

# **Our response to Ofwat's 'Out in the Cold' report**

September 2018



YorkshireWater

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

On 19 June 2018 Ofwat published its report 'Out in the cold' following its industry wide review of the water sectors' response to the extreme winter weather period in February/March 2018 (the 'Beast from the East'). This document responds to the findings of the Ofwat review and also to the company specific feedback we received from Ofwat in its separate letter.

We are pleased that Ofwat assessed that we had "performed well and largely met its customers' expectations" but we know that we can always learn and improve so we also agree with Ofwat that "there is still room for improvement". We have carefully considered the report findings in order to identify improvement areas and share best practice across the industry.

This response outlines the actions we have taken since the report was published and our ongoing activity to improve our response to severe weather events.

Since March 2018, we have conducted four separate internal reviews and also commissioned a customer survey to ensure we understand the breadth and depth of challenges faced by the company during the 'Beast from the East' and fully understand the impact on customers. The reviews were made up of;

1. A debrief session following the closure of the Company Incident Management Team.
2. A structured incident review including detailed interviews with 25 employees from across all areas impacted.
3. A full incident review of our business continuity conducted by an external expert organisation.
4. Detailed analysis of operational challenges faced at one of our key Water Treatment Works.
5. A customer research survey carried out by DJS to understand the impact a no water service failure had on customers during the 'Beast from the East'.

The reviews have led to a lot of learning and this in turn has led to many recommendations and actions to make sure we perform even better in future severe weather events. Our incident reviews have identified over 30 key recommendations. We have carefully prioritised the recommendations and they are now being embedded into our company.

In the rest of this response we provide an update on our improvement actions and our longer-term plans to ensure that we continue to resiliently meet the expectations of our current and future customers.

Our key themes for improvement are;

- Planning and preparation
- The service we provide to non-household and household customers
- The service we provide vulnerable customers
- Our approach to private supply pipes
- Our communications approach
- Sharing our learnings and best practice with the rest of the industry

Following this we summarise how these learnings are integral to our PR19 plans for the next Asset Management Period.

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

## Planning and Preparation

We take severe weather planning extremely seriously and it is well understood throughout the company. We are able to understand the risks and potential impacts of adverse weather and take appropriate action. To do this we use historical data to assess the likely impact and this informs the actions we take. This includes activities such as ensuring that additional resources, equipment and skills are available when and where they are required. We recently utilised this approach for the hot dry period in summer 2018 and ensured that our customers were not impacted.

Our internal reviews have highlighted additional requirements for greater visibility of local severe weather plans, across all areas of the organisation to further improve our resilience. To make sure this happens this year our winter planning preparations will provide a central report to senior leaders by no later than 31 October 2018. This will provide even greater confidence in our planning to our Board, service partners and also external partners such as the Local Resilience Forums (LRF).

Throughout the spring and summer of 2018, we have worked alongside other utilities (electricity, gas and telecommunications) to create a multi-agency, multi-utility failure plan which has been rolled out to all four LRF's (South Yorkshire, West Yorkshire, North Yorkshire and Humberside). This will ensure we are all clear on our responsibilities, interdependencies and requirements to continue providing essential services to our customers under more extreme weather situations. We have shared this learning with Water UK, supporting industry wide learning and improvement.

A significant challenge faced throughout the severe cold weather in February ahead of the rapid thaw was the entry for our colleagues into our sites via the road network. We have worked closely with the LRF partners to ensure the highways to our critical assets are marked as 'red routes' and improved our coordinated planning.

We have also improved our planning principles that we use to prepare for a major incident. Learning from the Ofwat report and our internal reviews, we now ensure there is always one million litres of temporary alternative water supplies (bottled water, tankers, bowsers) available for our customers should it be required.

The logistics arrangements we implemented during the 'Beast from the East' was one of our biggest in the last 5 years. We have taken the learning from this and we have updated our contractual arrangements to make sure that we will improve the response times to customers during an interruption to supply, ensuring access to temporary water supplies even for a national scale event.

With regards to concerns raised that the industry relies upon the same supply chain partners for alternative water supplies, we have a bottled water provider within the Yorkshire region which is currently not utilised by other water companies, giving assurance to both customers and Ofwat that our supply chain will not impact our preparation or response.

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

## The service we provide to non-household customers and retailers

The Ofwat report indicated all companies should think about how to improve their engagement and coordination with non-household retailers and business customers. In response, we have reviewed our current procedures for working with non-household customers to find and fix leaks on their properties. Moving forward we will use our enhanced asset data to target premises where we think there may be a leak and work with retailers to get this resolved as soon as possible.

Ensuring we have consistent, timely and regular communication with retailers and non-household customers during a service impacting event is another area we have been focussing on. We will make it easier for retailers to work with us by improving our mapping and data systems so that we can provide impacted postcode and Supply Point Identification details to retailers quickly during an incident. This will then make it easier for retailers to pass relevant information on to their customers during incidents.

We are currently creating a communications strategy for non-household customers and retailers during incidents to help bolster the service we provide. To build this strategy we will host a good practice communications workshop in late autumn to share our learnings with other wholesalers, so we can create a standardised response framework before the 2018/19 winter.

Our initial findings from the freeze/thaw event influenced the way we approached our communication with retailers and non-household customers during incidents. We provide regular updates specifically for retailers to reinforce messages published on our social media channels. During the extended hot and dry weather where we experienced high demand for water across the region, we supplemented our approach with useful advice on our website for how non-household customers could save water. We welcomed retailers sharing this information with their customers across our region and elsewhere.

For specific localised events we have added to our existing approach with emails and calls to retailers directly where we believe their business customers may be impacted. This would be during incidents that involve road closures, as well as a loss of service. It is important to note that where a non-household customer is classed as particularly sensitive to a loss of, or degradation, in water or wastewater service, whether under the Security and Emergency Measures Direction (SEMD) regulations or otherwise identified, we will act promptly and directly with the customer to mitigate the impact of an event, and keep the retailer informed.

Our Non-Household Customer Management team have worked alongside other wholesale companies, and retailers, to create an 'Unplanned Events and Incidents' good practice guide. Its purpose is to provide standardisation and clarity for both Retailers and Wholesalers in relation to unplanned events and incidents. We hope our good practice communications workshop will lead to a similar level of standardisation across the industry.

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

## The service we provide to household customers

During the severe cold weather incident, we created a specialist team to ensure we had a consistent 24/7 customer service provision across our customer contact channels. Since then, the team has become a permanent fixture in our control room, so they are available to help support customers during incidents and to ensure we have an out of hours prepared response ready for when customers experience the impact of an incident. This team monitors and manages our social media channels, our online 'report a fault' facility and customer inbound phone traffic.

To help improve our proactive communications, we are scoping a new outbound text messaging system that will allow us to create bespoke messages suitable for each incident. The new system will allow us to constantly test the quality of customer contact data and makes sure it is up to date, as well as showing us whether the message has been received and listened to or read by the customer. This data will help us to tailor future customer communications.

Until this new system is in place, we are encouraging greater customer participation with our current text and voice message service and to do this we have trialled proactively promoting this service to customers. Recently we wrote to residents in an area of Doncaster about the benefits of our priority services register (PSR) and our text and voice message service after they had experienced intermittent interruptions to their water supply.

Over the summer we have faced some small-scale incidents where we have deployed our customer service vehicle to the area, so we have a dedicated presence on the ground to engage with and support customers as well as answering any concerns they may have. We have a dedicated customer service standby team who are on hand to attend incidents 24 hours a day. For example, we utilised this facility during a recent incident in Mytholmroyd, Calderdale, when we had an interruption to supply so there was a central point where customers to speak to us face to face about the incident while our operational team and contractors were busy with the repair.

Another step we have taken to improve service for our customers is to employ additional people based in our central control room to focus on proactive customer communications. This team coordinates our proactive text message system, our targeted social media messaging and provides updates to customers during incidents. This expedites our initial response and helps us to work closely with operational colleagues.

Offering more channels for customers to get in contact with us is something we are continually improving. During the freeze/thaw event, we launched our online fault reporting tool, so customers can report leaks, bursts, and sewage escapes to us online anytime of the day. This is being used by customers more and more and we are actively promoting it during incidents to encourage leak reporting. Our 24/7 customer service team monitor this out of hours, so we are able to provide a consistent and reactive service.

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

## The service we provide to customers in vulnerable circumstances

We serve a diverse community in Yorkshire and we know some of our customers need extra help from us. We encourage customers who have additional needs to sign up to our Priority Services Register (PSR). We provide a wide range of additional support for customers on our PSR; we can help make bills and meters more accessible, provide temporary water if water supplies are interrupted and protect customers from bogus callers.

We have been championing a vulnerable led approach to managing incidents. We have further developed our approach to proactively contacting vulnerable customers since the freeze/thaw event in response to our learning. When we have an incident, we determine identified customers facing vulnerable circumstances and proactively contact them. This approach, utilising data from our Priority Services Register (PSR), is now a business as usual process in response to any water outage or customer impacting event.

Our operational coaches have been supporting and training our operational field teams in more customer service skills to improve the doorstep experience for customers alongside specific training on handling potential vulnerability needs. This helps to provide consistency amongst customer facing colleagues.

We recently piloted a new approach to an incident we had in Doncaster where customers had intermittent disruptions to their supply. We utilised our segmentation tool to understand customers in the area and assess the levels of likely specific need. This allowed us to make more informed decisions around how we communicated for the locality. We mobilised our customer service vehicle to site, so we had dedicated colleagues available to visit customers facing situations that may make them vulnerable if needed and engaged early with the Local Resilience Forum. We worked very closely with the local authority and the Local Resilience Forum to identify customers with additional needs and provide them with an alternative water supply or additional support if required. Post incident, we utilised digital advertising including Google Display Networks and social media to encourage sign up to our priority service register for customers who have additional needs. This was supported by a more traditional approach using local newspaper advertising to promote the register to ensure we captured all customer segments. Our Safeguarding Officer engaged with Age UK and the Alzheimer's Society in the Doncaster area to further boost our awareness with customers in the area and to work with them to establish a partnership. We provided advice leaflets for our additional services to these agencies.

Following the incident in Doncaster, using data from our segmentation tool, we highlighted 21,500 customers in the area who could potentially benefit from being added to the register and who were more likely to respond to written communication. We wrote to them to inform them about the additional services we can provide and ask them to sign up to our register if they haven't already done so. This approach helps to reiterate our messages while the impact of an interruption to supply is still fresh in their minds.

This summer, as a wider part of our regional water saving activity, we have utilised opportunities to promote our priority services register alongside our water saving campaign and as bill inserts. We distributed around 200,000 leaflets to school children across the Bradford region before the summer holidays began so parents and guardians received our messages about the additional services we provide.

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

We have been measuring the growth of our priority services register. Between 8 July and 8 August 2018, the register grew by 500 new customers. This is over a hundred more than we would expect in a normal month. Since April 2018, the number of customers signed up to our register has increased by 3,719.

We have developed a specific customer communications strategy for customers who may be in situations that make them vulnerable and are well on the way to delivering its first phase. For one part of this first phase, we are promoting our additional service offerings to more communities by partnering with a local radio network, Sangam Radio (part of the Communities Together group). They have been helping us to disseminate our messages to communities that may be harder to reach. The radio station plans to carry out awareness raising events including a twenty-minute presentation on our priority services offering and the importance of saving water at 31 venues including Mosques, Gurdwaras and Mandirs throughout South Yorkshire. By looking at what our messaging needs to say to be relevant to the communities they serve, we can activate hyper-local relevant promotional and advice campaigns. We have also translated our priority services leaflet into multiple non-English languages to give out at events whilst also being on hand to help sign those who have additional needs on to our register using our website.

We understand our customers have different needs and another example of how we are adapting to support these needs is to help make our website more accessible by developing a 'Recite me' tool so customers with visual impairments, learning disabilities, or those whose first language isn't English can customise their website experience. The tool includes a text to speech functionality, dyslexia software, an interactive dictionary, and a translation tool with over 100 languages.

As part of our plans for the 2020-25 (PR19 period), we will introduce three new Performance Commitments focused on the services we deliver to address the needs of customers in circumstances that make them vulnerable. These will focus on increasing the awareness and satisfaction of our Priority Services, including regular independent reviews of the accessibility and effectiveness of those services for customers.

## Our approach to private supply pipes

As a company we are supportive of the adoption of private supply pipes. We've recently announced in our PR19 business plan that we will be introducing a new Performance Commitment called 'repairing or replacing customer owned pipes'. This will mean that when we identify a leak on a supply pipe we will repair or replace the pipe to help reduce waste and leakage and prevent interruptions to supplies for our customers. Reducing leakage from service pipes is also key in our current plans to boost our operational performance before 2020. We also have plans to improve customer awareness of their responsibilities and how they can prevent leaks this winter with a targeted communications campaign.

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

## Our communications approach

Our post-event customer research showed that 71% of customers who suffered an operational loss of supply were satisfied with the level of communication we provided them during the period before their supply was restored. However, 21% of affected customers were not satisfied and felt we could do better. This has been the focus of our review into the communications we issue during incidents, regardless of size, so we can drive improvement.

For customers where their private supply pipes froze or leaked, 71% were satisfied with the advice we gave them, with 17% dissatisfied with our advice. In order to raise customer awareness of preventing leaks on private pipework, we will be running another winter preparedness campaign. This will utilise our customer segmentation tool alongside our operational knowledge of which customers were impacted during the freeze/thaw event to identify where and how we communicate with our customers about the campaign. Whilst the campaign will be promoted region wide, we will also be upweighting activity and messages in key areas across the region that are known to have more issues with frozen pipes. Once these areas have been highlighted we will be using our segmentation tool to understand the make-up of the areas and which messages and channels will have more impact.

We had additional leakage breakout in Hull as there is a prevalence for over ground private supply pipes. We will be working with Hull City Council to develop a hyper-local campaign and offering the skills and equipment that is necessary to help protect their pipework. This will ensure in future we will not see a similar scale of leakage breakout in that area

Providing timely and frequent updates to customers during incidents is key. Our digital channels are primed to provide updates as and when information flows through our central control room with a dedicated resource to do this. For smaller scale incidents; updates are available on our dedicated area map function on our homepage alongside updates on social media. During larger scale incidents, we set up a dedicated webpage and circulate this as a central point of information to customers, stakeholders and media.

To help us to promote our messages we also use targeted Facebook adverts on water outages or other customer impacting event. This pushes our messages on to our customers' Facebook feeds, so we are providing a trusted source of information that they are more likely to see than by visiting our social media feeds.

To help us to know what our customers are saying about us, not just during incidents, we use a social media listening tool called Brandwatch to identify key themes, so we can tailor our communications to address these themes. If we see posts in groups about incidents that need addressing, we have a network of colleague ambassadors who we can call upon in different geographical areas of the region who can help feed updates into these social media groups. During a recent water supply interruption in Mytholmroyd, our Brandwatch tool identified conversations on local Facebook groups in the vicinity so we engaged with these groups to disseminate our messages as we knew they would be seen by local residents.

However, we acknowledge we cannot just rely on our digital channels to provide updates to our customers. Utilising traditional media effectively, establishing key contacts in communities to disseminate messages on our behalf, and using our voice messaging capabilities to send messages to landlines providing updates helps to target customers who are not digitally savvy. Our deployment of our customer service vehicle during incidents to

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

act as a central hub for customers to visit to ask questions and seek updates also helps with this. The presence on the ground helps us to manage our vulnerable customers who benefit from face to face updates.

## Sharing our learnings and best practice with the rest of the industry

As well as learning from our own reviews and continually improving our capabilities and procedures, we recognise the value in learning from others, be that our regulators, our peers, and from exemplars in other industries. As part of our wider approach to delivering more of what our customers want and our open by default approach to data, we are using techniques such as “hackathons”, which are events where a large number of people meet to engage in collaborative computer programming, so we can engage with experts in developing new and innovative solutions to challenges we face. As part of our approach to learning from others, we understand that other companies and their customers can benefit from our insights and innovations. We plan to publish details of any major new initiatives. A recent example of this outlook is our approach to resilience and the six capitals model. We have published detailed explanations of the approach and method on a dedicated micro-website and presented widely at industry events and conferences.

In addition to events such as our “hackathons”, we envisage that there may be merit in offering targeted open days to allow our colleagues with specific areas of expertise to interact directly with their counterparts in other companies. For relevant subjects such as anything to do with management of customer debt or assistance for customers in vulnerable circumstances, we would seek to ensure that the audience was not limited to water sector peers and involves other utilities. It may be possible to facilitate this through engagement with the UK Regulators Network. We are already engaging with a wide range of partner organisations in our region and nationally, so including water sector peers is a natural extension of this. To guard against the risk that large multi-party groups do not progress quickly enough or make significant steps forward, we will develop the concept of “excellence pods”, working with a small subset of likeminded high-performing companies to develop ideas more rapidly and/or in greater depth. We have already piloted this approach with a peer in the electricity sector, progressing our thinking on further ideas to help customers manage debt as a result.

We have worked extensively with Water UK and other water companies to share learning and identify improvement areas via steering and working groups, an activity which will be continued to support improving industry wide resilience.

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

## Our PR19 Plan (2020-25)

We have resilient water services following our ongoing investment in Yorkshire's highly flexible water grid, which extends to cover 99% of the area's population. To ensure that we continue to maintain this strength, we have developed an industry leading approach to understanding our whole company resilience.

As outlined in our PR19 plans for the 2020-25 period, recently published, our approach covers 16 different resilience systems across our assets and operations, as well as the corporate and financial elements.

The new framework gives us a thorough understanding of the internal and external environments where we operate and how they are changing. Overall, our governance structure, processes and programmes ensure a coherent and integrated approach to managing resilience risks and our PR19 plan continues to strengthen our resilience across the business.

We have developed an industry leading, comprehensive and repeatable framework to assess our resilience.

The framework uses latest global best practice and explores:

- All aspects of our business.
- Past, current and future timescales.
- A wide range of shocks and stresses that could ultimately interrupt our services.
- The maturity of our systems and processes, using an extended version of the Cabinet Office model for effective infrastructure resilience.

We are significantly improving our performance in key service areas that are important to our customers, backed by Performance Commitments:

- We will reduce interruptions to supply from 7 minutes to 2 minutes or less by 2025, reducing our impact on customers.
- We will reduce the number of long lasting water supply interruptions (ones that last 12 hours or longer), including those caused by planned and unplanned events. We will achieve a target of no more than 12 such events by the end of the 2020-25 period.
- We will increase the number of repairs or replacements of customer owned supply pipes by over 30% by 2025 compared to today. This is a new performance commitment for PR19 and is valued by our customers.

These service improvements have already begun, funded by reinvestment of outperformance approved by our Board and the Yorkshire Forum for Water Customers.

We have started our work to drive a culture change to support all customers, including those in circumstances that make them vulnerable. Key to this culture change is the employment

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

of our Safeguarding Officer; a first for the industry. Our Safeguarding Officer ensures all customers can access our services in ways they need and that our staff are equipped to identify and provide the right support.

Our inclusive customer service strategy sees us taking a broader role in society through strategic partnerships. We are already good at protecting those at risk of debt, but we want our customers to be physically safe too.

We are leading the way, showing how businesses can play their part to protect those in circumstances that make them most vulnerable. We are also significantly raising awareness levels of the Priority Service Register (PSR) and recording customer needs in greater detail to improve the services we offer. Our success will be measured through our new Performance Commitments for PR19.

- Priority Services awareness – increasing the level of awareness of the PSR within our residential customers to 65% by 2025.
- Priority Services satisfaction – we are seeking 95% satisfaction levels from our customers registered on our PSR.
- Inclusive customer service - this performance commitment measures improvement in the services provided to customers in circumstances that make them vulnerable, as reviewed and assessed by an independent panel of third-party organisations and charities. The review will cover three areas: the accessibility of our service provision, the types of services provided, and the effectiveness of services provided. We are targeting a 20% improvement in our performance by 2025.

We want to provide a fully inclusive industry-leading service. We know we can be more proactive to identify customers that may need additional or different services. The PSR ensures we can provide a tailored service to customers who may require it. For example, we know that some customers would struggle to prepare for a disruption to supply, as they would struggle to carry heavy water containers. We can provide alternative facilities to those on the PSR.

To meet the needs of people with reduced dexterity or strength we offer bottled water in different sized containers. Seeking to constantly improve this position, we are testing alternatives to bottled water which may be easier for some customers to use.

For some customers in circumstances that make them vulnerable, the worst aspect of an unplanned disruption to their water supply is the psychological and emotional impact. Our PSR helps ensure we communicate with these customers as early as possible to provide them with the support they need.

This performance commitment helps us engage with customers on the PSR and ensures we have a continual focus on the quality of our service delivery for them. It provides us with an alternative method for engaging with some of our customers, for example, those with a hearing impairment or those unwilling to engage via traditional survey measures perhaps due to other circumstances.

# Yorkshire Water's response to Ofwat's 'Out in the Cold' report

Page 12 of 13

Our inclusive customer service strategy includes working closely with local charity organisations, public services and other utilities to build knowledge in the community about the PSR, and to increase our understanding of what good service provision looks like. These partners include Northern Powergrid, West Yorkshire Police, the Alzheimer's Society and fraud prevention charities.

## Executive Summary

The 'Beast from the East' tested our resilience and response to severe weather incidents and although we performed well there are still areas for improvement. The recommendations from our incident reviews are being embedded into our processes and we will endeavour to have this finalised before winter 2018/19. We will continue to work with Water UK and other water companies to share best practice and create consistency across the industry.

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