

Response to Northumbrian Water Limited's consultation on its strengths, risks and weaknesses and its draft assurance plan

As the Water Forum for both Essex and Suffolk Water (ESW) and Northumbrian Water (NW), we are pleased to have the opportunity to respond to Northumbrian Water Limited's (NWL) consultation on its draft assurance plan.

It is vital that customers trust their water company, a fact that lies at the heart of the Water Forum's role of providing independent, regular and ongoing challenge, on behalf of customers, to the company's strategies, plans and performance.

Our membership includes representation from a wide range of people, organisations and sectors – from consumers, agriculture and business to communities and industry regulators. Collectively, we exist to help assure that the company uses best practice customer engagement methods; and that the decisions it takes are the best possible for its customers.

The decision-making can be complex, because of the breadth of interests amongst customers and the scale of operations of a large water supply and wastewater treatment organisation.

This is where an open and enquiring culture comes in – and by seeking the views of its customers and stakeholders about NWL's **strengths, risks and weaknesses**, through this consultation, the company will have a more complete picture of itself than it otherwise would have. By asking for comments on the **Draft Assurance Plan**, it should also gain insights that will help it better understand how to reduce the areas of risk and weakness.

Strengths, Risks and Weaknesses

We are drawn to the content of Figure 2 on page 6 of the consultation document and are pleased to note that *emissions reporting standards* has been developed into a strength in the past 12 months, with the attainment of ISO14064-1.

We note the areas of risk/focus (amber) this year, and therefore the amount of work to be done – this is the result of a combination of the start of the new regulatory cycle 'AMP7' and the uncertainty brought about by, and impact of, the Covid-19 pandemic. Whilst this is a comprehensive, transparent and candid list, we are concerned that without being put in context, customers could become concerned that the provision of their water supply (and wastewater in NW) is very risky.

In terms of the specific risks, areas of focus and weaknesses, we make the following observations:

- **Drinking water quality:** given its criticality, this is an area that the Water Forum is monitoring closely. We are aware of the factors involved and have established a sub-group to positively influence the company's thinking on an ongoing basis. We are pleased to see an acknowledgement of the need for a specific focus on drinking water quality, given its importance to customers and the need for significant improvements.
- **The impact of Covid-19:** the consultation document outlines the company's very positive response to the pandemic. We do feel, however, that the ongoing challenge is underplayed here – a number of NWL's performance measures will be affected by or influenced by the societal and behavioural changes that the arrival of the virus has brought about; for example, per capita consumption (PCC). Moreover, it is likely that customers will increasingly feel the economic impact of Covid-19, and the company needs to be fully prepared to respond to the risk of a situation where rising numbers of people struggle to afford their water and wastewater bills.
- **Resilience:** in the face of climate change, we are surprised that no mention is made of the related risks to future resilience of water supply, particularly in the south east – especially given the company's planned investments and enhancements. The Water Forum has had extensive dialogue with the company about this matter, which research has shown to be very important to customers – and continues to do so through our recently created Environmental Sub-Group. This could also be supported at a practical level by the Water Environment Governance Group (WEGG) schemes on whole catchment opportunities.
- **Supply in Hartismere:** we are aware of the risk in the company's ESW region that there is no surplus water available to be able to supply any new, non-residential developers in the Hartismere resource zone, but that there is already demand from three businesses who are looking to expand there. This risk does not feature in the consultation document.
- **Water Environment Improvements:** To realise the significant potential of this new and unique Outcome Delivery Incentive (ODI), we believe that the mechanisms to support and sustain it in the long term need to be put in place – with just the current 7-month funding commitment and a vision of it becoming self-financing, there is a risk that the initial positive expectations among partners and customers are not realised and therefore attract negative publicity.

Draft Assurance Plan

We make a number of observations on the company's plans to assure the data and information it produces, and to monitor and mitigate risks – as described in detail on pages 22 to 40 of the consultation document:

- **Customer contact:** On a positive note, it was good to see that the assurance process picked up the issues with the under-reporting of customer contact data via the company's new app, and that this has been addressed (page 23). We believe it is worth NWL including, in its plan, additional scrutiny to the

relatively new Customer Contact & Billing system to be assured that there are no other hidden issues.

- **Affordability:** Support to customers in financial need is crucial, and as described above the number of customers requiring this support is forecast to rise in light of Covid-19. We therefore question whether the Assurance Plan should include some activity to check that all customers who need such support are provided with it; or at least offered it; to assure that the systems and processes for identifying and progressing these customers through the support process work effectively. From the wording in the consultation document, it is ambiguous about which customers will be contacted as part of the the Priority Services Register (PSR) satisfaction survey – to ensure the company gets meaningful data, the survey should involve those who have used NWL’s PSR service, not those who are simply on the PSR.
- **Water environment improvements:** We consider that the planned assurance activity for the new ‘water environment improvement’ performance commitment (page 32) should include company support for the robustness of the data, such as distances improved, ecological results, water quality results etc – as NWL is leading the way with this ODI, this will enable all water companies to follow its lead in the future. We suggest that assurance could include information about customer support for improved environments, which is extracted from CMEX and the new customer survey.
- **Health & Safety:** Given the tragic incident and loss of life at Wessex Water’s Avonmouth facility in early December 2020, we question whether the Plan should include some additional assurance areas of high-risk health and safety matters.
- **Non-Household Retail Market Performance:** Although this issue features as an area of weakness (page 6) and NWL has developed plans to address this (page 21), there does not appear to be any related activity included within the Draft Assurance Plan.

Customer Engagement

We look forward to understanding how many customers choose to take part in this consultation and the views that they express – this will both inform and strengthen the future challenges that the Water Forum makes.

We have in the past often commended the energy, commitment and innovative thinking that NWL puts into its customer engagement. In the spirit of continuous improvement in this key area, we therefore make a final observation about the Consultation Document.

We note that in the Draft Assurance Plan Summary document produced, NWL invites customers and stakeholders to read the longer version if they are keen to do so. To grow participation levels and to better facilitate their ability to engage in the more detailed version, in a way that is meaningful and therefore of maximum value to the company, we:

- encourage NWL to avoid the use of jargon and acronyms in its documents – terms such as PSR, PCC and ‘gap site’ require some explanation to those who do not work in the industry.

- suggest making the document less 'text heavy', by using more graphics or illustrations.

By making these changes, and by expressing the positive impact that customers' feedback makes to the company's understanding of its Strengths/Risks/Weaknesses and to its Assurance work, we hope that even more customers will get involved this time next year.

To Conclude

We have very much welcomed the opportunity to participate in this consultation and to offer our independent suggestions for improvement; and we very much encourage NW and ESW customers to do likewise.

We look forward to seeing the updated view of NWL's strengths, risks and weaknesses and the Final Assurance Plan in March – both of which we believe will be strengthened by having involved customers and stakeholders in this process.

The Water Forum is committed to continuing its role of customer-centred challenge, scrutiny and deep dives into the company's plans and performance, including its new performance commitments and – as highlighted on page 14 – the impact of the Competition and Markets Authority's (CMA) findings once they are published in early 2021.

Melanie Laws

Chair of the Water Forum for Northumbrian Water and Essex & Suffolk Water

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