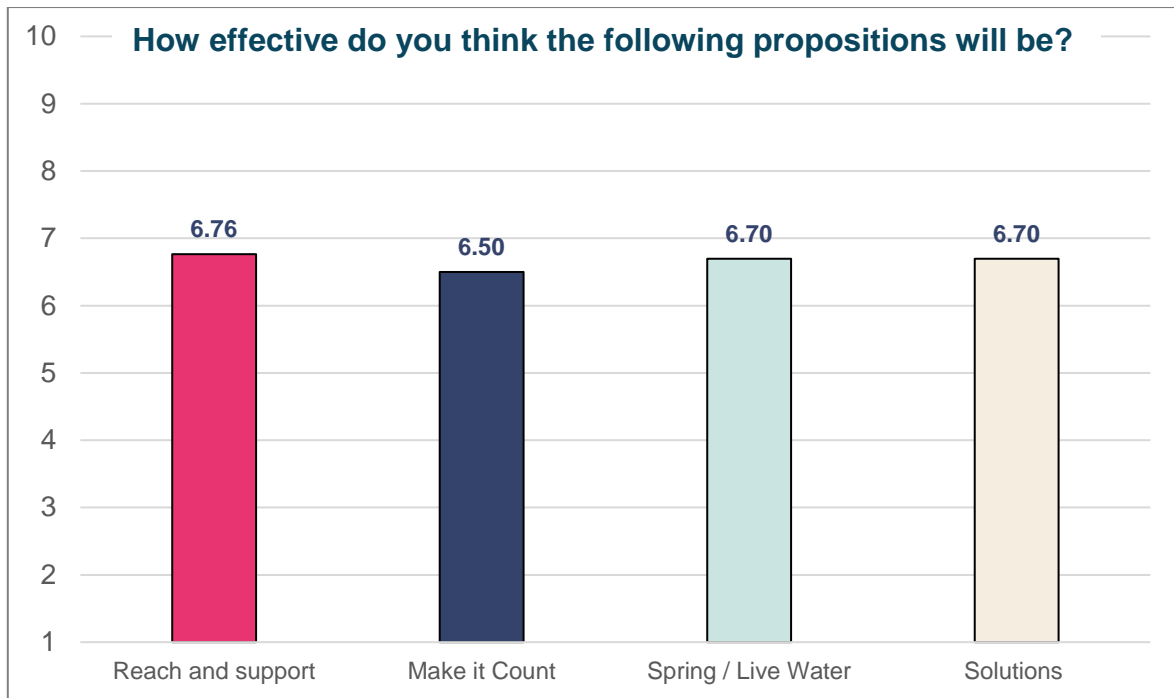
- “If communities see vulnerability as a negative thing, [...] they won’t be proactive like you need them to be.” Community group
- “As a charity that talks directly to vulnerable customers, we need more information on what you provide.” Voluntary group

ELECTRONIC VOTING

After the roundtable discussion, stakeholders were asked to vote electronically to put forward their views on the following statement:

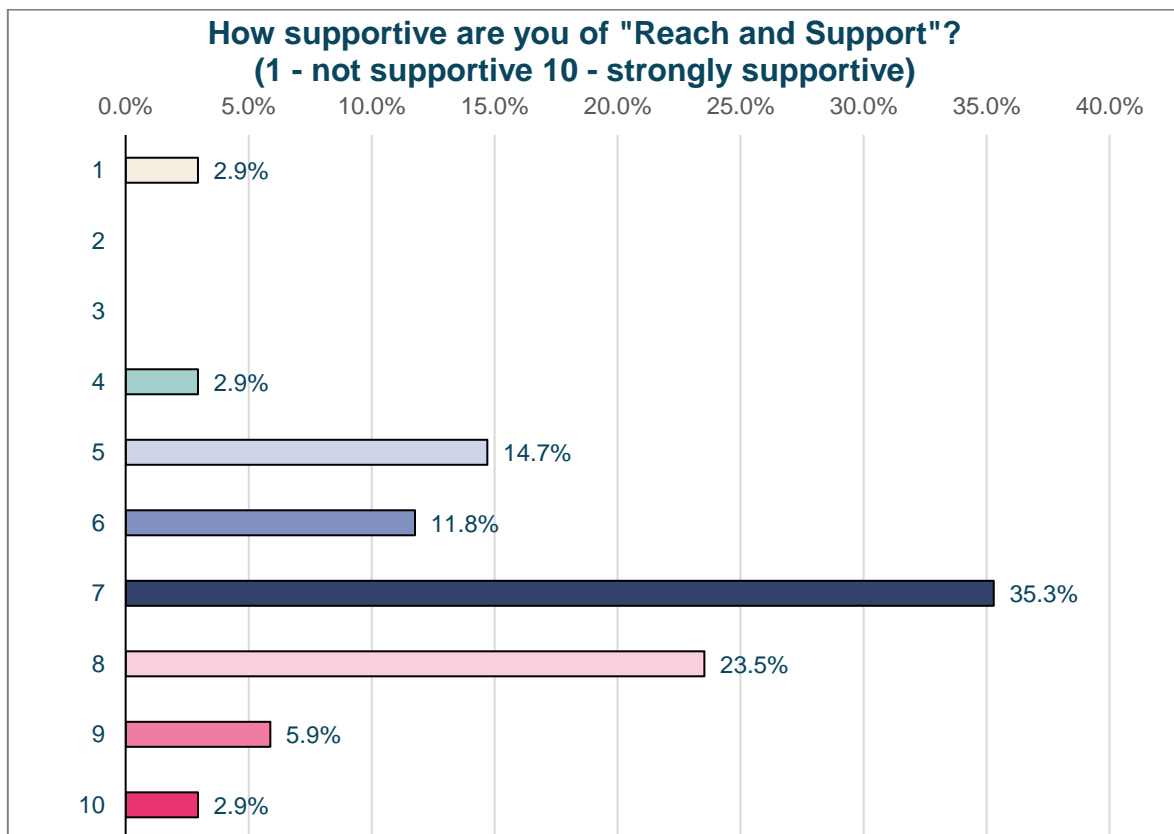


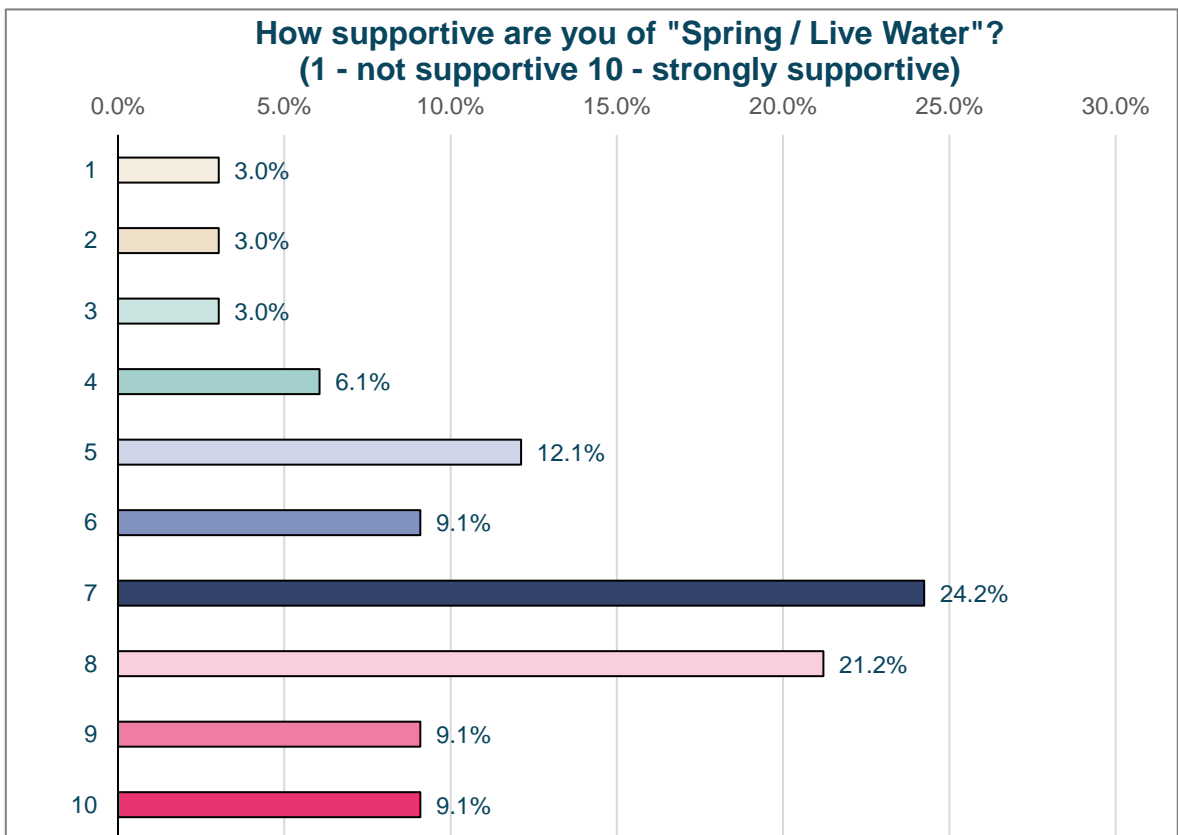
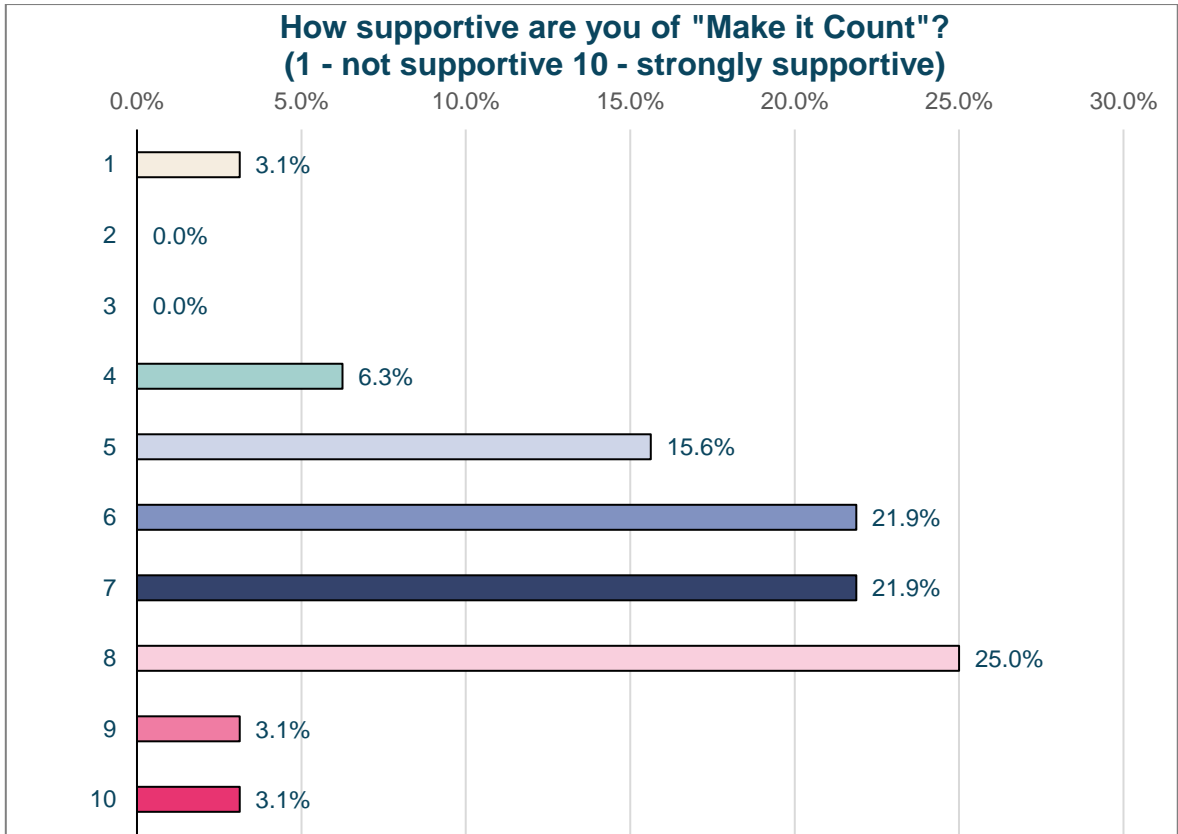
The chart on the following page summarises the results of the electronic voting in this session. The question was as follows: ‘How effective do you think the following propositions will be?’ The figures are an average of all stakeholder votes on a scale of 1 to 10, with 10 being the most effective.

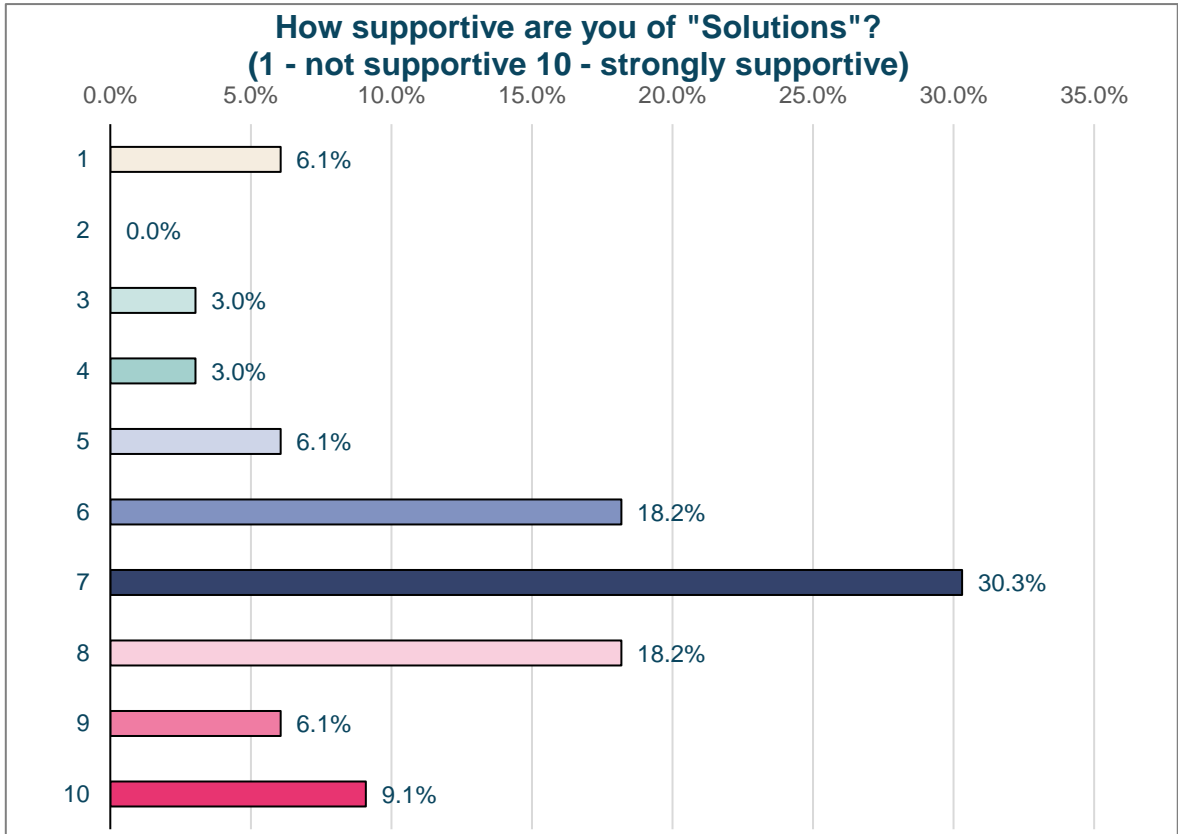


BREAKDOWN OF VOTING FOR EACH PROPOSITION

Stakeholders were then asked to vote according to how effective they considered each of Southern Water’s initiatives to be in terms of supporting customers in vulnerable situations. The original question, “How effective...”, was revised to “How supportive...”, following feedback from stakeholders.







WORKSHOP TWO: CUSTOMER SERVICE

Following Mark Field's presentation on Southern Water's suggested customer service propositions, stakeholders were asked whether, in their opinion, these propositions meet the expectations of the company's customers and regulators. They were then asked whether they supported the proposed plan to embed customer service in the business.

SUMMARY

Stakeholders generally felt that Southern Water's customer service had vastly improved over the last few years, providing examples from both a customer and contractor perspective. There was also considerable support for the company's five-point plan to embed customer service in the business.

When it came to how improvements should be made, some stakeholders were split on whether the company should prioritise as much contact as possible or aim for more information be made available online to take the pressure off customer service staff. Other differences of opinion were evident on whether Southern Water should innovate their customer service proposition or work harder to perfect the basics. A few suggested pioneering modern techniques, such as targeting customers through smart metering, while a greater proportion felt that the company should excel at the fundamentals such as answering phone calls and emails promptly before progressing to more innovative outputs.

Stakeholders broadly supported new incentives, such as community rewards, incentives for prompt payers and non-monetary prizes, such as cinema tickets, but it was noted that any innovative ideas should not exclude those who are not early adopters of new technology.

It was noted that customer service issues often lay with contractors, rather than core Southern Water staff. It was felt that having a local contact who knows the area and can liaise between customers and contractors was one way of addressing this.

1. Do you feel that our proposed approach to customer service will meet the expectations of our customers and our regulators?

- "One of my frustrations was that Southern Water were very arrogant and insular, but I think they've improved a lot and come a long way." Government / regulator
- "We get a good level of engagement, and there are opportunities for businesses to feed in there. That's improved in the last five years." Business representative
- "[On smart metering], if I got an email that said, 'suddenly your usage has gone right up', they could look into it and potentially help a situation that would take me months to uncover." Community group
- "If your customer data is up to speed, you could alert customers to any issues." Engineering / infrastructure company
- "I think it's all about doing the basics brilliantly. People don't think Southern Water do the basics very well, they need to get that stuff right before we get into the enhancements; they need to answer the phones and the emails first." Customer representative

- “How much more research do you need? Be less risk averse and get on with it.”
Government / regulator
- “The rumour is that there is still a traditional dominance of Southern Water by the engineers, whereas other water companies like Portsmouth are way ahead of the game in terms of some options.” Environmental group
- “I like the idea of tailoring your incentives, some people might be more interested in a cinema ticket or giving a donation to a charity than they would be in having a small reduction in their bills.” Voluntary group
- “So, the app is to allow you to adjust your behaviour? OK. That could be interesting if you link it to the billing structure and incentives.” Environmental group
- “If people could see the consumption of everyone in their town, then maybe you could offer a community award for the household with the biggest consumption reduction.” Business representative
- “Making sure the incentives aren’t just technology based, because otherwise you’ll disenfranchise groups that don’t have that access, such as older generations.”
Community group
- “I would want the target to be speaking to as many people as possible.” Business representative
- “But if the answer is online, no calls are needed.” Councillor
- “When there are problems, there are so many layers. Something frustrating, and problems with rivers and so on, there’s so many layers, you call, and they say, ‘that’s not my issue’. Being a frontline player, and the ability not to pass the buck; saying it’s a contractor and therefore it’s not our issue, that doesn’t help your image.”
Environmental group
- “It has to be that one point of contact. You have to get your ideas, and if you have a contractor that’s the cheapest, they might not be the best communicators. If you’re going multi-agency, you need that link.” Environmental group
- “And any Southern Water employees, it needs to be training programmes.”
Environmental group
- “Contractors aren’t necessarily signed up to your ethos, and there is a bit of a breakdown.” Council officer

2. Do you support our proposed customer service propositions?

- “For customers, it’s individualisation that you want. In a business, if you don’t treat them as individuals, you’ll lose out.” Business representative
- “If someone telephones Southern Water, does it go through to a menu, or does someone pick the phone up? It’s that detail that will tell if you’re meeting this [standard].” Environmental group

3. Do you support our proposed five-point plan to embed customer service in the business?

- “I applaud the incentive for prompt payers. Maybe you should consider something like a 10% discount when you pay for three years rather than one.” Business representative
- “Southern Water was completely different to that. It was a normal person trying their best to help – it was actually kind of surprising!” Environmental group
- “You need a local contact as well, making sure that it’s all joined up [between Southern Water and local contractors] – that’s the bit they need to improve on.” Government / regulator
- “Probably the best option for you is to go online, but you may not be in a position to do that.” Engineering / infrastructure company
- “Wessex have a really good system, so if someone says Scottish and Southern are doing great, it’s those networking organisations that need to help inform individual companies about how they can improve their practice.” Government / regulator

WORKSHOP THREE: INNOVATION

Following Gerard Harkin's presentation on innovation, stakeholders were asked to consider the problems and opportunities facing Southern Water in groups and to come up with ideas on how to address these as part of the company's 2020–2025 innovation programme.

SUMMARY

Stakeholders were broadly very positive about many of the innovative ideas presented by Southern Water. When asked to vote on what proportion of customers' bills should be given to research and development, the most popular answer, with 43% of the votes, was more than 3%.

Discussions focused on how innovation could help customers better understand the value of water, which would lead to lower demand. Much of this innovation concerned the use of smart meters to inform customers of their water use and to further imbue a sense of water scarcity, including among schoolchildren. Many agreed with the suggestion that water usage being displayed on a meter in monetary cost, as opposed to litres of water used, would prompt more water efficiency. Another common suggestion was pioneering new schemes to educate customers on non-flushable products.

Some suspected that a lack of internal communication between the drinking and wastewater arms of the business had led to a failure of the two sectors to share their respective innovations.

The issues of grey water recycling and domestic hydroelectric power generation were raised by several engineering and infrastructure stakeholders and were supported by stakeholders from outside of those fields. Better catchment management was also suggested as a method of reducing environmental harm by removing nitrates from soil.

It was widely felt that Southern Water ought to do more to identify examples of best practice from overseas. Projects in France and Finland that used sewage to generate energy were cited, as was the use of grey water for flushing toilets in Japan. A topic that was raised by many stakeholders related to the need to prevent microplastics from polluting rivers and getting into the water supply. Alongside improved filtration techniques, it was widely felt that more should be done to put pressure on manufacturers to stop using this material. It was also noted that blockages, either down to wet wipes or fats, oils and greases, were a real problem facing water companies and it was felt that educating customers was the best way to address this.

The use of machine learning (artificial intelligence) to gather customer data and personalise billing was a popular topic, as was improving techniques for the monitoring of sewers. Stakeholders were supportive of greater collaboration in innovation through crowdsourcing and the creation of innovation teams and partnerships with those outside of the water industry. The project with Ricardo-AEA, which used technology from the automotive industry, was widely supported and it was felt that more innovation along these lines could only be a good thing.

SUGGESTIONS

Facilitators recorded stakeholders' comments during the discussion. The table below summarises the suggestions proposed during the roundtable exercise.

The issue	The idea
Valuing water	Educate and engage customers so that they give more value to water – understanding the water cycle
Reducing pollution incidents and blockages	Educating customers to change mindsets
Pollution from farming	Innovative approaches to catchment management
The need to reduce consumption	App to highlight over-consumption with alerts
Updating the water network	Innovative replacement / using digital information
Machine learning	Get data from customers
Grey water	Pricing levels based on type of water
Production innovation	Toilet / basin collaboration on projects
Microplastics	Stopping it getting into the rivers
Wastewater to energy	No further comment
Lack of coordination among innovation teams	Integrated teams across different companies
Predicting future water use	Using international best practice to identify the best benchmarking and delivery mechanisms
Recycling water	Wind turbine / tidal marine turbines / domestic water turbine (mini in-house hydro power)
Water quality (managing nitrates)	Working with other water companies to come up with alternative solutions
Eco system services	Working with public payments to support private customers
More crowdsourcing and co-creation	No further comment
Community energy	Looking at local supply for local use
Building sustainable houses in water-stressed areas	Set up strategic sub-groups at county-council level involving all utilities to help build more sustainable homes

What problems / opportunities would you like us to consider for the 2020–2025 innovation programme?

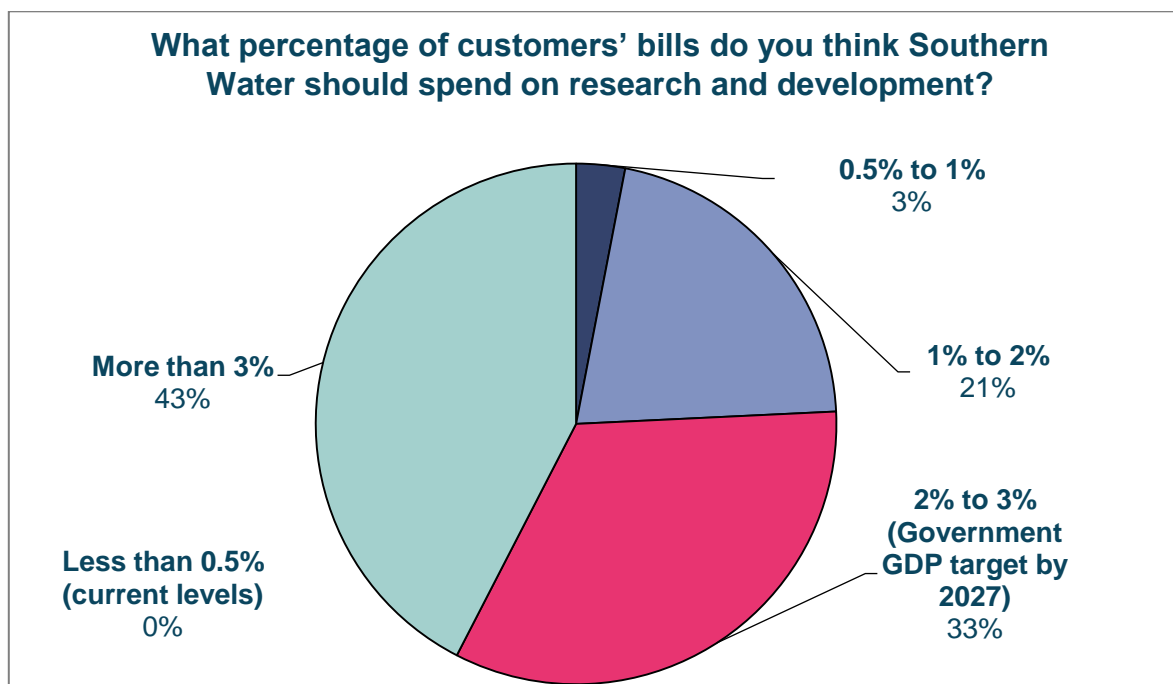
Verbatim comments

- “A big problem is valuing water. Many of the customers don’t even understand where it comes from or how it links to the environment.” Environmental group
- “Innovation could be informing customers about the water usage, catchment monitoring, logging into your phone to find out about water usage and also access information about the state of water resources.” Environmental group
- “People could use contraptions to store oils and dispose of them in a sustainable way but they are not aware of this, you need to make it easier for them to access these things.” Councillor
- “I have often thought, when you have water flowing through a pipe, you should have domestic water turbines to fit to drainpipes outside.” Business representative
- “I think the idea where the water company alerts you immediately if your bill is shooting up is a great idea. Quickly reacting is great as it ultimately saves you the cost.” Business representative
- “Customers want to know how much water costs, not how many litres of water, for example, knowing how much a bath costs, knowing how much it consumes, is great.” Customer representative
- “Monitoring of sewers overall would be great. Innovation needs to happen in this area particularly.” Environmental group
- “You should collect data from customers. Then you could create tailored advice.” Councillor
- “Wet wipes are a real problem that truly have not been tackled. How do we get that social responsibility, your water is not your bin?” Environmental group
- “What about sensors on the waste network, it would be great to know what’s happening on the whole network.” Environmental group
- “In Japan they use the sink water to refill the toilet, we should be looking to more products, more innovation.” Engineering / infrastructure company
- “More collaboration on project innovation, working with people who are removing chemicals out of the systems, removing microplastics, chemicals, stopping stuff before it gets into the systems.” Environmental group
- “One is how water companies operate internally, one department is often water resources, one is wastewater, and they don’t talk to each other, there needs to be more water planning between the two.” Business representative
- “Using catchment management to deal with farming pollution helps with water security, it protects from extremes each end of the hydrograph, use catchment management and security for that.” Engineering / infrastructure company

- “Tell us how much international best practice collaboration there is. I’m sure it isn’t this, but it sounds like you’re only looking locally.” Government / regulator
- “I’ve looked at a project in the south of France where they are taking on and processing sewage, turning it into natural fertiliser, and they are running a business producing medicines.” Business representative
- “Apparently the Finns have been doing this for a hundred years. They use this to create fuel for their energy needs.” Environmental group
- “Crowd innovation: start releasing 10 years of pump data publicly and making it available for anyone from any background to draw and report conclusions from.” Business representative
- “Look into capturing wastewater and generating uses for it.” Business representative
- “Southern Water need to look into the minute details of marine innovation: agricultural development around the restoration of biogenic reef creation, for example.” Environmental group
- “If supply and demand are pretty equal, do we need ten desalination plants? Maybe that’s where Southern Water need work, I’d want to know what that requires.” Environmental group
- “Kids should be taken to sewage works, see what it actually ends up as!” Environmental group

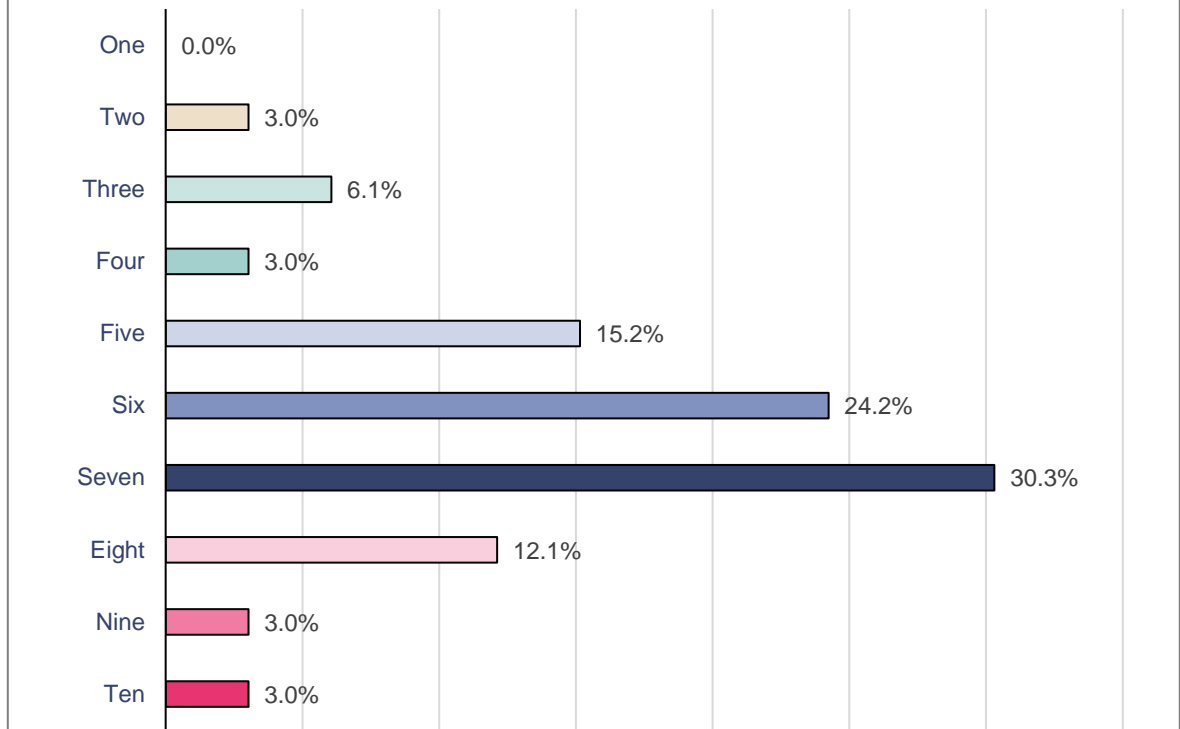
ELECTRONIC VOTING

Following the roundtable discussions, stakeholders were asked to vote electronically according to what percentage of customers’ bills they believed Southern Water should spend on research and development.



"Our approach to innovation meets the expectations of our customers and regulators."

(1 = strongly disagree, 5 = neutral, 10 = strongly agree)



WORKSHOP FOUR: RESILIENCE

Following Meyrick Gough's presentation on resilience, stakeholders were asked whether they felt the correct challenges had been identified and whether Southern Water's proposed initiatives met the expectations of its customers and regulators.

SUMMARY

The predicted increase in the region's population and the impact of climate change were seen as the biggest challenges to resilience for Southern Water. When asked whether the company's approach to resilience meets the expectations of customers and regulators, opinion was split. Voting electronically to give a score out of ten for this proposition, just over one third voted seven or higher. However, a similar proportion gave a mark of five or lower. Six out of ten was the most prevalent score among stakeholders.

The prevailing opinion was that a great deal of the measures required to improve resilience were outside of the scope of Southern Water's remit, and should instead rest on the shoulders of government and the wider water industry. Nonetheless, stakeholders saw Southern Water as playing a vital role in delivering necessary improvements, both in terms of lobbying the government and by pioneering new projects.

Stakeholders were very concerned about the problems posed by future climate change. Particular emphasis was placed on an absence of guidance and leadership from central government, and many felt that climate targets had not been sufficiently enforced. Stakeholders were strongly in favour of water storage for drought mitigation and catchment projects aimed at tackling network flexibility.

The increase in demand, as a result of population growth, was a key concern for attendees. Many felt that Southern Water ought to be more involved in the planning process, supporting sustainable housing and lobbying central government for higher standards in building regulations.

It was felt that environmental standards may slip after Britain leaves the European Union. One of the reasons given for this was that, with the agricultural sector under more financial pressure, farmers and landowners may be more inclined to cut corners. It was also noted that cuts to budgets for organisations such as the Environment Agency may also have the same effect, as roles that are currently undertaken by the companies, such as monitoring, may have to be undertaken by volunteers.

Another problem stakeholders referred to was a perceived skills shortage in engineering, for which they suggested more STEM training at both a secondary school and university level.

1. What problems / opportunities would you like us to consider for the 2020–2025 resilience programme?

- “We need to make infrastructure more resilient. Water comes from the environment, so we need rivers that can cope with low flow, keep them in better condition so that doesn't impact supply. Work on environmental resilience.” Environmental group
- “Legislation and regulation, is that keeping pace with what we are trying to do in the water industry? A good example is the Brighton ChaMP for Water project. If you look

at source protection zones, are they still relevant or too out of date? Legislation hasn't kept pace with things we need to work on." Environmental group

- "There will be disruption faced by agriculture as we leave the EU. You need to police that from an environmental perspective to make a better transition. More financial pressure means farmers could be cutting corners." Environmental group
- "I am acutely aware that the Environment Agency cut back massively on water quality and environmental monitoring. Is having volunteers do this appropriate for a 21st century society?" Environmental group
- "With surface flooding we have to find ways of countering the effects of that. We feel that there needs to be a higher level of cooperation between our respective organisations. If we combine our [Regional Flood Network] resources, it will have the effect to crack it." Community group
- "I lived in Germany for 10 years and everyone had a pressurised water system – you need tanks." Engineering / infrastructure company
- "[For] extreme flooding, we need water storage. We need battery storage for wind turbines, same thing for water – need storage for it in the event of flooding and drought." Government / regulator
- "What seems to be missing is the challenge to government in terms of enforcing these targets." Government / regulator
- "Leadership is not going to come from individual companies, it's got to come from government." Government / regulator
- "In 2006 there was a major drought and the easy approach to water companies was to try reducing water use down to 100 litres, and that was seen as exceptional and impossible, but we did it. We need to be working with the government to get these big changes happening." Environmental group
- "It's about getting the public behind you. Millennials [are] younger and more aware of the costs." Environmental group
- "Is there a way for the water companies to get together with new developments?" Environmental group
- "You should be working with other water companies and applying pressure to the government to regulate and legislate." Government / regulator
- "Create exemplar projects and lobby the government." Government / regulator
- "[An exemplar project of] a mainstream environmentally friendly house?" Government / regulator
- "That's been government failing to provide infrastructure and putting it on the developer." Business representative
- "If you engaged with the local communities and gave them the right support and encouragement, they'd be up for it." Environmental group

- “If you want to have an incentivisation scheme, [it ought to be] SuDS.” Business representative
- “It’s an extremely difficult conversation to have with customers, asking them to pay more when they can’t see the immediate effect.” Business representative
- “There are opportunities to invest in innovative clean-up solutions that also build resilience in the environment. For example, helping to regulate seaweed farming will help the marine environment and will start to build an innovative biological purification process for Southern.” Environmental group
- “Cultural change: aggressively urbanised populations especially have a lack of knowledge and education. If people were aware of the processes of water and treatment, they would understand interruptions, hikes in price, etc.” Environmental group
- “Raising that awareness has huge financial benefits for Southern Water later down the line.” Environmental group
- “How able are you to predict these [legislation] changes? You should be looking into a resilience against changing environmental standards, especially in the wake of Brexit.” Community group

2. Is there anything missing that Southern Water has not considered?

- “I think there are water quality issues missing from here. Your colleague mentioned the microplastics: are there going to be new chemicals in the future that get through the waste plants?” Engineering / infrastructure company
- “I’m surprised not to see the environment more strongly emphasised.” Environmental group
- “Industrial relations aren’t on this list; what happened if all your workers went on strike?” Customer representative
“Though currently there isn’t a communication system.” Business representative
- “Environmental resilience needs to be brought to the fore.” Environmental group
- “When we come out of the EU, how will we respond, we may see more glass houses, or something completely different.” Council officer
- “We’re failing on the Water Framework Directive, even if those weren’t factors, I would say that’s probably a challenge.” Council officer
- “We spoke about it already, but having that joined-up thinking and collaborative approach across groups. As a UK-wide plan, green silos.” Housing sector
- “A lot of people being 65+, having their knowledge, experience, can’t there be a way of utilising that?” Business representative
- “Then why do we have that skills shortage, we need that training to get the right skills. We’re not short of people.” Environmental group
- “London creates so much drain for these people.” Environmental group

- “STEM generally, the water industry isn’t the only one complaining there.” Council officer

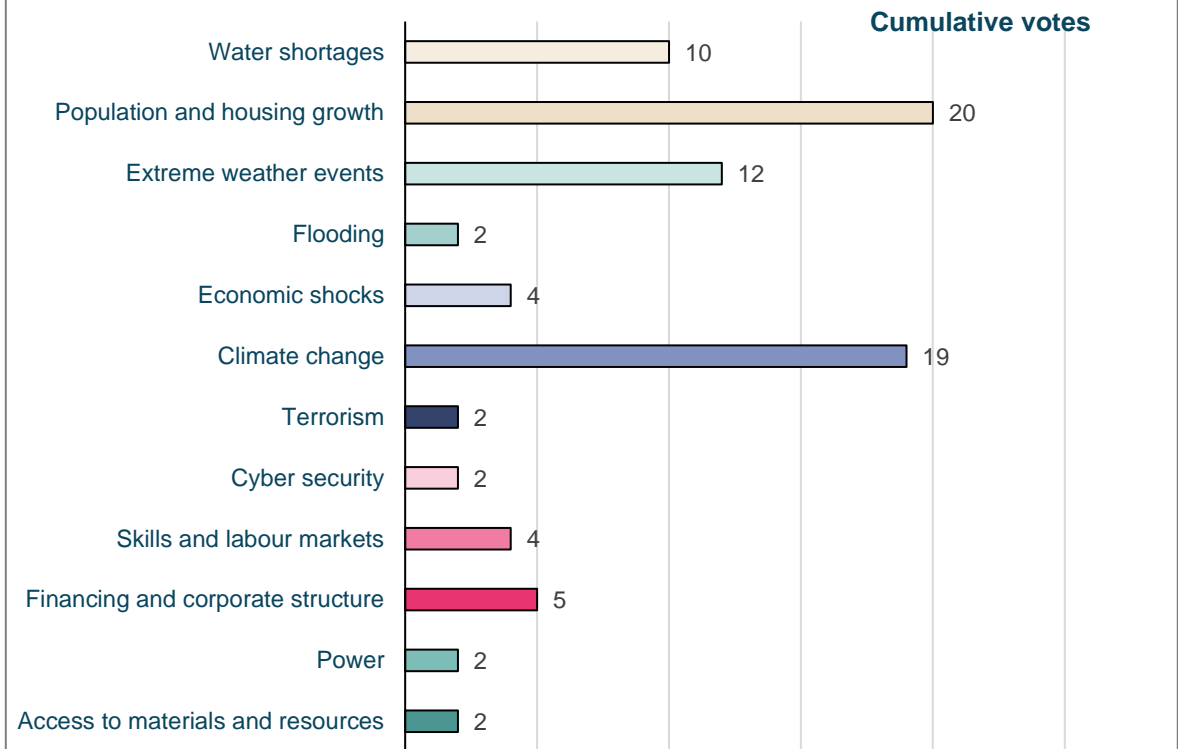
3. Does our proposed approach to resilience meet the expectations of our customers and regulators?

- “I think we are all racing to the bottom in terms of spending. You’re not kidding us, the data is coming out so fast that we can see it. Water and housing, you have to provide it to new developments, but if you start buckling under that pressure, whose issue is that – yours? The government’s? Developers’?” Voluntary group
- “As well as broader demographic change (ageing population, single occupation homes), it’s not just the number of homes, it’s how people are living their lives.” Environmental group
- “The issue is how to make the legacy assets more resilient than they are at the moment. You need to retrofit or use insulation or the green deal.” Engineering / infrastructure company
- “Southern Water has to lead their customers on this; customers inform plans, they don’t dictate it.” Environmental group
- “They [customers] do just expect water, more needs to be done on explaining the journey.” Environmental group
- “People were told what to expect with climate change, and you can see it happening.” Community group

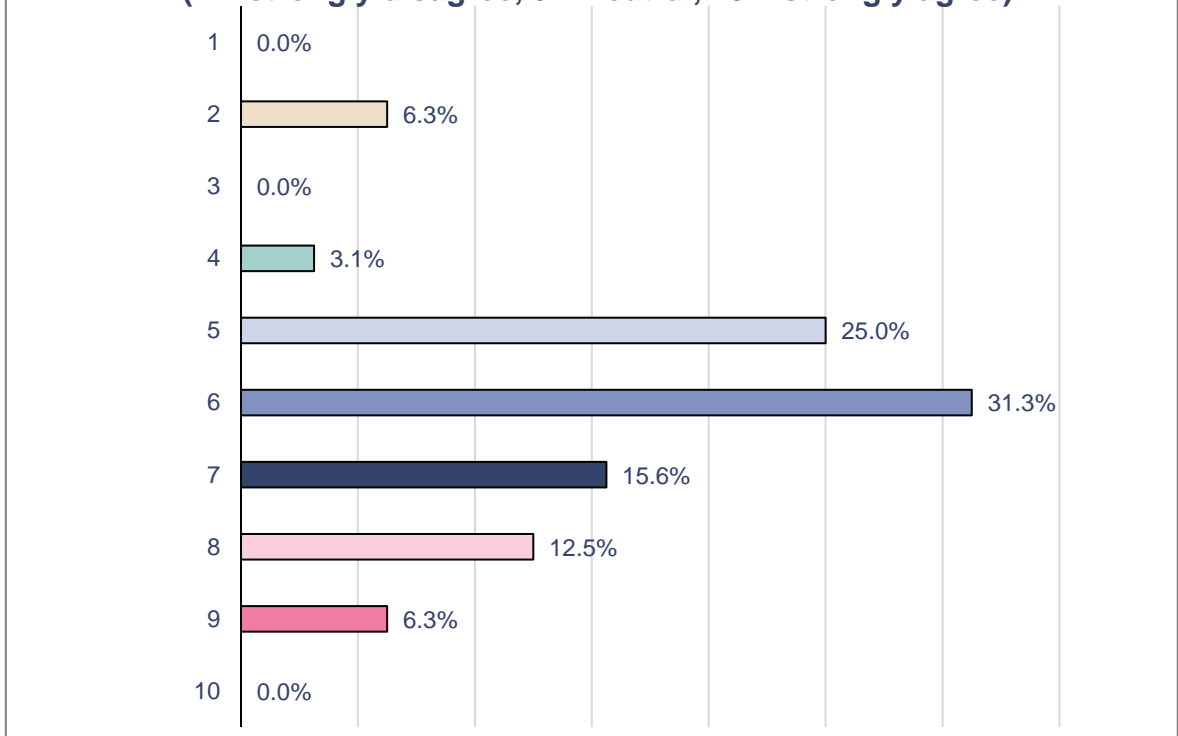
ELECTRONIC VOTING

Following the roundtable discussion, stakeholders were asked to vote electronically on the following questions.

Which do you think are the three biggest challenges to resilience?



"Our approach to resilience meets the expectations of our customers and regulators." (1 = strongly disagree, 5 = neutral, 10 = strongly agree)



WORKSHOP FIVE: PERFORMANCE COMMITMENTS

Following Chris Esslin-Peard's presentation on Southern Water's performance commitments and ODIs, stakeholders were asked to review the proposed commitments for the business plan period 2020–2025. Each attendee was then given a notional £20 to allocate against those commitments they wanted to see Southern Water receive financial rewards for if they exceed planned performance levels and financial penalties if they don't.

SUMMARY

When each stakeholder was asked how they wished to spend their notional 'money' in order to give an indication of the popularity of each performance commitment, in the 'Doing the Basics Brilliantly' category, 'Leakage' and 'Per Capita Consumption' were the two most popular commitments by a very clear margin. It was felt that customers naturally see leakage as a waste of resource so support even small reductions in this area. It was also noted that reducing consumption was something that could potentially be easily addressed through education as a means of mitigating the effects of the region's growing population.

When stakeholders were asked to consider which performance commitments they supported, and therefore would like Southern Water to invest more of their customers' money on, in the 'Cleaner, Greener, Better' category, 'River Water Quality' was clearly the most popular as it was felt that improving and maintaining the quality of the region's rivers would have a positive impact on other Southern Water operations. The next most supported commitments were 'Renewable Energy' and 'Abstraction Incentive Mechanism'.

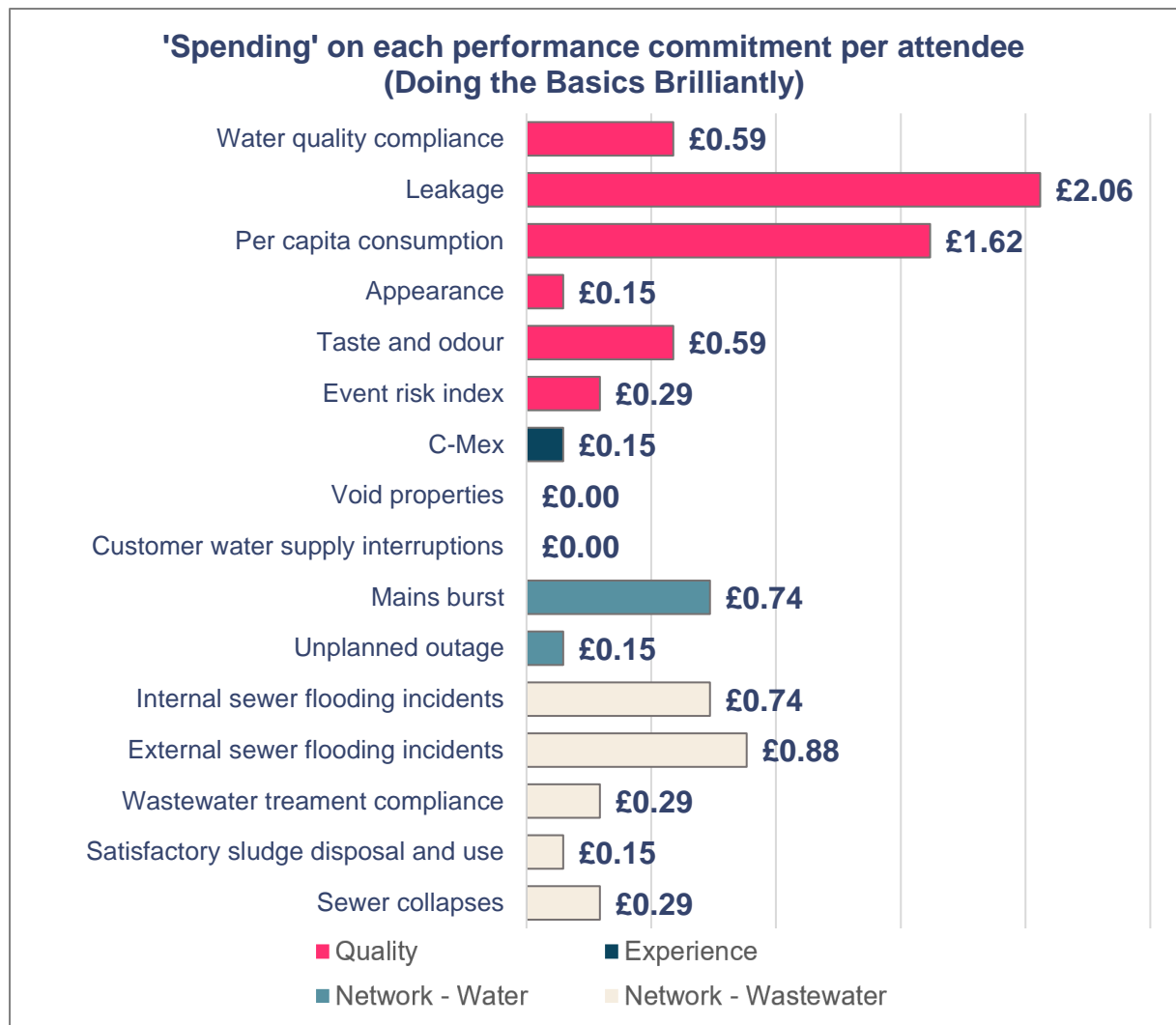
It was felt that the company ought to have 'Education' as an additional commitment, not least because many of the discussions throughout the day had emphasised the need to educate customers on a range of issues, from reducing their water consumption to why they shouldn't pour fats, oils and greases down the sink.

Verbatim comments

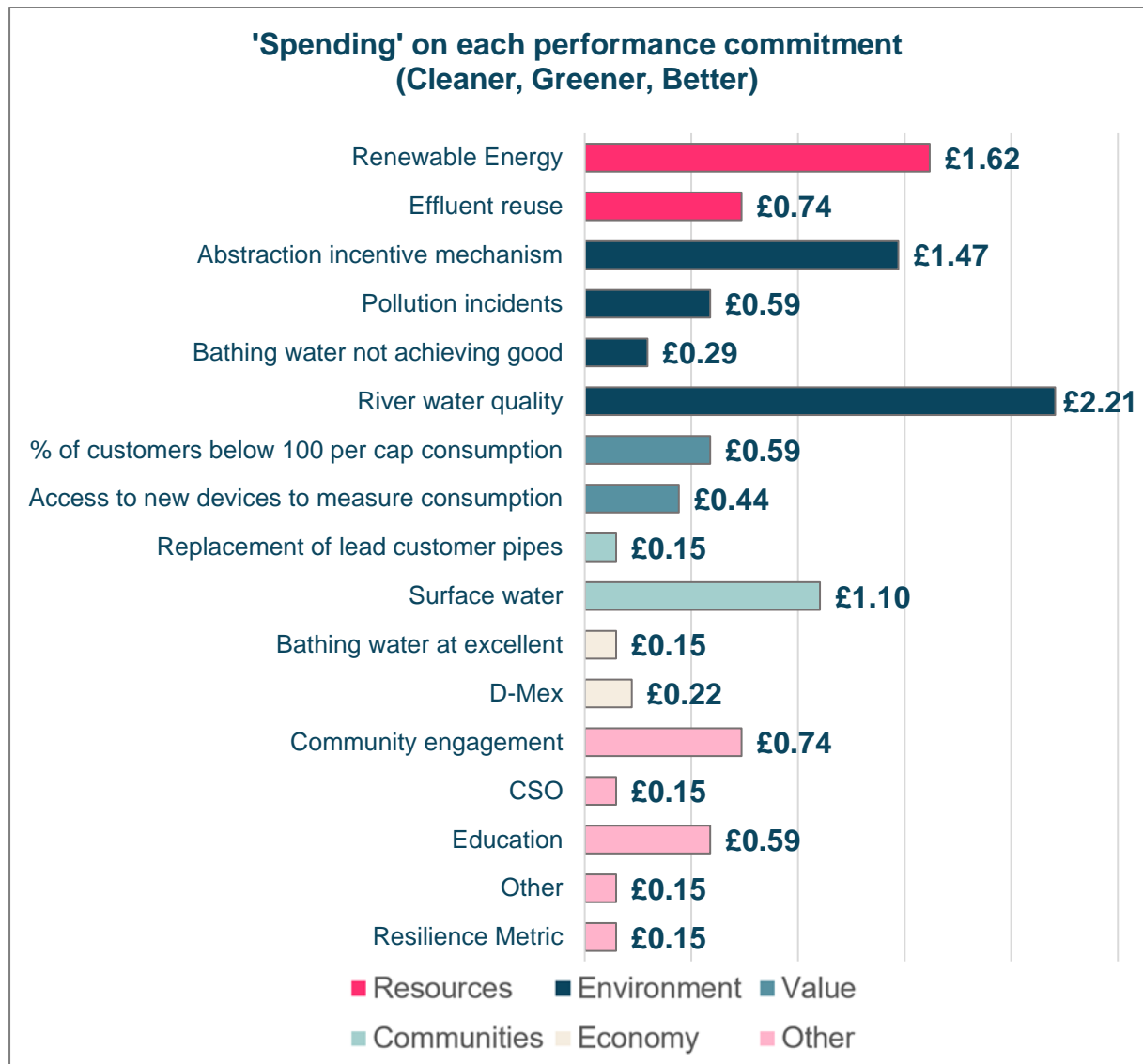
- "I think I would add to that, having worked in putting plans together as a technical person, you need to know the reasons why leakage is where it is, asset age and costs. In terms of the relative value, the amount of money to reduce leakage vs money for additional resources, leakage is very, very expensive but it is always something that customers come up with." Engineering / infrastructure company
- "I would like to put as much money as possible down for 'Leakage', but I only have four stickers." Environmental group
- "There's an expectation that customers will reduce leakage themselves." Environmental group
- "It's so obvious [the need to reduce leakage]. Even though we're talking about marginal reductions. It's just something we know that customers understand and respect." Voluntary group
- "It's such a fundamental underlying deficiency." Business representative
- "Per capita consumption is my priority. If this prevents sewage collapses, then great." Engineering / infrastructure company

- “Per capita consumption is a massive issue in the region, so getting this down should be the most important thing.” Environmental group
- “Energy consumption is in the process of collection, supply, delivery.” Engineering / infrastructure company
- “Biogas is great.” Community group
- “Producing energy from waste material is where you should be looking.” Customer representative
- “Sorting out and maintaining the quality of our rivers has to be one of your top priorities.” Environmental group
- “If the rivers are clean, surely that makes everything else easier for you.” Business representative
- “Add education as an area, you need to link it in and make a measurable target. If you are only talking to politicians, it won’t work. You need to talk to kids too, get them to nag their parents. Politicians need the pressure from the bottom.” Voluntary group

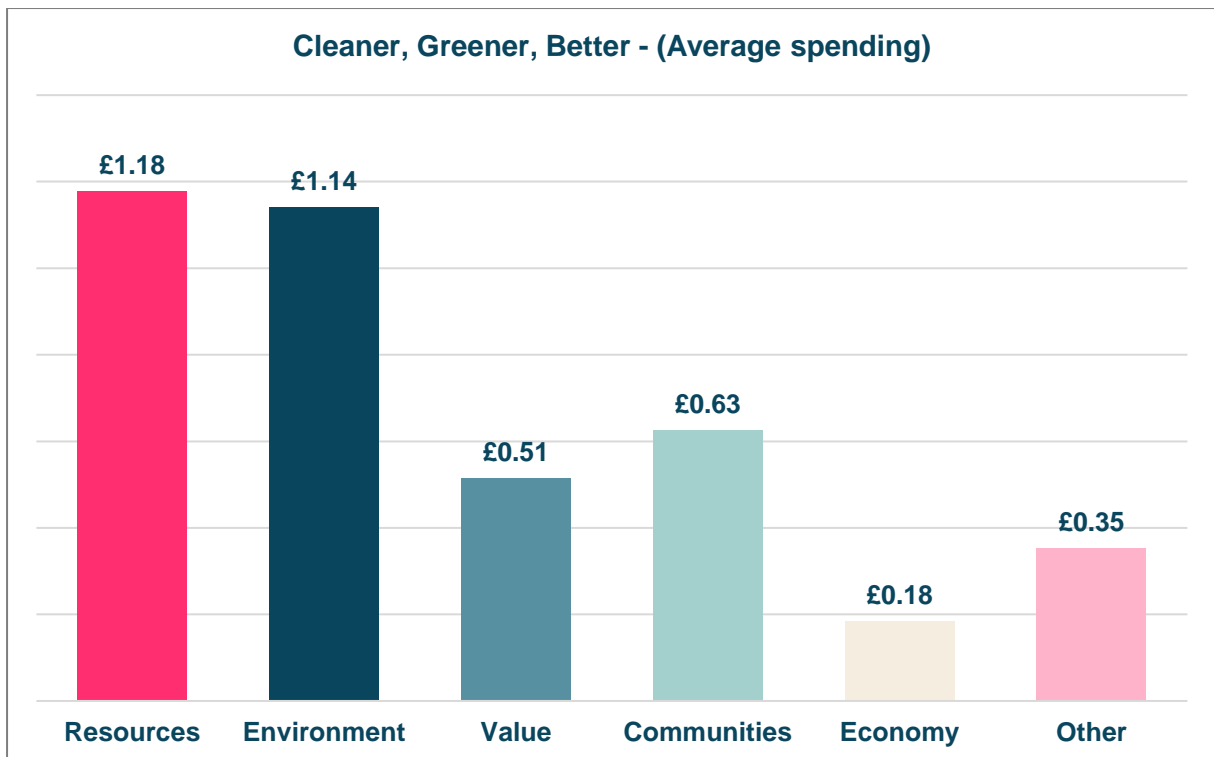
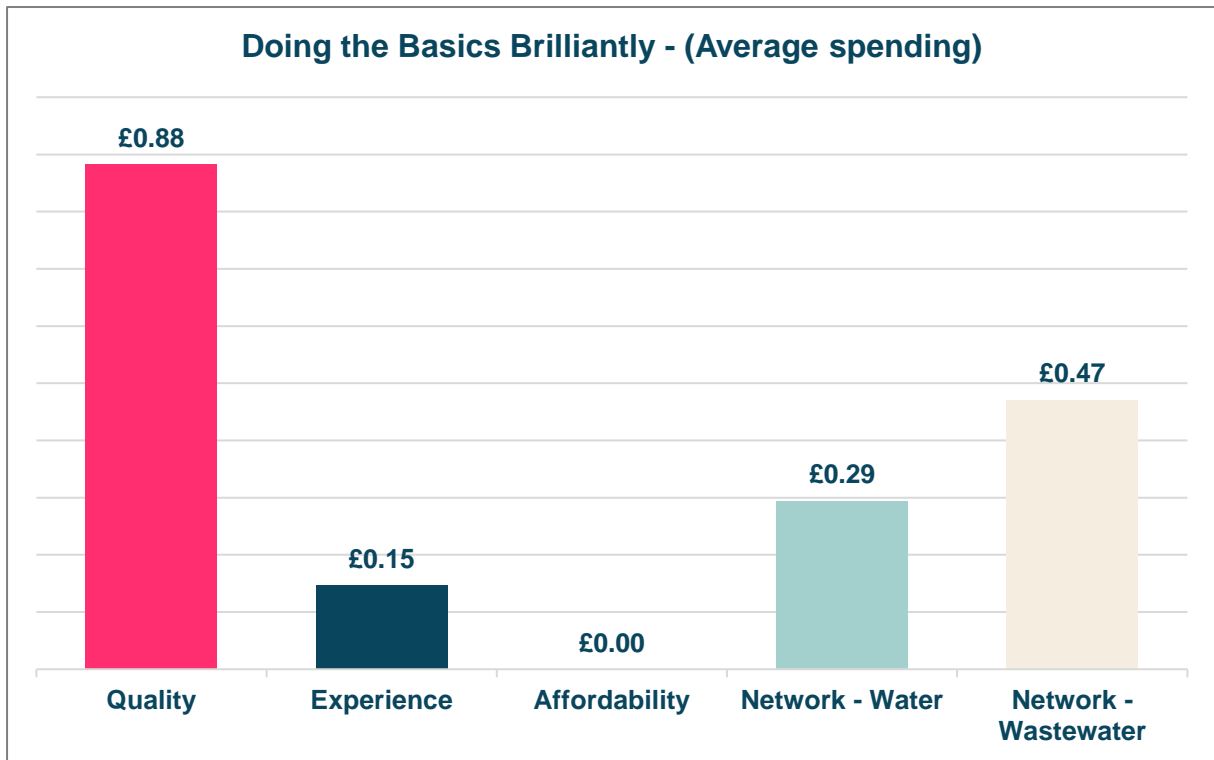
The following graph shows the average spend per stakeholder on each performance commitment under the 'Doing the Basics Brilliantly' category.



The graph below shows the average spend for each 'Cleaner, Greener, Better' performance commitment. The 'other' category concerns additional commitments, suggested by stakeholders on the day.



The cumulative spend per performance commitment category are summarised in the two graphs below.



Q&A

Before the workshop broke for lunch, stakeholders had the chance to ask Southern Water questions. A summary of the questions asked are shown below.

What are the results of this workshop? – CCG

As a plea, during consultation, could you make sure that [the workshop's report is published] in time for the consultation period? – CCG

How far are you from tailored billing? – Anonymous stakeholder

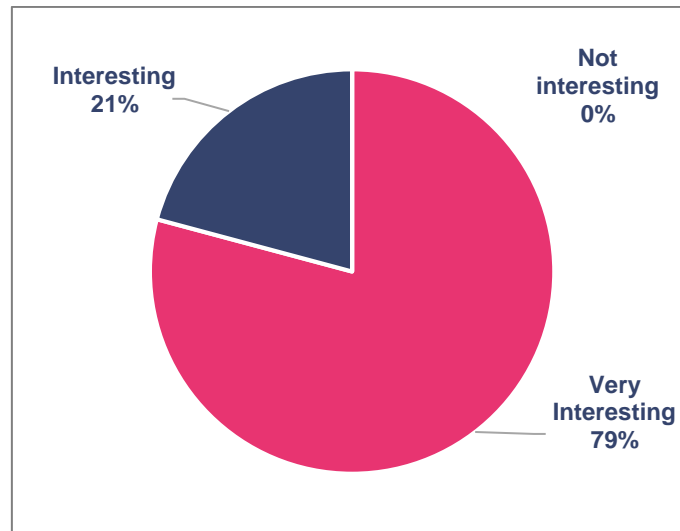
Today's event is part of the process. Can we see the whole process, and future events you have lined up? – Anonymous stakeholder

On ODIs, Southern Water should benchmark them against your transformational initiatives, because they will be a focus for the company 10 years plus. Catchments didn't feature today. – Environmental group

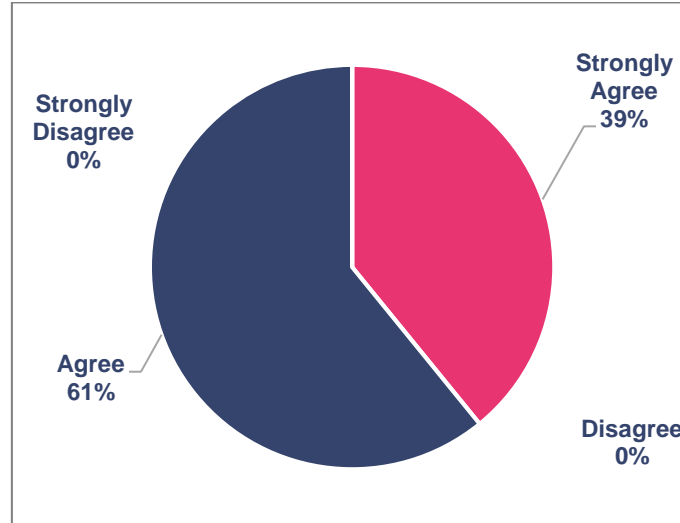
WORKSHOP FEEDBACK

Following the workshop, stakeholders were asked to complete a short feedback form. The results of this are shown below.

Q1: OVERALL, DID YOU FIND THE WORKSHOP TO BE...



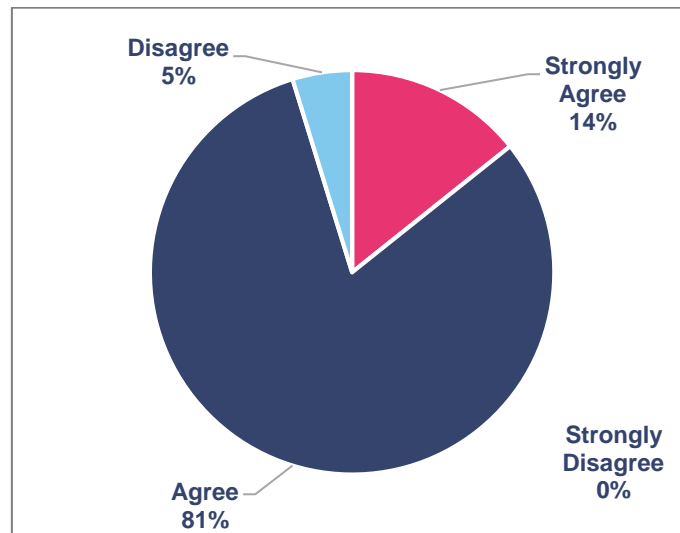
Q2: DID YOU FEEL THAT YOU HAD THE OPPORTUNITY TO MAKE YOUR POINTS AND ASK QUESTIONS?



Comments:

- “Good opportunities both in table discussions (which were very well facilitated) and in plenary.”
- “Good interactivity and range of methods, e.g. voting / facilitated discussion.”

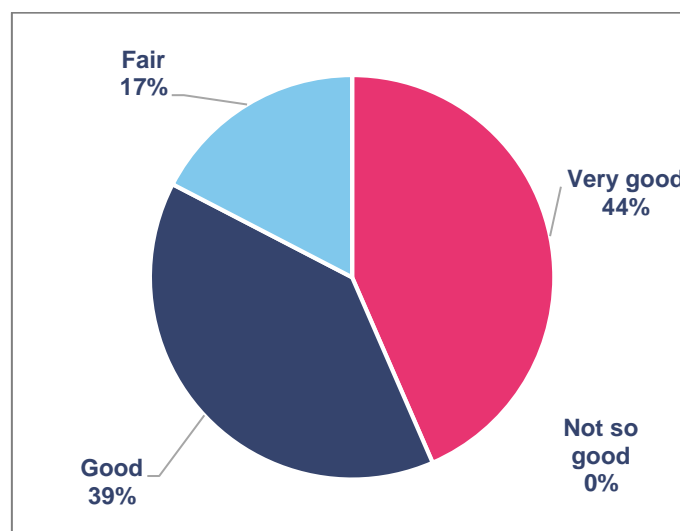
Q3: DID WE COVER THE RIGHT TOPICS FOR YOU ON THE DAY?



Comments:

- “I would welcome the opportunity to discuss specific areas in depth rather than covering all topics, many of which I am not an expert in.”
- “Would have liked 'Catchment First' to be covered.”
- “Perhaps a bit too wide, bearing in mind time pressures, but good to see whole picture.”

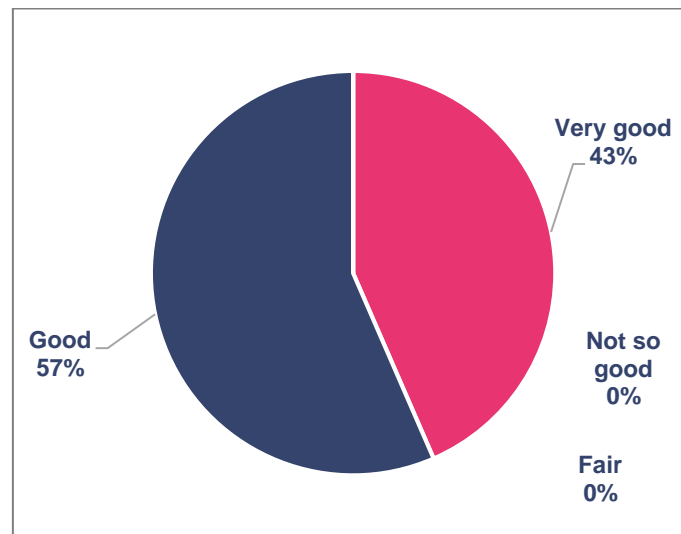
Q4: WHAT DID YOU THINK OF THE VENUE?



Comments:

- “Good location and facilities.”

Q5: WHAT DID YOU THINK OF THE WAY THE WORKSHOP WAS CHAIRED BY YOUR FACILITATOR?



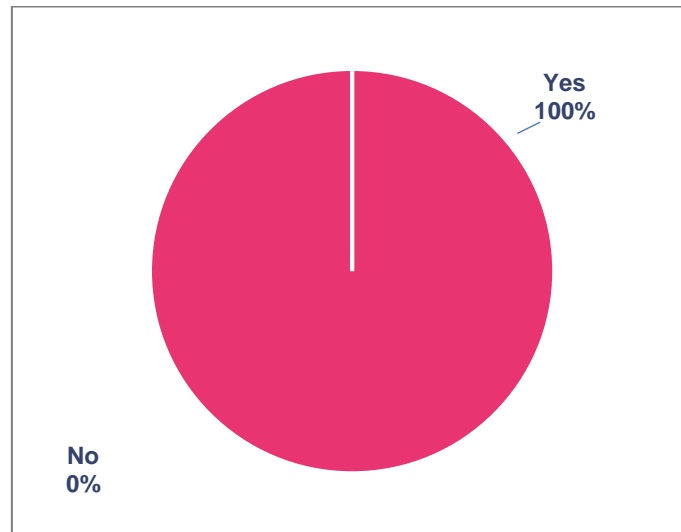
Comments:

- “Very good at initiating discussion and ensuring everyone included.”
- “Did a great job.”

Q6: ANY OTHER COMMENTS?

- “Engaging stakeholders, communicating and sharing the key issues for now. Next stop: delivering; implementing; and action.”
- “Keep engaging and co-operating and co-creating / communicating.”
- “Vulnerability is a growing issue. Southern Water need to give it attention and to be ahead of the curve.”

Q7: WOULD YOU LIKE TO RECEIVE OUR POST-EVENT REPORT AND INVITES TO SIMILAR EVENTS IN THE FUTURE?



APPENDIX

Aggregated voting for each performance commitment across all five tables.

OUR DEVELOPING OUTCOME DELIVERY INCENTIVES FOR 2020-25 CUSTOMER OUTCOMES 1-5: DOING THE BASICS BRILLIANTLY

PERFORMANCE COMMITMENT	2016-2017 PERFORMANCE	UPPER QUARTILE INDUSTRY PERFORMANCE	POTENTIAL TARGET 2025	AN EXTRA £1	VOTING
QUALITY: WE SUPPLY CLEAN, SAFE AND SUSTAINABLE DRINKING WATER					
Water quality compliance (index measure)	2.28	1.78	0.98 (57% improvement)	0.06 index points (2.7% reduction)	£5 £5 £5 £5
Leakage (megallitres per day)	111.1	N/A	93.6 (15.8% improvement)	0.18 (0.2% reduction)	£5 £5 £5 £5 £5 £5 £5 £5 £5 £5
Per capita consumption (litres per person per day)	131	135.16	119.8 (8.5% improvement)	0.12 (0.1% reduction)	£5 £5 £5 £5 £5 £5 £5
Appearance (contact rate per 1,000)	11.41	6.10	5.2 (54.4% improvement)	0.2 (1.7% reduction)	£5
Taste and odour (contact rate per 1,000)	2.8	2.85	2.13 (23.9% improvement)	0.076 (2.7% reduction)	£5 £5 £5 £5
Event risk index (index measure)	1,196	14.37	60.16 (95% improvement)	1.25 index points	£5 £5
EXPERIENCE: WE PROVIDE A REFRESHINGLY EASY CUSTOMER EXPERIENCE					
C-Mex	Ofwat has introduced a new measure of customer experience for residential customers (C-Mex). This will capture residential customers' views on their wider experience of our performance. <i>Target in development.</i>				£5
AFFORDABILITY: WE MAKE SURE OUR BILLS ARE AFFORDABLE FOR ALL OUR CUSTOMERS					
Void properties (number of empty homes not billed %)	N/A	N/A	2.41%	Figures TBC	
NETWORK: WE PROVIDE SERVICES THAT ARE EFFECTIVE AND FIT FOR THE FUTURE (WATER SERVICE)					
Customer water supply interruptions (average number of minutes lost [3 hours or more])	00:06:18	00:06:19	00:05:01	4.83 seconds (1.3% improvement)	
Asset health mains burst (number of water main bursts / 1,000km)	144	105.89	86.4 (40% improvement)	0.3 mains bursts (0.2% reduction)	£5 £5 £5 £5 £5
Asset health unplanned outage (average unavailable flow ml/day)	55 ml/day	N/A	35.9 (34.7% improvement)	2.15 (3.9% reduction)	£5
NETWORK: WE PROVIDE SERVICES THAT ARE EFFECTIVE AND FIT FOR THE FUTURE (WASTEWATER SERVICE)					
Internal sewer flooding incidents	2.37 per 10,000 customers (465 incidents)	1.98 per 10,000 customers (SW equivalent 389 incidents)	1.68 per 10,000 customers (29% improvement) (331 incidents)	5 fewer incidents each year (1.1% reduction)	£5 £5 £5 £5 £5
External sewer flooding incidents	29.3 per 10,000 customers (5,746 incidents)	15.9 per 10,000 customers (SW equivalent 3112 incidents)	19.75 per 10,000 customers (SW 3,877) (32.3% improvement)	181 fewer incidents each year (3.2% reduction)	£5 £5 £5 £5 £5 £5
Wastewater treatment works % compliance	99.3%	99.3%	100%	N/A – target is 100%	£5 £5
Satisfactory sludge disposal and use	N/A	N/A	100%	N/A – target is 100%	£5
Sewer collapses (number per 100km)	242	N/A	217	0.22 fewer sewer collapses (0.1% reduction)	£5 £5



OUR DEVELOPING OUTCOME DELIVERY INCENTIVES FOR 2020-25

CUSTOMER OUTCOMES 6-10: CLEANER, GREENER, BETTER

PERFORMANCE COMMITMENT	2016-2017 PERFORMANCE	UPPER QUARTILE INDUSTRY PERFORMANCE	POTENTIAL TARGET 2025	AN EXTRA £1	VOTING
RESOURCES: LET'S RECYCLE EVERY DROP OF WATER					
Renewable energy (% of energy consumption)	17%	N/A	25%	0.9%	
Effluent reuse	Amount of treated wastewater available for use by industry (megalitres per day). <i>Target in development.</i>				
ENVIRONMENT: LET'S KEEP THE RIVERS, LAKES, RESERVOIRS AND COASTS HEALTHY AND CLEAN					
Abstraction incentive mechanism (abstraction reduction ml per day)	N/A	N/A	We reduce our average daily abstraction rate by 15 MI	An additional 0.21 MI	
Pollution incidents (number per 10,000km)	35 per 10,000 km of sewerage network (138 incidents)	30 per 10,000 (SW equivalent 119 incidents)	23 per 10,000km – 33.3% improvement (92 incidents)	2.5 fewer incidents (1.8% reduction)	
Bathing water not achieving good	5 (94% achieved good)	94% achieved good (SW equivalent is 5)	2 – 60% improvement	0.41 of a bathing water meeting good standard (8.4% reduction in number of bathing waters not achieving good)	
River water quality	Number of km of rivers enhanced. <i>Target in development.</i>				
VALUE: WE RECOGNISE THE VALUE OF WATER IN OUR DAILY LIVES					
% of customers below 100 per capita consumption	49	N/A	55	0.35%	
Access to new devices to measure consumption (number of households)	0	N/A	50,000	28,818 devices	
COMMUNITIES: WE INNOVATE TO CREATE SUSTAINABLE COMMUNITIES					
Replacement of lead customer pipes (number of households / subsidy)	0	N/A	3,000	4,032 customers	
Surface water management	Number of households using SUDS etc. <i>Target in development.</i>				
ECONOMY: LET'S BUILD A RESILIENT ECONOMY FOR THE SOUTH EAST					
Bathing water at excellent	53 (84% of all bathing waters in region)	71% (SW equivalent is 58)	59 – 11.3% improvement	0.3 of a bathing water meeting excellent standard (0.5% increase)	
D-Mex	Developers' views on their wider experience of our performance. <i>Target in development.</i>				





EMOTIONALLY
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