

1. INTRODUCTION

You may be aware that Ofwat launched their 'Tapped In' report in March 2017. The report was produced by Corporate Culture who've been working closely with senior Ofwat people on new thinking around customer participation during PR19 and beyond. Ofwat has made it clear that customer participation across all aspects of business plan development is essential, and that companies must be able to demonstrate this – indeed it should be seen as a clear theme throughout our plan.

Since Tapped In was launched, we've worked with John Drummond, the chairman of Corporate Culture and the report author, to further explore our current approach to customer participation and consider what else we need to do to be ground-breaking in this space – not only for PR19 across the business, we are already doing lots of things to make sure our customers can genuinely influence the future of the business; for example the authentic co-creation with customers of our Unrivalled Experience Strategy. Our challenge and a key area of future focus is the time we take to share our customer participation stories (including with Ofwat and other stakeholders). We need to start doing so and making the links directly back to some of the new customer participation thinking that's taking place.

In April, John Drummond facilitated a full day workshop for us to explore where we take participation moving forward and to understand more around 'frontiership' (think leading/innovative etc.), something Ofwat are starting to talk about and are keen to see across the sector. The outputs from this event included specific actions to raise awareness of our work in this area and to consider our longer term strategic thinking, ambition and activity in this area.

2. TAPPED IN – A SHORT SUMMARY

A short summary of Tapped In is provided below, along with a link to the full report.

<http://www.ofwat.gov.uk/publication/tapped-in-from-passive-customer-to-active-participant/>

The Tapped In report focuses on moving customers from being passive users of water services to active participants, positioning customers in the middle of the 'water chain'. It calls for companies to use customers' knowledge, skills and creativity to solve problems and innovate, particularly in respect of behavioural change. The report shares a 'customer participation continuum which moves from simply listening and understanding customer views to engagement, involvement and participation.

There are four key areas outlined in the report – Futures, Actions, Community and Experience (F.A.C.E.). At NWG, we can demonstrate initiatives in all areas and are using these to create mini case studies to demonstrate our work on customer participation and provide the evidence to Ofwat that we're doing this.

We are in the process of drafting our own report to share with Ofwat, the Water Forum and relevant stakeholders including other companies – a latest copy of the draft report is attached as an appendix.

F.A.C.E. Framework

- **FUTURES** calls for engaging customers to create the future and in doing so improve customer support, satisfaction and trust. It is not simply a view on priorities and support of a plan – but an informed view of what different groups think, feel, believe and do. The report gives examples of innovative approaches organisations have taken, including Yorkshire Water's data dive challenge and 'The Wales We Want' programme which achieved wholesale participation across the country.

Things we are already doing include our existing engagement strategy – with some relatively simple changes to how we pose questions to customers we can move towards participation. Our Innovation Festival can really showcase our work in the FUTURES area.

- **ACTION** focuses on customer behavioural change at scale with particular efforts around water saving activity, drainage care and debt.

Our whole town approach to water efficiency and the investment we make in Dwaine Pipe to educate customers about what not to put down their drains are great examples of our ACTION.

- **COMMUNITY** centres around new models of engagement that give ownership and participation to communities, including the development of community leader skills, and both online and offline communities.

Our approach to capital projects is more community orientated than ever before and our 'whole town' approach to water efficiency could easily evolve to do more in this area. Our award winning Just an Hour scheme which sees around half of our employees volunteering every year also demonstrates COMMUNITY activity that is making a real difference.

- **EXPERIENCE** covers giving customers more control of water in their home, as well as overall customer experience.

There's an opportunity to be innovative here and join up all of the things we do and that customers could do that impact upon their homes – water use, drain care and saving money. Tapped In cites WaterSmart, a US based mobile app designed to help customers control water use, and something we've already looked at. We're doing lots on overall EXPERIENCE, with our Unrivalled Customer Experience Strategy and our transformation programme is well underway to reshape the way we serve customers in the future.

3. WATER FORUM WORKING SESSION AND DISCUSSION

At the Forum working session, we would like to share details of the F.A.C.E. framework for customer participation outlined in Tapped In, and explore and listen to Forum members' views and experience on this subject.

The session should increase Forum Members understanding of Ofwat's thinking in this area. It should provide an insight into how the company is using the report to shape future thinking and ambition as our PR19 business plan is developed.

Finally, it is an opportunity for Members to challenge the company and identify any areas where customer participation can and should be strengthened.

CLAIRE SHARP
Customer Director

31 May 2017

From customer consultation to active customer participation: the Northumbrian Water Group story

INTRODUCTION

This document tells the story of our journey to involve customers of water and wastewater services in the design and delivery of their future customer experience.

It includes case studies from across our business where active customer engagement and co-creation have provided demonstrable benefits – be that through a better final product or service, a more engaged community, or a much more sustainable approach (and often all of those things).

Authentic and true customer participation is relatively new within the water sector, so along with these success stories we are also sharing some lessons we have learned along the way.

In addition to reflecting on our own approach we have drawn on the analysis and participation model provided in the 'Tapped In' report, which was commissioned by Ofwat and produced by Corporate Culture in March. As part of our own activity in this area we have been working with Corporate Culture, including holding a workshop on customer participation for colleagues from across the business earlier this year. We are now nurturing a fresh mindset to ensure customer participation becomes an integral part of how we do business.

We hope that this document will contribute to the debate about how to draw on the interests, experience and knowledge of customers in shaping the services that matter most to them. If you have any thoughts or comments, we would love to hear from you: [twitter] @NorthumbrianH2O, [email haveyoursay@]

FOREWORD

Customers are at the heart of our business. This guiding principle has directed all that we do as a company over a number of years, including the way in which we have consulted with customers and taken their views into account.

More recently, however, we have started to take our interactions with customers much further – moving from consulting and listening, to something deeper and more meaningful. The way in which we co-created our ‘Unrivalled Customer Experience’ strategy in 2016 is a key example of that.

We therefore very much welcomed Ofwat’s ‘Tapped In’ report, launched earlier this year. Much of what it said resonated strongly with us. The excitement it created prompted us to take stock of where we had got to in our customer participation and to use the analysis in the report to identify the steps we needed to take to place ourselves firmly at the frontier in this area.

It is generally accepted that change within the sector will need to be iterative, and we are keen to share our experience and to learn from others. A collaborative approach between companies, along with customers, employees and the supply chain, will be helpful as we define, as a sector, what leading customer participation should look like.

There is much to be learned too by looking at the practices of leading organisations within other types of businesses. There is no reason why those in the water sector should not aspire, over time, to become leaders too in this field, particularly given the relatively long-term relationships we have with our customers.

Turning now to our own work on customer participation. Following the successful co-creation of our ‘Unrivalled Customer Experience’ strategy, we have been considering the cultural changes and practical steps we need to take so that the approach becomes a business as usual activity across all of our teams. Alongside this is the importance of making sure that the actions we take are aligned to both our commercial and our resilience objectives. I’m pleased to say that each of our Executive Leadership Team is personally committed to making this happen.

This is not the sort of change that takes place overnight. However, we know from experience that customer participation leads to more creative and innovative solutions and more dynamic and meaningful relationships. Importantly, the process itself helps cement the emotional connection between company and customer, leaving customers with a much stronger sense of ownership of their services and of the value of water for their everyday lives.

H Mottram OBE
Chief Executive Officer

Paragraph/quote of support from John Drummond, Corporate Culture?

ENGAGING CUSTOMERS IN SHAPING FUTURE SERVICES

What is customer participation?

Customer participation is “the active involvement of customers in the design, production, delivery, consumption, disposal and enjoyment of water, water services and the water environment in the home, at work and in the community.

It is an attempt to connect people to the things that really matter in their lives ... to give them more control.” (“Tapped In’, Corporate Culture/Ofwat)

Launching the ‘Tapped In’ report earlier this year, Ofwat’s CEO Cathryn Ross called on companies to “think differently and more radically about how they view customers”. Rather than seeing customers as recipients of services, the sector should see customers as participants, who can identify issues and opportunities and help find ways to do things better. This might include, for example, making improvements to the local environment, saving water or improving customer service.

We very much support this approach, an important element of which is the co-creation of solutions. Last year we published our own assessment of the difference that greater participation brings.

Traditional approach (old)	Co-creation (now)
Passive input	Active change agents
Listening	Dialogue
At the receiving end of decisions	People as innovation resources
Researching need	Understanding experiences
Reliance on ‘experts’	Real insight from people who matter

What are the benefits of customer participation?

We believe that engagement, participation and co-creation make sense for a number of reasons:

- Customers and communities have local knowledge and expertise that can be channelled to help solve problems and identify innovative approaches.
- Active participation changes the dynamic, bringing a creativity that simply does not exist when customers are being consulted on a pre-determined range of options.

- Customer participation can generate widespread behaviour change, particularly when the sector works together on common issues.
- As customers become more engaged, so does their understanding of the role the sector plays, their ownership of the issues it faces, and their appreciation of the value of water.
- Customers lie at the centre of the water and wastewater value chains. This approach recognises that fact by putting them fully at the heart of decision-making.
- Finally, water and sewerage companies have relatively long-term relationships with their customers. Encouraging customer participation acknowledges this and, over time, should help to reinforce customer trust and confidence.

The following case studies illustrate how we have used more open and direct conversations to help shape services.

Our finances explained

We knew from our on-going engagement with customers that they often wanted to know more about our finances, and were particularly interested in the subjects of profits and tax. To explore this further we set up a participatory session with customers in Newcastle, attended by our Finance Director and other members of staff.

The discussions provided valuable insights into what customers knew and what they were interested in, and there were some surprises for us. For example, customers at first did not understand why we should need to borrow money even though we are making a profit, or that we are required to pay tax. Our ownership structure prompted a lot of interest, as did the significant charitable contributions our parent company makes.

One key finding was that customers really liked a simple presentation of how much of their bill, in pounds and pence, goes towards different types of expenditure (such as staff, materials, interest, profit and energy) each day. Customers were much less interested in where the spending is directed, such as for sewage collection, water resources, water distribution, and expressed the view that we were the people to be making the decisions regarding this element of service provision.

We also discussed how and in what ways customers wanted the information. There was a strong sense that customers wanted the high level facts, with more detailed information signposted elsewhere.

We are now working up a booklet, 'Our finances explained' that will answer the key questions customers raised. [We have also co-created a new design for our bills, which includes a new section about 'where your money goes'.] We are planning further participatory sessions into customers' views in this area. [I have chased Helen Lumsdon on this]

Defining the conversation

Before we designed our engagement around the PR19 business plan we thought we would first have a really open conversation with customers about:

- what matters most to them about the services we provide;
- which areas of the business customers would most like to influence; and
- the best ways for us to engage with them.

We held a number of workshops and had very wide-ranging conversations that were quite unlike the more traditional research we had tended to carry out in the past. We plan to use these discussions as the basis for further engagement as we design our PR19 strategy.

The qualitative, explorative conversations yielded interesting insights. We heard for example, that customers were less interested in aspects of the delivery of water and wastewater services, such as interruptions, which they would have wanted to know about in the past. Customers said that they considered this to be a core offering, one that they felt we could be trusted to deliver. There were other areas though where customers were looking to have much more say and influence, such as customer service, value and trust.

This shift in customer expectations is a marked change from our experience at PR14. It also reflects the view given by Cathryn Ross at the launch of 'Tapped in', where she noted that customers increasingly want to have a say on more than simply the core service offering. We are now following up the qualitative discussion sessions with quantitative research, which will be complete in the summer.

Customers also said that they wanted access to more comparative information. We have acted on this feedback by showing our performance alongside the industry top, average and bottom results on our version of the 'Discover Water' webpages. We believe this degree of transparency will allow us to continue to build trust and confidence amongst our customers.

THE CUSTOMER PARTICIPATION MODEL

The 'Tapped In' report highlights four strategic areas of action to increase customer participation, each with its own objectives, engagement technics and principles for delivery.

They are:

- (F) FUTURES: customer participation to improve the current and future sustainability of water in the lives of customers.
- (A) ACTION: customer behaviour change actions, including saving water and helping to reduce sewer blockages.
- (C) COMMUNITY: community ownership of particular aspects of water as an essential resource.
- (E) EXPERIENCE: increasing customer control of water in their home or of the customer service experience.

Earlier this year we held an all-day workshop, led by Corporate Culture, for colleagues from across the business. Over the course of the day we used the FACE model to analyse the full range of activities that we currently undertake in engaging with our customers – from the smallest, highly localised schemes to full company-wide initiatives.

Through discussion we chose four main projects which we felt illustrated the benefits of customer participation well, and which we felt had the potential to be taken even further. To us they demonstrated very clearly how a participatory customer voice can bring about wider societal and environmental objectives.

FUTURES

The Innovation Festival 2017

We are planning a truly unique event this summer, bringing together major national and global companies to work with other businesses, universities, schools, stakeholders, members of the public and our customers to co-create solutions.

During an intensive five-days period participants will explore some of the biggest social and environmental challenges we face. They will then use the 'design sprint' approach as a way to identify and test solutions.

A design sprint is defined process, often involving customers, to design, prototype and test the viability of an idea, product or feature. We have used them within the business since 2015 as a catalyst for innovation, including as a means to create a better digital water bill experience for customers whose participation was instrumental to the final design.

This year the groups will consider six particular customer focused challenges and the sessions will include:

- a design sprint focused on flooding, hosted by IBM;
- a data hack focused on leakage, hosted by Microsoft;
- a session to consider how smart technology will have changed the way we live and work by 2030, hosted by CGI.

To encourage free thinking, we are creating a relaxed festival atmosphere by holding the event in a tented village and putting on music and activities such as yoga. We have also introduced a schools challenge where young people will design the teenagers' bedroom of the

future. Around 300 people, including customers have confirmed their attendance for the full five days.

[Quote to come from Prof Roy Sandbach]

ACTION

[video to come of Water Rangers speaking about the scheme]

Water Rangers march on

The Water Rangers initiative involves volunteers from local communities who regularly monitor 56 routes next to streams, becks, burns and bathing waters more vulnerable to pollution across the North East.

Volunteer Water Rangers look out for suspected pollution and report their findings so that any potential issues can be dealt with quickly, minimising the impact on the environment and wildlife. They also report on third party issues such as fly tipping, fallen trees, abandoned shopping trolleys and missing life buoys so that this information can be passed on to relevant authorities to take action.

In this way members of the community are part of the solution when it comes to maintaining water quality. The initiative won Water Industry Achievement Award's Community Project of the Year 2016.

Since the initiative was launched in 2014, more than 3,100 patrols have been completed by volunteers, with over 180 issues reported, nine of which were self-reported to the Environment Agency. Encouragingly, three-quarters of the original volunteers are still involved with the initiative and the latest mood survey results (February 2017) shows the highest Net Promoter Score to date of +85.

A successful example of frontiership when it comes to customer participation, over the last eight months, the team has more than doubled to 64 volunteers and in addition, it is fantastic to see some mini Water Rangers coming through into the team, including children as young as five.

Partnership working with organisations such as the region's rivers and wildlife trusts has really blossomed and we are continuing to explore cross-volunteering opportunities to support one another.

Quote box:

"Water Rangers is an inspiring example of what is possible when you engage local communities in the management of the water environment. The sense of ownership and pride that these rangers have for their local environment is palpable. This sort of scheme doesn't just save money.

By drawing on the local knowledge of water rangers as their eyes and ears, Northumbrian Water is able to obtain higher quality information faster than would otherwise be possible.

It is a win-win for the local communities and water customers. I have studied environmental governance and public participation around the world, and I view Water Rangers as an example of best practice when it comes to community engagement.”

Professor Mark Reed, Director of Engagement and Impact, Newcastle University

[If space: Quote box:

“The Water Rangers scheme is a great opportunity for volunteers to get involved with and learn more about watercourses. Eyes, feet and noses on the riverbank can gather multiple observations and data in one visit, which can help, inform, direct our and other partners’ work.” Tees Rivers Trust manager, Ben Lamb.]

COMMUNITIES

Every Drop Counts: a whole town approach to water efficiency [visuals of three awards won – Water Resources Initiative of the Year, 2017 Water Industry Achievement Awards, Waterwise Award 2016, Sustainable Water Industry Group Award 2015.]

We have found that there’s a lot to be gained by working with a whole community, particularly when it comes to behaviour change. We designed this award-winning water saving campaign to be genuinely different from the offset, in that it offers customers in a single area the chance to participate in a range of initiatives that are usually delivered at different times and places throughout the year.

We offer wide-ranging water saving schemes and use a combination of targeted advertising and community based marketing to maximise participation. A key element is the offer to households of a free plumber-led home retrofit that is worth more than £130, which encompasses not only retrofitting of products but also direct engagement with the customer to bring about long-term behaviour change.

We first trialed the whole-town approach in 2014 and have been refining and improving the process since then. For example, after the scheme had been running for a couple of years we undertook customer research to understand how we could increase participation rates. We got feedback that time was precious and that the ‘morning’ or ‘afternoon’ slots we were offering for an audit visit were too open-ended. We therefore introduced two-hour appointment slots for all of our visits. We also heard that our more general flyers were easy to ignore so to make our information stand out we made it much more bespoke to customers – addressing them by name with a post-it note and tailoring what we were offering to their own circumstances (for example whether or not they have a meter and/or garden).

Since the initial trial we have completed more than 13,000 home audits in six towns, saving a total 282,000 litres of water every day across the company. We have also undertaken more

than 150 audits with business customers. Recent analysis has shown that the retrofits we deliver bring long-term and sustained water savings. [fact to support?]

The fact that the campaign is directed towards one town over one summer period helps build a buzz which, along with partnering with local community groups, enhances participation levels and in turn delivers higher water savings.

[Quote of support from external independent to come]

EXPERIENCE

Co-creating our 'Unrivalled Customer Experience Strategy'

[Digital version: include film clip of the strategy development plus vox pops of customers talking about service]

Our customer service strategy was co-created with 82 customers (including vulnerable customers), 25 supply partners and 220 employees in 2015 through a number of highly interactive workshops that we held across our area.

The strategy that we jointly created fully reflects the ideas, inspiration and experience of the many committed and passionate people who contributed to those events. The output is very different from what might have been produced had we not had the input of others, and certainly adds to the strategy's legitimacy.

At the workshop customers told us that the following areas were key priorities for them:

- showing each customer that they are special,
- taking personal ownership for customers' problems,
- keeping our promises,
- making it easy, and
- keeping it local.

Perhaps most surprising was the finding that customers wanted to 'keep it local' [Quotes to come to support this]. We also identified the key success factors for achieving these priorities.

To support the strategy we have invested in new workforce management tools and equipment so that our people can deliver improved customer service more efficiently.

[Quotes from customers who were involved in the co-creation]

OTHER FACE EXAMPLES [to be placed as text boxes around the four main examples above]

FUTURES

Developing our vulnerability strategy to become an unrivalled service

Last year we started a major piece of work to understand more about the circumstances that can make customers vulnerable and to identify who of our customers might find themselves in these circumstances. We also wanted to look at our current offerings and to develop a strategy that would move us towards delivering unrivalled customer service for these customers.

As part our research we identified that there were a number of barriers preventing customers from taking up the support. There were also some misunderstandings among customers of what was available. We learned that there were improvements we could make to the way we promote the schemes, as well as to the services themselves.

As a result of the research we went on to develop a roadmap of short- and long-term goals to get us to delivering an unrivalled customer experience.

As part of this work we are looking at introducing vulnerability impact assessments, which we would use as a matter of course to review our business policies and processes. We are exploring too potential performance measures of relative satisfaction for vulnerable customers. Finally to make sure that our mainstream approach is as inclusive as possible we carry out a great deal of employee engagement on vulnerability.

ACTION

Have you ever thought about water? [<https://vimeo.com/209723619>]

We knew from our 'Defining the conversation' work that customers were interested in aspects such as trust and value. We wanted to talk more to customers about this so we worked with Corporate Culture to produce a short video that asks the simple question: "Have you ever thought about water?"

The video goes on to invite customers to join in a conversation about water and how much it matters to them, using the banner of 'have your say'. The video is currently being rolled out in large shopping centres and is prompting a lot of interest.

COMMUNITIES

Rainwise: Working with communities to reduce the risk of sewer flooding

Sewer flooding has very negative impacts on individuals and communities so we are engaging with local communities to try to prevent it from happening. The Rainwise initiative has a particular focus on areas that have not necessarily suffered from flooding in the past but may be prone to it in future.

In each area we start by asking local people about their own flooding experiences and surface water issues. This local knowledge helps us to fully understand how surface water impacts on the sewer network during heavy rainfall. Customers are also able to provide input and local knowledge through our community portal, www.nwlcommunityportal.co.uk.

We can then explore potential flood-risk management projects and co-create solutions in partnership with our customers in their local communities. We work too with local authorities and other organisations such as the Environment Agency to identify the best way to reduce the risk of flooding in future. Where possible we use sustainable drainage solutions such as rainwater gardens, ponds or grassed detention basins. At the same time we inspire our customers get 'Rainwise' themselves, by making small changes such as installing water butts in their gardens.

We are applying our Rainwise approach to all of our draining schemes. So far, Rainwise has reduced flood risk to more than 3,000 properties, more than a third of which were considered to be at high-risk of flooding.

Plus potentially

Catchment partnerships

We recognise that looking at the whole catchment area is key to making sure we supply clean, clear drinking water that tastes great. A catchment-based approach also helps us reduce the risk of flooding and improve biodiversity.

We have a long history of working in partnership with others, and are particularly active when it comes to catchment partnerships, both as members of the partnership and also through direct funding contributions to support individual projects and the work of partnerships more widely. The groups we currently work with in catchments include those supported under Defra's Catchment Based Approach (CaBA), the Northumbria Integrated Drainage Partnership, agri-advice partnerships, the Local Nature Partnerships, and a large number of other partnerships.

One example of our catchment approach is our work with a project to restore 3,000 acres of damaged peatland in the North Pennines, which we have supported both financially and in practical ways for many years. In 2015 we renewed our commitment and are investing £500,000 between 2015 and 2020.

The joint venture aims to demonstrate techniques to reactivate and maintain large areas of peatland that is badly eroded. Water that drains from peatland that is not healthy requires intensive chemical treatment before it can be used as drinking water. It is hoped that this project will help reduce the amount of chemicals used as well as reducing costs for customers and ensure the long-term sustainability of our supply. Restoration of the peatland is not only a major boost for biodiversity, but also helps to combat flooding downstream by acting as a sponge to soak up rain

EXPERIENCE

Clean, clear and great tasting [video: <https://www.youtube.com/watch?v=OFV-Mm2LBoQ>]

We wanted to engage with customers around their experiences and perceptions of the taste and smell of tap water, which are of course both very subjective areas. As part of a wider engagement campaign we created a 'talking water cooler', which we took out and about in Sunderland and Newcastle. The cooler had a hidden camera and microphone, and when people went to get a drink the water cooler started to talk about the great quality of our tap water and the importance of staying hydrated. We captured the reactions of passers-by and the video has been viewed more than 70,000 times. It was also picked up by local news

agencies and shared on social media. The cooler is going out to Sunderland Airshow for a second time later this year, an event that attracts around 1 million people.

Make my day

From our engagement with customers to create our strategy for our unrivalled customer experience, we know that customers want to be made to feel special. One of the ways that we have done this is through a week of activity to coincide with Customer Service Week. In October last year we went out into communities to surprise customers and community groups with treats and gifts to 'make their day'.

Each day we gave a gift to customers who had been nominated by friends, family or neighbours. This included a gift of £500 for Taylor who has severe cerebral palsy and wanted a beach wheelchair so he could enjoy visits with his family. Violet, who is 92, asked for someone to take her out for fish and chips as she has no family and was lonely. One of our managers showed her the sights of Great Yarmouth and they both had a great time.

We also surprised a number of community groups with gifts, including taking 22 community café volunteers with learning difficulties for a five-star afternoon tea treat. As well as these bigger surprises we took our community engagement hub, 'Flo' to a different location each day and did special lucky dips for residents on their high streets. By the end of the week, we had 'made my day' for more than 2,000 customers.

NEXT STEPS

We are committed to continuous improvement and have challenged ourselves to increase customer participation in co-imagining and co-creating the future with our customers, employees and supply partners.

In order to do this in a more structured way we have identified a number of initiatives that we will now progress within each of the four FACE areas. We are also developing the practical steps to put into effect the Senior Leadership Team's commitment to this approach.

As an example of this we are planning to develop our existing research and engagement strategy for PR19 so that it becomes a strategy of customer participation.

[Paragraph of text to come on customer participation becoming a business as usual activity.]

We hope that this report has helped provide some practical examples of customer participation in action. We will continue to share our own experiences and in the meantime we would very much like to hear from any customers, companies or other interested parties who have similar stories or wish to share lessons learned.