

# Our Turnaround Plan

November 2023 update



**We know that in the past our performance has not been good enough. This is why I launched our Turnaround Plan in May 2023, to deliver a short sharp ambitious improvement by 2025, particularly in terms of our environmental performance.**



In terms of customer service, we know that we still have a long way to go to improve overall customer satisfaction, but we are making progress. Complaints are now 29% lower than they were in the first quarter of 2023. Our video assistant tool enables us to support customers more quickly and accurately, increasing customer satisfaction and improving the use of network teams.

Focused on the delivery of four clear outcomes, the plan includes a list of actions that I'm pleased to say we're making significant progress on to improve our service to customers and the environment.

Tracking progress on our plan and holding ourselves to account is important to achieve the outcome. We have consulted with McKinsey on best practice and setup a central transformation office reporting to our Chief Financial Officer. This sets the governance of the programme and tracks and monitors our plan and oversees any changes that need to be made to our business processes or systems. A dedicated Executive Performance Committee then reports that progress to our Board on a monthly basis. Progress is also reported to our regulator, Ofwat.

In our water business, we've fundamentally changed processes, expanded teams and doubled the volume of water treated at 20 of our sites. We have begun delivery of our £150 million four-site strategy completing capacity, resilience and water quality enhancement upgrades at Otterbourne and Burham.

We've also completed work at 52 of our wastewater pumping stations, improving resilience, and our sewer cleaning programme is on track to review 180 of our highest risk rising mains across our 39,900-kilometre network. Updates to our Control Room and sewer monitoring mean that we're now proactively managing repairs before they become an issue.

Our focus on improving our internal health and safety processes has also delivered a threefold increase in the number of hazards now reported, with our new risk software allowing teams to better capture evidence out in the field.

Crucially we've taken all of our employees through this Turnaround Plan, with 2,500 of them, and many more of our supply chain partners, attending an immersive training day at our Falmer offices. This means our whole company is behind this plan and each colleague understands what, as individuals, they need to prioritise for us to meet our targets for the end of this investment period.

In October we submitted our five-year plan from 2025–30, based on what our customers told us was most important to them. It's our most ambitious plan yet, and we need to be ready to deliver it.

We know these plans are ambitious, however, we now have 2,500 dedicated professionals working to deliver it. They are all committed to making this plan a reality.

Our next six-month update on this plan will be published in May 2024.

**Lawrence Gosden, Chief Executive Officer.**

## We are committed to delivering:



### A reliable supply of water for our customers

Safeguarding resources and making sure our customers have access to a supply of high-quality water now and into the future.



### Healthy rivers and seas

Protecting and improving the environment, working transparently to enhance inland and coastal habitats.



### Trusted and easy customer service

Supporting our customers with easy service and transparent communications that show we care for our communities.



### Empowered and supported colleagues

Enabling our people to work in a safe, collaborative and inclusive workplace that offers rewarding careers at the heart of our communities.

## With the help of these enablers:



### People and culture

Investing in our people through training at all levels and competitive career choices, aligned to our culture to business outcomes.



### Digitalisation and technology

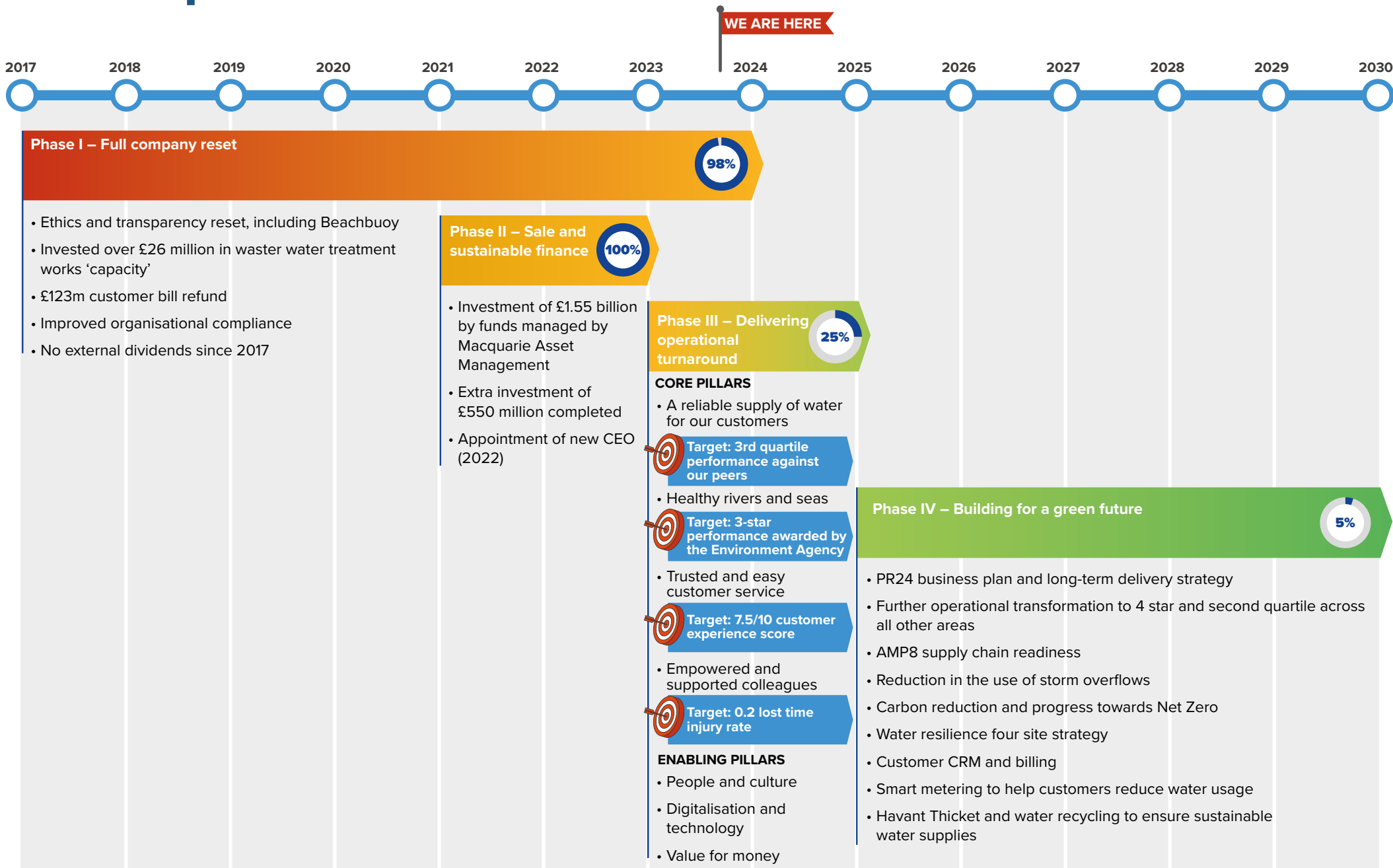
A responsive, connected network and processes that support our operations to act faster and deliver more effectively for our customers.



### Value for money

Challenging our own decisions, operations and supply chain to drive value and spend every pound wisely.

# The four phases of our transformation



# A reliable supply of water for our customers

Due to their age and design, several of our sites and parts of our network had become less reliable. Over the past six months, 30 actions have been delivered across 20 sites, with teams co-locating, developing new quality plans, governance processes and asset maintenance schedules, with new teams recruited to deliver them.

As part of the £150 million investment in our four largest treatment sites, we've completed several of the 103 projects identified, improving power resilience, borehole infiltration and UV treatment at Otterbourne and improving pump resilience at Burham. We've also doubled output across the 20 smaller sites identified for upgrades, and we're on target to improve this further by year end.

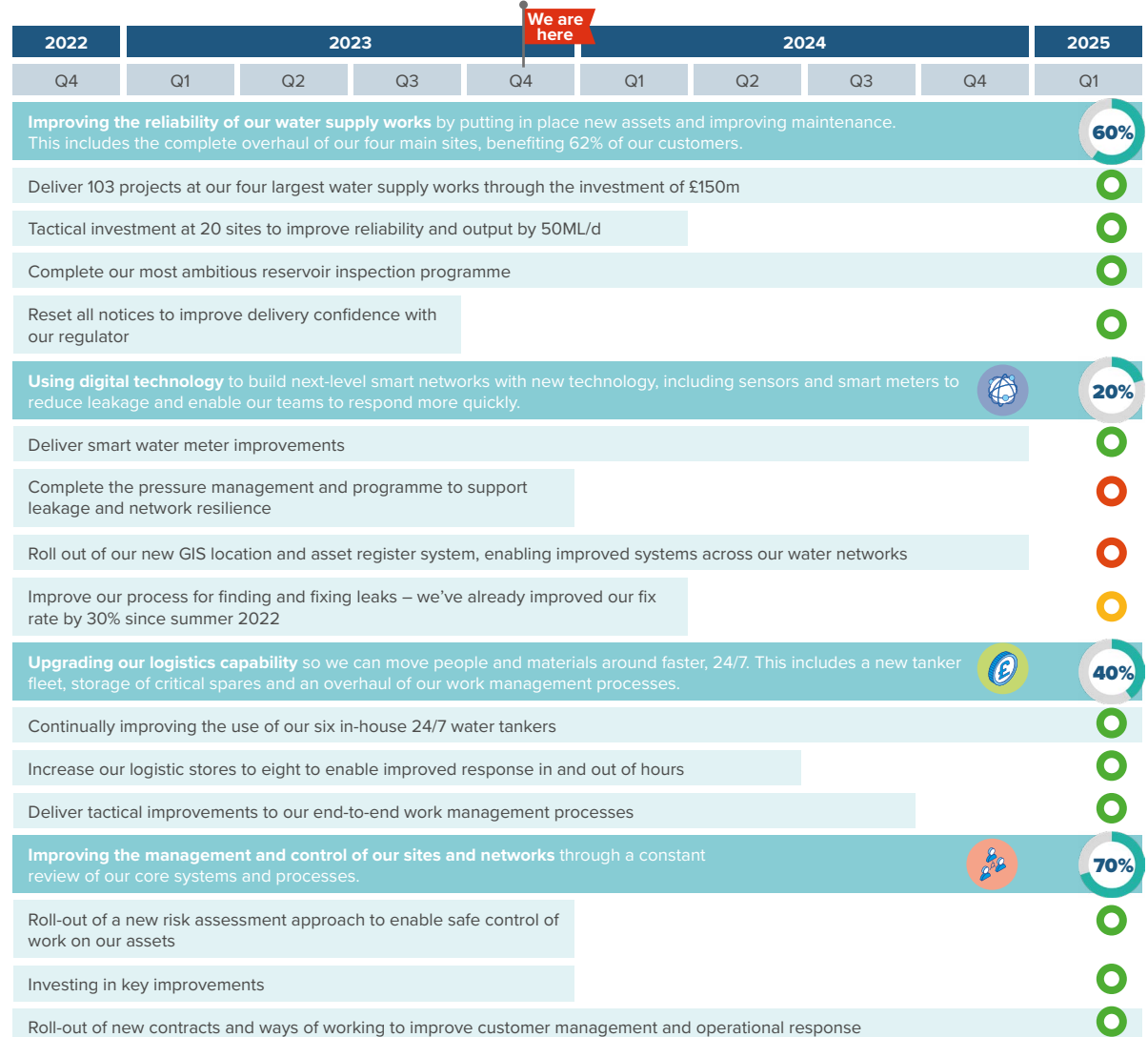
We've installed more than 7,500 loggers on our networks so we can better locate leaks and improved the efficiency of our contracts with our supply chain to make sure that our find-and-fix teams are able to better prioritise the most impactful repairs. Significant water savings – more than 1.5 megalitres per day (Ml/d) have also been made through our pressure management programme since the start of the year.

Our new water tanker fleet is now operational and is supporting our network teams in problem areas, as well as helping us better react during interruption incidents to keep our customers in supply.



## Objective: Provide reliability and quality reaching 3rd quartile for quality by 2025.

We're committed to improving the reliability and quality of our water by...



○ Percentage completed as of 30 September 2023    ○ ○ ○ On track to be completed by due date

# Healthy rivers and seas

We know that we haven't always met our customers' expectations in terms of our environmental performance. We're committed to changing that and we're focused on increasing the capacity and resilience of our sites and networks.

Over the past six months we have completed upgrades at 52 of our pumping stations, improving power resilience and our ability to monitor any failures from our central Control Room and complete proactive repairs when necessary.

We're on track to complete sewer cleaning of 180 of our highest-risk rising main assets by the end of the year and continue with our sewer relining work in several areas as part of our Clean Rivers and Seas Task Force Pathfinder projects.

Our dedicated task force has launched its detailed regional Clean Rivers and Seas Plan, which features an interactive map that customers and stakeholders can use to keep up to date with work happening in their communities to reduce the use of storm overflows. It includes every single outfall on our network and information about how much we're investing where, to rapidly accelerate reduction in overflow use at key designated bathing and shellfish waters across our region.

By the end of the financial year, we will also have 99% of our Event Duration Monitors operational across our outfalls, giving us better visibility of every release and the ability to continue to conduct a root cause analysis and proactively manage issues caused by our sites and networks.

Our Control Room is now using artificial intelligence and a network of 23,000 sewer monitors across our region to find and fix any bursts, blockages or leaks from our network which may affect customers or potentially harm the environment.



## Objective: Improving our environmental performance and reach a 3 Star EPA rating.

We're committed to improving our waste and environmental performance by...



○ Percentage completed as of 30 September 2023    ○ On track to be completed by due date

# Trusted and easy customer service

Our customer service systems are outdated which has affected our ability to effectively manage customer data and analytics to inform improvements to our services.

Over the past six months we have completed a detailed content and site map audit of our website and created new templates and designs. This will be launched in early 2024. Work on upgrading and simplifying processes that sit behind our Retailer and Developer portals is also continuing in parallel.

A complete cleanse of our customer data has begun and new controls will be in place from early in 2024, improving access to customer accounts and interaction records and speeding up the resolution of customer enquiries.

Our video assistant service is now in place, allowing customers to speak directly to our water inspector teams and make their visits more efficient, saving everyone time. Inspector call outs have reduced by 55% as a result.

All employees have now been taken through the Turnaround Plan, getting everyone working towards the same key targets and goals. Training sessions have also been run with our supply chain partners, introducing new multi-tasking processes for the billing teams and reducing customer hand offs between teams. These improvements have improved first contact resolution and reduced complaints by 29% since the first quarter of 2023.

Better access to customer insight is driving improved communications during customer incidents. We have launched a series of face-to-face engagement events, called Your Water Matters; with the first event taking place in Hastings in late October 2023. The next is planned for Whitstable in the New Year and will be part of a rolling programme of events throughout 2024.

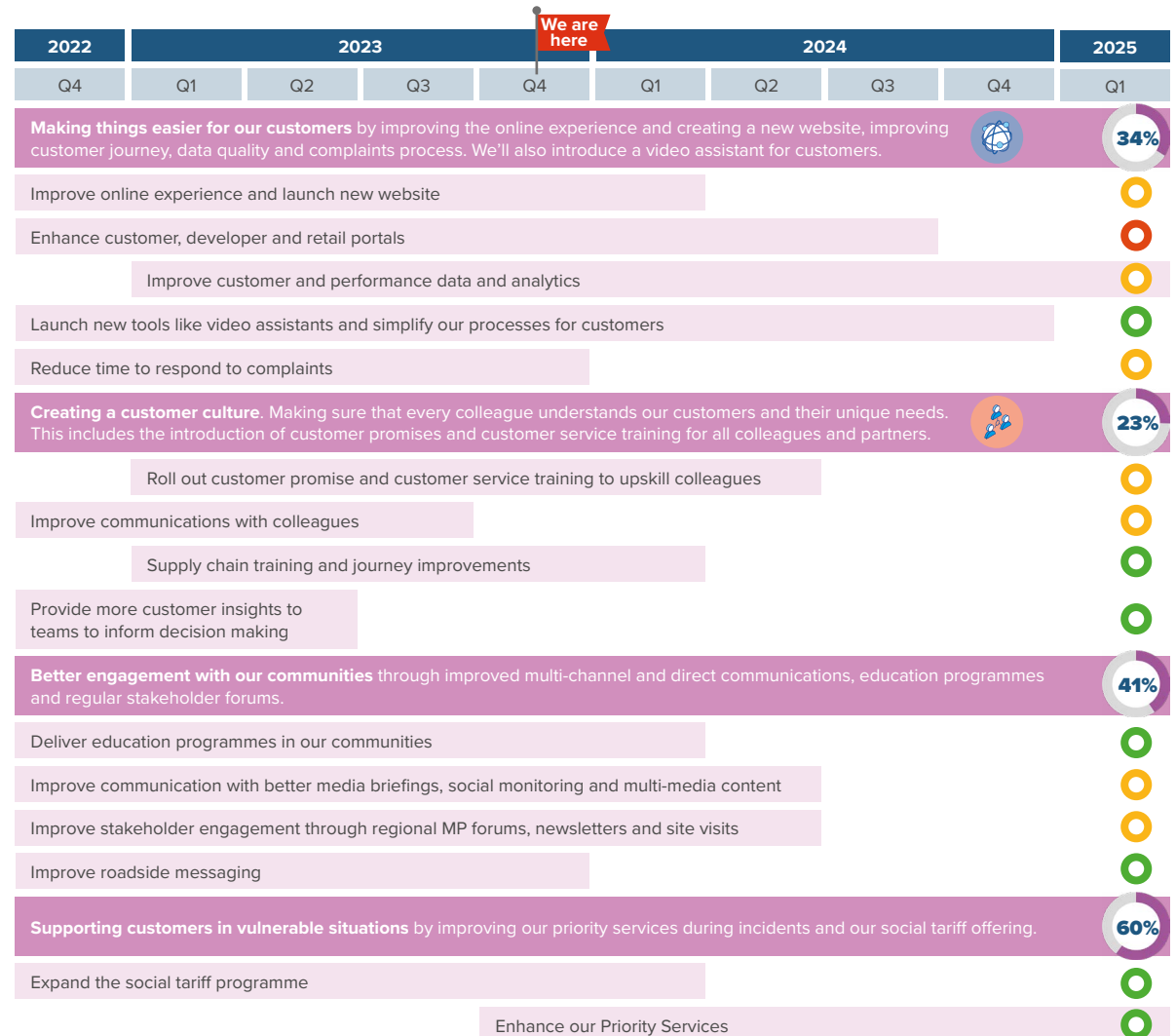
Our new education programme launched offering teachers and students access to a wealth of resources. We've seen a really enthusiastic response, with 7,163 students engaged from April to September 2023, a 215% increase on 2022. This will be supplemented with a new schedule of School Tours at key sites across our region.

Our support for those in vulnerable circumstances has ramped up and we continue to enrol customers onto our social tariff – giving them up to a 45% reduction on their bills. We have been working with Age UK and Local Authorities to discuss auto enrolling customers.



## Objective: Provide a great customer experience and reach a 7.5/10 C-Mex score (8% increase).

We're committed to improving customer experience and our reputation by...



○ Percentage completed as of 30 September 2023 ○ On track to be completed by due date



# Empowered and supported colleagues

The safety of our communities, colleagues, and supply chain partners remains our highest priority. That’s why we’re making improvements to the equipment, training and policies we use to deliver a safe system of work.

Over the past six months we have seen the number of hazards raised across the business triple (to c.900 per month) because of a new campaign, and the launch of a new risk app for teams in the field. It’s making it easier for teams to report concerns but also means they are better able to capture evidence so any issues can be resolved more quickly.

Our senior managers are now spending more time with our field teams out on our sites. As well as visiting and keeping track of new safety and wellbeing measures introduced on site, it means that they’re able to get feedback from the teams so that suggestions for improvements can be more easily surfaced.

We launched our new Health and Safety Policy statement, endorsed by our Health and Safety and Operational Risk Committee.

To support the launch of our new health and safety policy our employees and supply chain partners now have personal empowerment cards. This gives everyone the authority to stop any activity they feel is unsafe through our three golden commitments of taking care on the move, when we complete work and caring for each other.

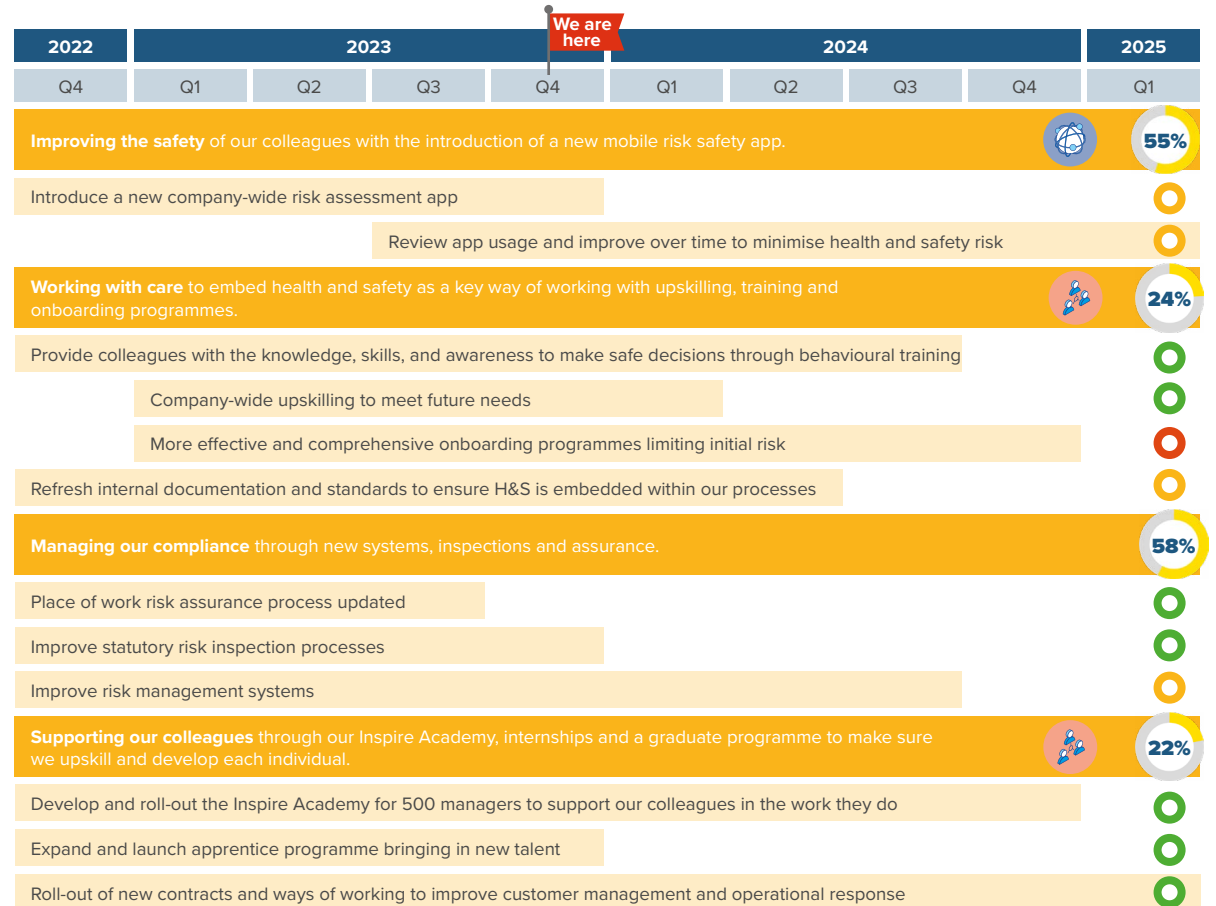
As a result of this work and a renewed focus on health and safety, lost time incidents have reduced by 20% over the past year.

Our Inspire Academy has also launched with our Talent and Development team offering a series of training workshops for existing managers as well as a programme of internships and a graduate scheme to develop great skills and retain top talent. We know that investing in our people is essential to our success, and we’re proud to offer our employees opportunities to grow and develop their careers with us.



## Objective: Manage a safe and ethical workforce with reduction to 0.2 lost time injury rate.

We’re creating a safe working environment with empowered and supported colleagues by...






Percentage completed as of 30 September 2023









On track to be completed by due date

# Our performance improvements

Alongside our Turnaround Plan priorities, we’re measured against a wider set of metrics, shared by all water companies.

	2020–21	2021–22	2022–23	Mid-year assessment 2023–24*
 Consumer experience	—	—	—	=
 Developer experience	—	—	—	↑
 Water quality	—	✘	—	↑
 Leakage (in year)	—	—	✘	↑
 Water usage	✘	✘	✘	↑
 Internal flooding	—	✘	—	↑
 External flooding	✓	✓	✓	↑
 Supply interruptions	✘	—	✘	=
 Pollution incidents	—	—	—	↑
 Unplanned outage	✓	✓	✓	↑
 Treatment works compliance	✘	—	—	↑
 Mains repairs	✘	✓	✘	↑
 Sewer collapses	✘	—	—	↑

**Key**  Final Determination target met or exceeded  Final Determination target missed but performance improved in relation to prior year outcome  Final Determination target missed and performance worse than prior year outcome  Performance improving from 22/23 APR  Performance static from 22/23 APR  Performance declining from 22/23 APR

\* This is our assessment comparing our year end 2022-23 outcome with the forecast outcome for 2023-24, based on YTD performance to the end of September. Final outcomes will be determined at the end of the year and reported in the Annual Report.

# Why did we need a Turnaround Plan?

Factors affecting our performance in the delivery of our 2020-25 business plan.

Root causes	C-MeX	Priority services	Leakage	PCC	Water supply interruptions	CRI	Mains repairs	Unplanned outage	Internal sewer flooding	Pollution	Sewer collapses	Treatment works compliance
PR19 allowance insufficiency	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Inflationary pressures	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Legacy systems	✓	✓										✓
Covid	✓	✓		✓	✓							
Changes to customer demand	✓		✓	✓	✓		✓					
Community behaviour change	✓	✓										
Housing growth	✓		✓	✓	✓				✓		✓	
Local authority budget constraints	✓		✓				✓		✓	✓	✓	
Increased environmental legislation			✓		✓	✓	✓		✓	✓	✓	✓
Climate change			✓		✓					✓		

Our Turnaround Plan was put in place earlier in 2023 to accelerate performance improvement in 12 key areas, identified by our regulator. In the table above we have outlined a number of ‘root causes’ that have affected our performance in the first three years of delivery of our 2020-25 business plan. These external factors and the impact they have on our business are explained annually in our [Annual Report and Financial Statements](#).