

Our Journal: the story of the NWL Water Forum

We are the Water Forum (WF) for Northumbrian Water and Essex & Suffolk Water. We're tasked with challenging and advising Northumbrian Water Limited on various aspects of its customer engagement and research.

So that we can do as good a job as possible, we have been (and continue to be) on a journey of discovery and evolution. This journal tells the highlights of our story, and we'll update it every three months for you.

The latest update is for the period **October to December 2019**. *Glossary below.*

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| <p>October to December 2019</p> | <p><i>Sub-groups and innovation</i></p> <p>As well as our main Water Forum meetings, our members work alongside the Company in sub-groups. This approach means we can put real focus on challenging the company using expertise that our members have. All the groups have been very active this quarter, so here's a brief insight into what they've been up to:</p> <ul style="list-style-type: none"> • Nominations & Review: based on a review undertaken earlier in the year, this group developed recommendations to improve the way we work. • Inclusivity: members in this sub-group spent time finding out more about the important and impressive work that StepChange Debt Charity does in supporting customers in vulnerable circumstances • Environment: we met to find out more about NWL's environmental and sustainability strategy; a seascapes project that the company is involved in; and the environmental and climate change initiatives that will be happening next year. • Drinking water quality: this sub-group visited the Control Centre at Washington to learn more about how technology is used in the production and distribution of water for customers; and labs to see where and how water testing is done. <p>When we all gathered at our main meeting, we heard more about the innovation projects that NWL is part of. They've got some great examples of how ideas are translated into value, some of which are making a big difference to the industry as a whole. Having heard what they are working on, we're keeping a keen eye out for more news about projects such as Digital Twin, Innovation Street and a common underground map, the use of the WhatThreeWords app and InvestQuest, which is like a dragon's den style competition for their employees. Adopting innovative thinking will be key to helping the company deliver Ofwat's PR19 efficiency challenges and PC targets, delivering better for less in key aspects that are important to customers, such as leakage and internal sewer flooding.</p> <p>Two other interesting discussions took place, where we offered challenge and suggestions to the company.</p> <p>The first of these was 'wipes'! When it comes to disposing of wipes, there is still much work to be done to influence customer behaviour and prevent blockages in the pipes. We reflected on how NWL could partner up with influential organisations to try and crack this one...</p> <p>The second was about how best to encourage more and more customers to get involved in co-designing and co-delivering solutions to challenges that both the company and its customers face in the water and sewage space.</p> |
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| | <p>On 16 December, the Company received Ofwat’s ‘final determination’ about its business plan for 2020-2025, described in our previous Journal entry (below)... They’re still digesting the detail, so we’ve agreed to meet again in January to discuss the determination and what it means for customers.</p> |
| <p>July to September 2019</p> | <p><i>A new era begins</i></p> <p>We’ve had a really busy three months! Melanie Laws was appointed as our new Chair, which we’re thrilled about – she worked really hard as a vice-Chair over the past 4 years and has hit the ground running in her new role.</p> <p>On 11th September we spent the morning in our regular quarterly meeting with the company, discussing several really interesting and important topics relating to the environment. We explored how NWL will build on its successes in working with partners to take a holistic approach to catchment management; and got stuck into understanding its Energy and Carbon Strategy, developed to help the team deliver on its commitment to be carbon neutral by 2027.</p> <p>‘Innovate East’ was our destination for the afternoon – a hive of activity, where people from companies from across the globe came together to put their collective minds to solving some of the tricky problems faced by the water industry by thinking innovatively. Topics ranged from reducing leakage to influencing customer behaviour in their use of wipes, and from protecting coastal areas to enabling biodiversity to thrive despite climate change. It’s fair to say that we were mightily impressed by the quality of the work being done, and very much look forward to seeing some of the ideas come to fruition in the coming months and years.</p> <p>By the time we publish our next Journal entry here at the end of this year, Ofwat will have made its ‘final determination’ about the price of customers’ bills in the next 5 years. This will include the amount of investment that NWL will be funded for, to increase the resilience of its operation for current and future customers and for the environment we live in and depend upon. We await their decision with great interest.</p> |
| <p>April to June 2019</p> | <p><i>Preparations for a new era</i></p> <p>This quarter, we’ve focused on another part of our Customer Challenge Group role, namely to independently review and challenge the company’s ongoing performance against its plans and targets. As you’ll read in our statement, we were particularly pleased with the way that NWL has risen to our challenge on improving its pollution performance; and have also offered our views on areas that will benefit from extra focus in the next 12 months.</p> <p>Having had the opportunity to review the company’s ‘Our Contribution’ report we were impressed by some of the case studies of the social and environmental projects that have been delivering benefits for customers and their communities – there’s so much that other organisations could learn from!</p> <p>With the PR19 process nearing its completion, Jim announced his decision to step down as our Chair later this year – we’re very fortunate that he will continue to be a member, though, and thank him immensely for his enthusiastic leadership and guidance over the past four years. Our nominations committee therefore geared up to start the recruitment process for a new Chair – interviews will take place in late July, so watch this space...</p> |
| <p>January to March 2019</p> | <p><i>The regulatory business planning process continues</i></p> <p>At the end of January, we heard the news that NWL wasn’t one of the three companies whose business plan had been ‘fast tracked’ by Ofwat, meaning that the team had more work to do on it in some areas.</p> |

In February, Jim had the opportunity to meet with the Ofwat and the Chairs of other Customer Challenge Groups, so that we could all work through what the Regulator’s initial assessment of the plans meant, as well as sharing some of our concerns about consistency of customer research between companies.

One thing was very clear – we had to pop our business plan challenge hats back on and be ready to write another report by the end of March!

Time was exceedingly tight, both for us and for the NWL team, but by getting the right people together at the right time, we were able to offer useful challenge or support to elements of the company’s revised business plan, so that it reflected what customers had said was important to them – the result was our [Supplementary Report](#), sent to Ofwat on the 1 April deadline.

2018

October to December 2018

The review days: time to reflect and prepare

Reports and business plans submitted, it’s now time for Ofwat to digest their contents and assess the proposals that each company has made ([follow this link](#) for video highlights). This will take several months.

Our Chair (Jim Dixon) met with Ofwat in October to answer their questions about our report, which they had clearly read in detail. They asked in particular for our views on NWL’s performance on leakage, sewer flooding and pollution; on its planning to meet the very ambitious water poverty targets that are in the business plan; and on how we’ve made sure that our Water Forum is both independent and has good access to the company’s senior decision-makers.

We were pleased to hear that Jim sensed the discussions were genuinely useful and that our Water Forum report was helpful to the Ofwat team.

We’re keen to keep up the great momentum that the Water Forum has gathered, so that we can continue to challenge the company. Whilst we await the outcome of Ofwat’s deliberations on NWL’s business plan, we’ve therefore taken time to reflect on the experience we’ve had over the past couple of years so that we can improve things for the future. A group discussion with the company at our November Forum was followed, in the weeks before the Christmas break, by individual interviews with a researcher – we look forward to hearing the findings.

Meanwhile, the Environment sub-group met with NWL to start exploring how best to continue to offer challenge in this really important subject for customers – more on this next time, once they’ve nailed down the details.

July to September 2018

The writing days: our report submitted on time

Our author worked hard to pull together all the strands of our formal report to Ofwat – no mean feat, given the breadth and depth of discussions we’ve had with the company over the past two-and-a-half years; and the number of challenges we made to ensure

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| | <p>that Northumbrian Water’s plans for 2020-25 are as customer-focused as possible. If you’d like to read it, you can do so by clicking here.</p> <p>As you’ll read in the report, overall, we think the business plan is very good, reflecting the company’s high performing culture, the amount of research and consultation it did with customers and the amount of advice and input it took on board from our Members. After a brief pause once we had submitted the report, it was time for our Chair to prepare for his face-to-face meeting with Ofwat in October, when he will answer any questions that the Regulator has about our report and the way our Forum worked. More on this in the next Journal entry.</p> <p>We will also start to review our process, so that we consider how we can improve things for the next Periodic Review*.</p> |
| <p>April to June 2018</p> | <p><i>The writing days: developing our report for Ofwat</i></p> <p>What a busy three months we’ve had! In April we had several meetings with people from the company to get into the nitty gritty of what customers will be able to measure NWL’s success on in the five years between 2020 and 2025. We covered measures of success (what factors they’ll be judged on), performance commitments for each one (the target they’re setting themselves), outcome delivery incentives (the reward/penalty for hitting the targets or not) and enhancements (the projects that the company wants to spend money on over and above what it has to). The company clearly explained how it had used customers views and priorities to put its plans for 2020-2025 together and we were really pleased with the open discussions we had.</p> <p>All this work has put us in a good place to be able to write our report for Ofwat, which we have to send in at the same time as the company sends its PR19 business plan, in September.</p> <p>So, most of the time we’ve been very focused on looking ahead at the next five years and the price that customers are going to pay for their water. But in June we also met with the company to look back at the past year and discuss how well they’ve done against their targets, as well as the contribution they’ve made to the likes of the environment, society and local communities. In both cases we congratulated them on their successes as well as giving them food for thought for the next 12 months. In July you’ll be able to read a summary of our views in NWL’s Annual Performance Report and their ‘Our Contribution’ report – both via their website.</p> |
| <p>January to March 2018</p> | <p><i>The challenging days: leakage, resilience and commitments</i></p> <p>The pace and volume of work are definitely on the up. We got stuck into understanding more about the company’s plans for reducing and responding to leakage; and also what customers think about the notion of resilience, which they helpfully summarised as ‘a strong and reliable service that can stand the test of time, cope with change and bounce back from difficult situations’.</p> <p>We’ve welcomed two of the company’s non-executive directors to our meetings recently, to give them the chance to see and hear us in action. We were very pleased to hear their feedback on the meetings: “As a Board member, it’s been unbelievably useful to hear</p> |

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| | <p>first-hand your perceptions and challenges, so that we can get the Business Plan as good as we can”.</p> <p>One of the important areas of PR19 that we put under the microscope in February is ‘Performance Commitments’ (otherwise known as the things that the company is going to be measured on, and potentially rewarded/penalised if they do better or worse). There’s still more to do on this, to make sure that the Performance Commitments are rooted in what customers have said during all the research, so it’s one of the things we’ll be focusing on in April.</p> |
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| <p>October to December</p> | <p><i>The evolving days: improving how we work</i></p> <p>We all got stuck-in to understanding our role, how the company works, what’s involved in a Price Review and how we need to challenge the company to make sure it bases its decisions on what its customers are saying.</p> <p>After the October meeting with the Company, we had a good think about how we could improve future meetings – we agreed that as our time was limited and we would ask the company to focus on the topics that we wanted to see and debate. They agreed, so we now describe ourselves as ‘topic-led’. We also asked the company for more info about what they need from us and what support we would get.</p> <p>One of the things that we’ve felt our way around over the past few months has been the balance of ‘being presented to’ by the company and taking some of the information they send us in advance as read, so that we can have a discussion with the company about it. We really feel we’re getting a better balance now.</p> |
| <p>July to September</p> | <p><i>The challenging days: focused conversations and long-term thinking</i></p> <p>As well as our quarterly Water Forums meetings, we get involved in lots of other conversations that help us understand the company and its customers. Two key ones this quarter have been:</p> <ul style="list-style-type: none"> • The company’s ‘Regional Thinking Ahead Workshop’, where we explored how best NWG can work with others to improve and enhance the environment. The discussions and ideas will inform their PR19 plans and environment strategy • The Customer Engagement workshop on 1 September, where we heard about and challenged how the company is planning to understand customers’ relative priorities for potential service improvements and measure their appetites for Outcome Delivery Incentives (ODIs*). This is a key part of the PR19 process, as it helps the company determine its investment and pricing proposals. <p>Between now and Christmas, some of us will be meeting the full Board to update them on our progress and to kick-off our engagement with them on the PR19 Business Plan –</p> |

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| | <p>we will continue to meet with them to discuss aspects of the plan between November 2017 and March 2018. This is only part of our ongoing conversations with the company's directors and non-executive directors, which give us a great opportunity to build the sorts of relationships that enable us to provide effective challenge from a customer perspective.</p> |
| <p>April to June</p> | <p><i>The challenging days: full steam ahead</i></p> <p>The company took our feedback, so June's main meeting was full of discussions!</p> <p>Also in June, some of us got stuck in to challenging the company about how its going to take the large amounts of customer research it's done/doing and prioritise and interpret it all. We look forward to hearing about how they're going to take on board what we said – which will be at September's meeting.</p> <p>Looking back at how the Forums have changed over the past year or so, it struck us how different the ethos is now – and the result is lots of energy and activity! Why? Because we work outside of the meetings, following the topics each of us is interested in, then have time and space to debate in meetings. It's definitely a different, innovative approach, and one we're pleased to be part of.</p> |
| <p>January to March</p> | <p><i>The evolving days: challenging, adjusting and improving</i></p> <p>Our work began in earnest, to challenge the company as it is developing its PR19 plans. We've contributed at two important workshops: one in January about the company's work in local communities and its research with vulnerable customers; the other in February discussing the research the company has done with customers about river water and bathing water quality.</p> <p>When we all came together at the end of our March meeting, we agreed that the most useful change to future meetings would be to ask for the agenda to include more time for discussions and challenges, and less time listening to presentations.</p> |



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| <p>October to December</p> | <p><i>The evolving days: improving how we work</i></p> <p>We all got stuck-in to understanding our role, how the company works, what's involved in a Price Review and how we need to challenge the company to make sure it bases its decisions on what its customers are saying.</p> <p>After the October meeting with the Company, we had a good think about how we could improve future meetings – we agreed that as our time was limited and we would ask the company to focus on the topics that we wanted to see and debate. They agreed, so we now describe ourselves as 'topic-led'. We also asked the company for more info about what they need from us and what support we would get.</p> <p>One of the things that we've felt our way around over the past few months has been</p> |
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| | <p>the balance of 'being presented to' by the company and taking some of the information they send us in advance as read, so that we can have a discussion with the company about it. We really feel we're getting a better balance now.</p> |
| <p>July to September</p> | <p><i>The forming days continue: getting to grips with how we'll work</i> Our new Chair, Jim, successfully ran our first meeting; the first gathering of the WFs since June 2015. He shared his vision for how the new Forums could operate, we all agreed our so-called '<i>Terms of Reference</i>' and our structure, and agreed to meet every 3 months.</p> <p>In between these formal meetings, each of us will get involved in activities and meetings to do with the topic most relevant to our experience and interests: either Customer, Communities, Environment or Economic Impact.</p> <p>To cover all types of customer, we'll be reaching out to our professional networks – this will give us very wide-ranging insights into the issues facing all customers, which we can then use in our discussions and challenges to the company.</p> |
| <p>April to June</p> | <p><i>The forming days: getting a good mix of people</i> On 1 February 2016 Jim Dixon was appointed as Chair of the joint Water Forums; then Ofwat* published its expectations of us on 25 May. Jim worked with the company to come up with an ambitious proposal for how the new WFs could work, and to start attracting members. One of the challenges Ofwat gave them was to have a group of members that is independent, knowledgeable and able to consider all types of customer.</p> <p>We were delighted that some previous members decided to stay on; and that the company has found new members from different organisations too – including National Farmers Union, Ouseburn Trust, Changing Lives, Groundwork, and Newcastle University. We think we're most definitely rising to Ofwat's challenge about independence and knowledge of the issues affecting customers – trust and confidence, engagement, debt management, vulnerability, to name a few.</p> |

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| <p>January to March</p> | <p><i>The early days: the company kicks things off</i></p> <p>In this early part of 2016, it was time for the company to start planning for the role that we, the Water Forums, will play in the 2019 Price Review (PR19) – this is when the prices that customers pay for water supply and wastewater treatment are agreed for 2020-2025.</p> <p>The company worked with the Forums’ <i>nominations committee</i>, determined to have really effective Water Forums by thinking innovatively. They reviewed how the Forums worked before (in PR14), by talking to previous members and people from the company, and looked at water industry research too.</p> <p>One big change they decided on was to have a single Chairperson (there were two before – one for each WF). It made perfect sense, given the need for consistency and the fact that NWL only creates a single overall plan for the Price Review. Once this was decided, the committee interviewed five people for the Chair’s role.</p> |
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***GLOSSARY – a bit more detail about terms you may not have heard before**

- **Ofwat:** This is the name of the of the water and wastewater industry’s economic regulator – its remit it to set limits on prices charged to customers, taking investment needs into account. Its website is ofwat.gov.uk. (Note, the industry also has two other regulators involved: the Environment Agency, which covers environmental regulation, and the Drinking Water Inspectorate, whose focus is drinking water quality).
- **ODIs:** ‘outcome delivery incentives’ are the rewards and penalties that water and wastewater companies receive for exceeding, delivering or failing to meet the agreed service levels that customers expect (<https://www.ofwat.gov.uk/regulated-companies/company-obligations/outcomes/>)
- **Periodic Review:** One of the ways Ofwat regulates the water industry is to set the price, investment and service package that customers receive. This includes controlling prices companies can charge their customers, and they currently carry out a review of these price limits every five years.