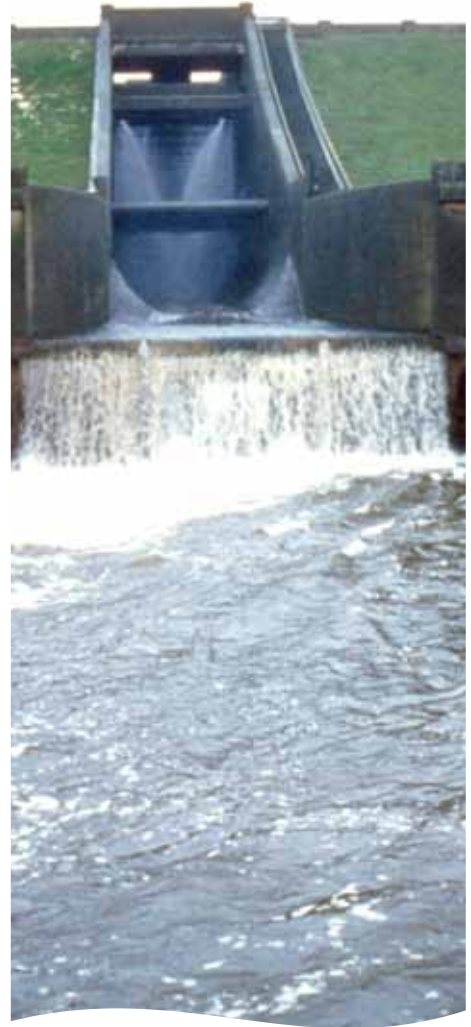




South Staffs Water

Customer Challenge Group

Presentations
from CCG meeting
5th July 2012





South Staffs Water

Liz Swarbrick – Managing Director

Customer Challenge Group – July 2012

Presentation format

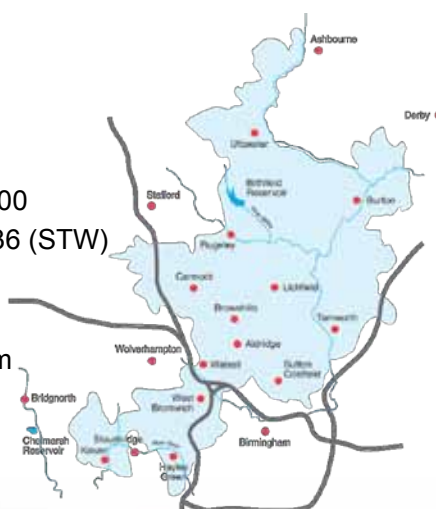
- South Staffs Water in context
- The past year
- Future challenges



South Staffs Water

Key Facts

- Population served 1,275,000
- Number of households 530,000
- Water supplied (Ml/d) 298 + 36 (STW)
- Surface sources 65%
- Groundwater sources 35%
- Length of mains pipe 5,945km
- Capex per annum £32m
- Capex on mains £7m/pa
- 2012-13 £140 average bill



Our Strategy

- Remains focused on
 - High levels of service
 - Providing best value
 - Being highly efficient
- Committed to achieving
 - Further improvement in customer service
 - Band A efficiency
 - Regulatory outputs



How was last year for us?



- Increased costs due to impact of dry weather
- Cash collection getting harder
- Significant improvements in customer service and SIM score
- Delivery of new IT based systems and the capital programme is progressing well

Regulatory Outputs



Leakage Target of 74 MI/d met	✓
Asset serviceability remains stable	✓
New water efficiency target met	✓
Levels of service standards high	✓

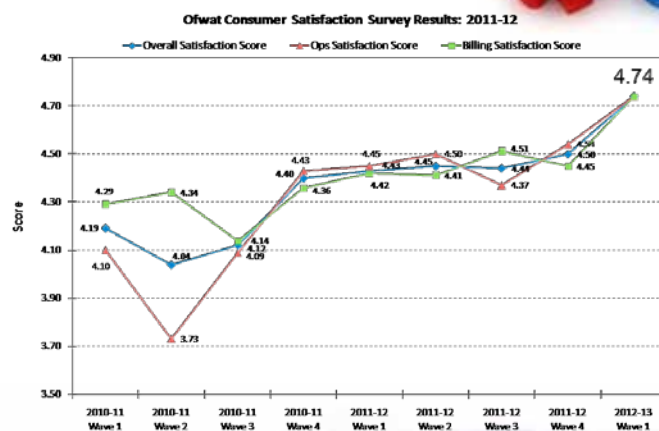
Abandoned telephone calls <2.5%	X (3.5%)
7,000 meter optants	X (5,992)

Customer Service

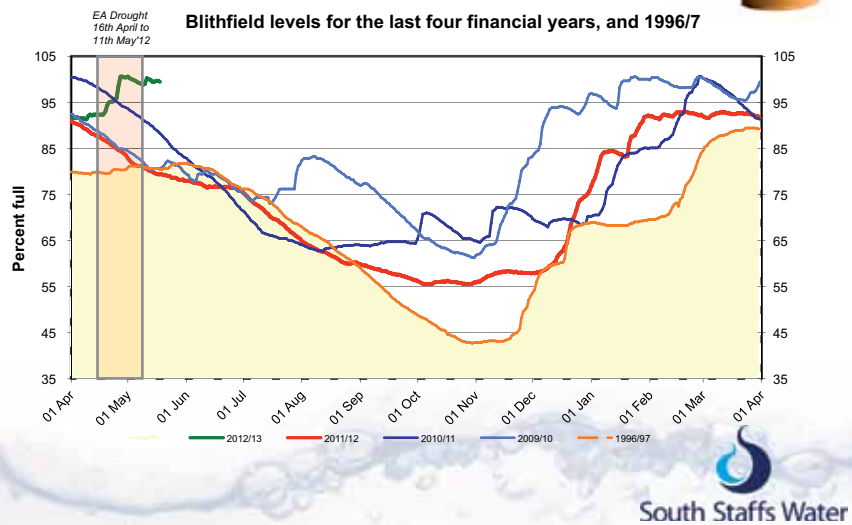


- New customer service strategy introduced
- Qualitative measure – consistent improvements
- Quantitative measure – improvements seen in all categories
 - unwanted contacts ↓ 36%
 - abandoned calls ↓ 50%
 - all lines busy ↓ 83%
 - written complaints ↓ 10%
- Our overall score has improved from 73 to 84

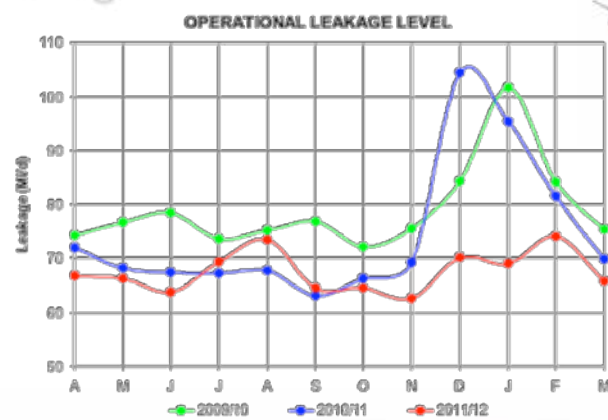
Our SIM Score



Resources



Leakage



Operational Events... ...with consequences...

- Streetly burst main
 - Unprecedented impact and media interest
 - Prompt restoration of supplies
 - 95 properties flooded
 - Some customers still in temporary accommodation
 - Increases to insurance premium



Challenges for 2012-13... key priorities



- Sustained improvements in customer service and SIM
 - enhanced focus on customer satisfaction
 - customer/employee/partner engagement
 - additional resources
 - people
 - Investment

Challenges for 2012-13... key priorities



- Successful implementation of new IT based systems
 - a new asset / works management system in Customer Operations and Network Management
 - field staff with 'real time' hand held devices
 - improvements to the customer experience
 - equally about our staff and processes
 - significant business change process

Challenges for 2012-13... key priorities



- Preparing for the PR14 business plan
- Implementing an enhanced programme of customer engagement
- Progressing long term initiatives for future efficiencies

In Summary...



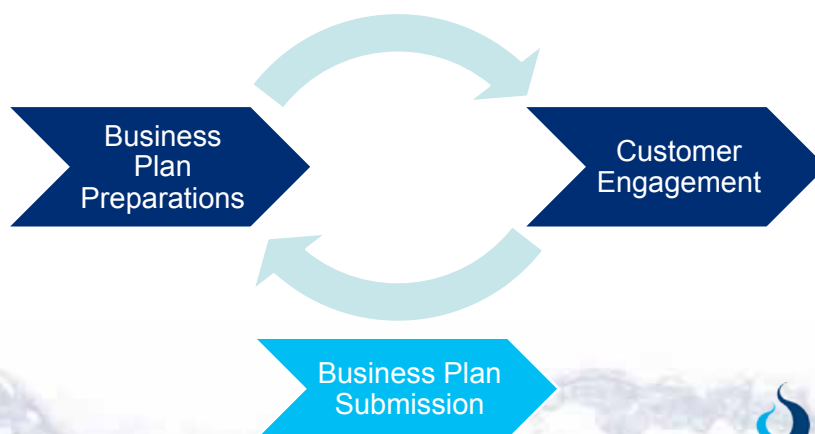
- An excellent performance for 2011-12
- Commitment to 2012-13 being even better
- Significant challenges to be overcome, in our ever changing environment, but achievable
- So far a good start to a very busy and challenging year.....



South Staffs Water

SSW Customer Research

Developing Proportionate Customer Engagement – South Staffs Plans



South Staffs Water

PR14 Customer Research



South Staffs Water

Customer Research Task Group

Progress Update



Overview of Achievements

- 3 Companies invited to submit proposal to conduct a tracking survey. Objectives of survey are:
 - To understand customer views of the business
 - To determine current levels of satisfaction among customers
 - To identify the areas of the company's operations that is important to customers
- Task Group teleconference held on the 21st June
 - MVA Consultancy commissioned to conduct this research
- Task Group meeting held on 27th June
 - Survey methodology and questions/aspects agreed
 - Survey tasks and timeline agreed

Summary of Decisions Made

- Survey Approach
 - Quantitative
 - 600 domestic customers (450 online & 150 face-to-face)
 - 100 business customers (online)
 - Qualitative
 - 10-20 depth interviews with business customers
 - Customers should be presented with information on current service provision
 - Survey should tentatively explore customers' willingness to accept a bill increase for service improvement
- Survey to be called '**Customers' Service Priorities**'

Survey Tasks and Timeline

Customers' Service Priorities Research 2012											
	Week Commencing										
TASK	25-Jun-2012	02-Jul-2012	09-Jul-2012	16-Jul-2012	23-Jul-2012	30-Jul-2012	06-Aug-2012	13-Aug-2012	20-Aug-2012	27-Aug-2012	03-Sep-2012
Inception											
Domestic Survey design											
Business Survey design											
Piloting											
Main (Domestic & Business) Survey											
Quant - analysis & report											
Draft Final Report											
Final Report											
Deliverables & Meetings											
Questionnaires (draft & final)											
Meetings											
Reporting											

Drinking Water Quality Regulation: England and Wales

Jacky Atkinson
Drinking Water Inspectorate



The European Drinking Water Directive

- The Drinking Water Directive was first proposed in 1975
- Was based on the scientific knowledge and technology available in the late 1970s
- Standards based on WHO guidelines
- Entered into force in 1980 80/778/EEC 'Water Intended for Human Consumption'
 - Member States given 1.5 years to transpose into national legislation
 - From July 1985 compliance with standards was mandatory (standards based on the WHO guidelines)



The European Drinking Water Directive

- The 1980 Directive was replaced with Council Directive 98/83/EC
 - Member States given 2 years to transpose into national legislation
 - From 25/12/2003 compliance with the standards became mandatory

The Water Industry in England and Wales

- Privatisation:
 - The Water Act 1989, The Water Industry Act 1991 was a consolidation Act

The Water Industry in England and Wales

- The Water Act 1989
 - Established the model as it is today with the privatised companies and the water industry regulators.
 - The boundaries were the same as the 73 Act, but responsibility for rivers went to the National Rivers Authority (later the EA).
 - Required companies to supply water that is wholesome for the domestic purposes of drinking, washing or cooking
 - Placed on the Secretary of State the requirement to take enforcement action against a water company which fails to supply water that is wholesome



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DRINKING WATER INSPECTORATE

The Drinking Water Inspectorate

- The Drinking Water Inspectorate
 - Originally established by section 60 of the 1989 Water Act
 - The 1989 Water Act was integrated into the Water Industry Act 1991: section 86 now concerned the DWI
 - The DWI formally established on 02/01/1990
- The Water Act 2003 introduced competition and strengthened the powers of the Chief Inspector



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Role of the Drinking Water Inspectorate

Our main aim is to help protect public health and maintain public confidence in drinking water through independent, effective and proportionate regulation of the quality of public drinking water supplies, and by providing independent technical advice on all aspects of drinking water quality.



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Role of the Drinking Water Inspectorate Strategic Objectives

DWI strategic objectives 2010 – 2015

The Drinking Water Inspectorate will **secure safe, clean drinking water** for all through the following five strategic objectives:

- 💧 Water suppliers deliver water that is safe and clean.
- 💧 The public have confidence in their drinking water.
- 💧 Drinking water legislation that is fit for purpose and implemented in the public interest.
- 💧 A progressive and trusted organisation.
- 💧 Accessible and globally recognised technical experts in drinking water regulation.



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The Water Industry in England and Wales

- Water Industry Act 1991
 - Details water companies' duties concerning water quality
 - The Secretary of State's powers to make Regulations re. wholesomeness and preserving water quality
 - The offence for water companies of supplying water unfit for human consumption
 - Water companies' duty to provide alternative supplies
 - Local Authorities' duties concerning wholesomeness
 - The appointment of Inspectors



The Water Industry in England and Wales

- The Water Supply (Water Quality) Regulations 1989
 - Based on the 80/778/EEC Drinking Water Directive
- Replaced by the Water Supply (Water Quality) Regulations 2000 (came into force 01/01/04)
 - Based on the EC/98/83 Drinking Water Directive



The Water Supply (Water Quality) Regulations 2000

- 46 parameters with numerical standards
- Wholesomeness
 - Standards, both Directive and National
 - Action to be taken in the event of failure
- Monitoring
 - Sampling points
 - Sampling frequencies
 - Sampling Analysis
- Water Treatment
 - Level of treatment and disinfection
 - *Cryptosporidium*
 - Approval of products and substances
- Records Provision and publication of information



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The Water Industry in England and Wales

- 23 Water companies
 - 10 Water and Sewerage
 - 13 Water Only
- Supplying on average 16,000 MI/day
- To more than 53.3 million people (99% of the population)
- More than 1,300 water treatment works
- More than 4,600 service reservoirs
- More than 331,000 km of water mains
- And 2,249 water supply zones



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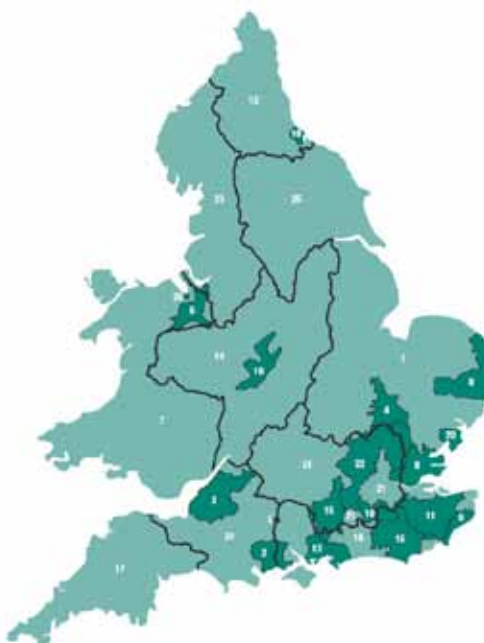
- In addition:
- 32 Inset appointments in England and Wales
 - Operated by 5 companies



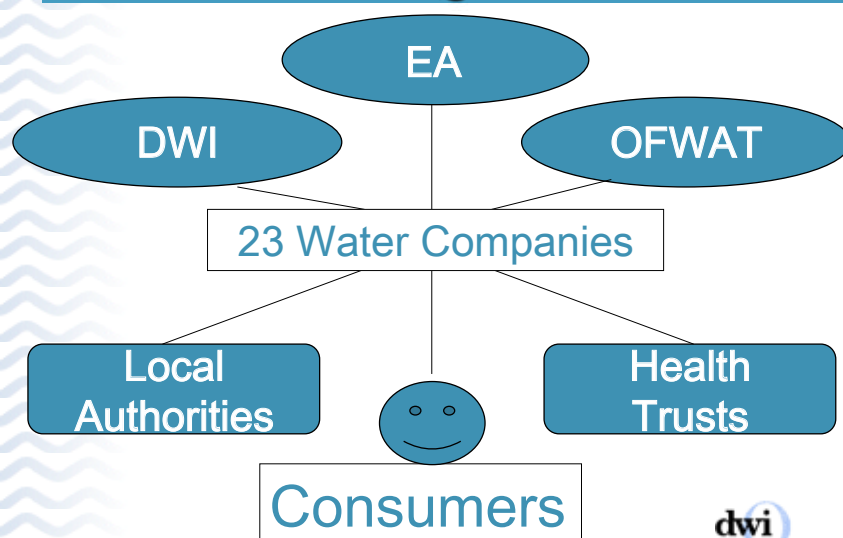
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The Water Industry in England and Wales

1. Anglian Water Services Limited
2. Sembcorp Bournemouth and West Hampshire
3. Bristol Water Plc
4. Cambridge Water company
5. Cholderton and District Water Company Limited
6. Dee Valley Water Plc
7. Dwr Cymru Cyfyngedig
8. Essex and Suffolk Water Plc
9. Veolia Water South East
10. Hartlepool Water Plc
11. South East Water PLC (formerly Mid-Kent Water)
12. Northumbrian Water Limited
13. Portsmouth Water Plc
14. Severn Trent Water Limited
15. South East Water Plc
16. South Staffordshire Water Plc
17. South West Water Limited
18. Southern Water Limited
19. Sutton and East Surrey Plc
20. Veolia Water East (formerly Tendring Hundred)
21. Thames Water Utilities Limited
22. Veolia Water Central (formerly Three Valleys)
23. United Utilities Water PLC
24. Wessex Water Services Limited
25. Yorkshire Water Services Limited



The Regulators



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The DWI

- Originally within the Department of Environment (DoE) which then became the Department for Environment, Transport and the Regions (DETR) and finally the Department for Environment, Food and Rural Affairs (Defra) that exists today
- It is independent in its operation

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The DWI

- Chief Inspector and 25 professionally qualified inspectors, appointed by the Secretary of State
- All staff based in London but work across England & Wales
- Currently part of the Water Directorate of Defra; however, powers are delegated to the Chief Inspector
- A charging scheme will be introduced next year.



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The DWI – Main Tasks

- Check that all water companies in England and Wales are complying with the Regulations
- Initiate enforcement action as necessary
- Investigate incidents affecting drinking water quality
- Prepare cases for prosecution if water unfit for human consumption has been supplied
- Investigate water quality complaints



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The DWI – Other Tasks

- Advise Local Authorities on regulation of private water supplies
- Provide technical and scientific advice to Ministers and officials on drinking water policy issues
- Identify new issues or hazards relating to drinking water quality that need to be researched
- Assist in the scheme for approving materials and substances that come into contact with drinking water
- European Standardisation



Technical Audit Process

Consists of three elements

- Compliance assessment
 - Based on information provided by the water companies on the quality of water leaving water treatment works, in service reservoirs and in each water supply zone; sampling requirements; and progress with programmes of work
- Inspection
 - Risk based, rolling programme of inspection looking at working practices for each water company
- Interim checks
 - Unannounced audits



Compliance Assessment

Checks are made on:

- The number of samples taken against the required sampling frequency
 - For each water treatment works, service reservoir and water supply zone
- The number of samples failing a standard
 - Prescribed concentration or value
 - Additional use of indicator parameters
 - Investigations into the cause of the failure



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Inspection

- Looks at each company's overall policy on water quality and checks on how this is applied
- Level of inspection is risk based and tailored to each company
- Checks may be made on:
 - Sampling, including audits of samplers
 - Analysis, including audits of laboratories
 - Data handling
 - Water treatment and distribution, including site visits
 - Progress with improvement programmes
 - Audit trails of selected samples
 - Provision of information



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Inspection of Water Quality Incidents

- Water companies are required to notify DWI of any event that gives rise, or is likely to give rise to a significant risk to the health of persons to whom the water is supplied, or cause significant concern to persons to whom the water is supplied
- Each notification is assessed to determine the seriousness of the event and the way in which the company responded to protect customers
- Some incidents may result in enforcement action
- Occasionally an incident may result in a prosecution



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Unwholesome Water and Water Unfit

- Water is unwholesome if:
 - A standard is exceeded
 - but there are no immediate health implications
 - and consumers may not notice the problem
 - May result in enforcement action
- Water is unfit for human consumption if:
 - It causes ill health or is unpalatable because of appearance, taste or smell
 - May result in prosecution



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Risk-Based Approach

- Companies must carry out risk assessments from source to tap to identify hazards and ensure that controls are in place to protect consumers
- Companies submit Regulation 28 Risk assessment reports for each supply system, highlighting any risks to consumers and actions being taken to address the risk.



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Powers Available to the DWI

- If the Company has identified a risk to consumers then the DWI has powers to take enforcement action
- The water company can give an undertaking under Section 19 of the Act to carry out appropriate remedial action within an agreed timescale
 - Only if there is not a significant risk to public health
- More usually, where there is a significant risk to public health, the DWI issues a Notice under Regulation 28 requiring the Company to carry out actions to address the risk.
- Notices can prohibit use of a supply



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Powers Available to the DWI

Prosecution is considered if:

- A water company supplies water that is unfit for human consumption – subject to a due diligence defence
- For an offence under the Regulations relating to the approval of substances and products in contact with water or the use of an unapproved process
- For an offence under the Regulations relating to *Cryptosporidium*



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Independence and Reporting

- Ministers have delegated enforcement and prosecution powers to the Chief Inspector
- Important in the eyes of the consumer
- Nothing is swept under the carpet
- Annual reports to the Secretary of State and the National Assembly for Wales on drinking water quality
- Leaflets on specific subjects e.g. lead, hardness, chlorine, taste and odour
- DWI website (<http://www.dwi.gov.uk>)
- Freedom to access media
 - To present the facts on drinking water quality, including any problems



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Dealing with Incidents and Enforcement

- Companies are required to notify the DWI ASAP of any event which meet the criteria laid down in the ID
- Notified events must be confirmed in writing within 72 hrs with a full report provided within 1 month for events considered incidents by the DWI
- Assessment may result in recommendations, enforcement action, prosecution



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International Involvement

- ENDWARE European network for Drinking Water Regulators
 - An informal group made up of representatives from EU Member States
 - Discussion concerns issues with implementing the Directive
 - Informal so that Member States can freely discuss their problems without fear of repercussions from the Commission
 - EC attends for 2 way communication and to gain the confidence of the MS



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International Involvement

- World Health Organisation
 - To discuss drinking water issues
 - To share experience and expertise
 - Emerging issues
 - Input for WHO Guidelines



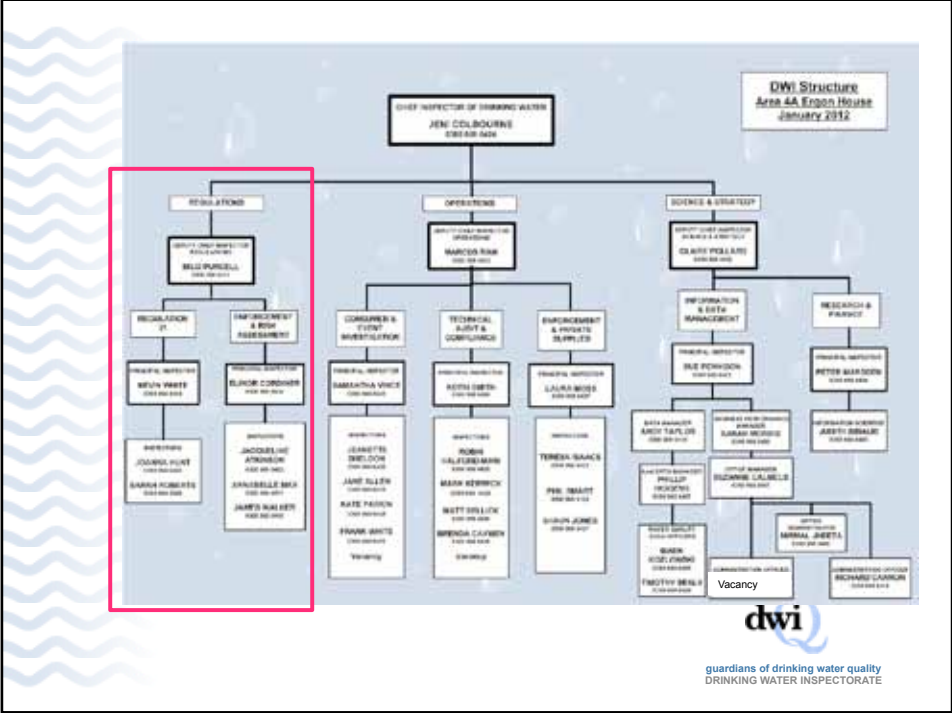
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PR14


- Independent members of all CEGs in England and Wales
- Work with companies to agree programme of work for drinking water quality
- Large quality improvement programme not expected
- Companies to have adequate capital maintenance funding to maintain quality



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Regulations Team

- Water Framework Directive
 - Asset Management Programme/Periodic Review – technical advice
 - Distribution undertakings
 - Distribution Operation and Maintenance Strategy
 - Competition
 - Negotiating and putting in place improvement programmes
 - Audits of improvement programmes
 - Commenting on companies' maintenance strategies.
- 
- The logo for the Drinking Water Inspectorate (DWI) is located in the bottom right corner. It consists of the lowercase letters 'dwi' in a bold, black, sans-serif font, followed by a stylized blue circular graphic that resembles a water droplet or a wave.

All Year Round

- Compliance assessment
- Dealing with incidents
- Crypto anomalies
- Dealing with consumer complaints
- The press
- Training
- Company/LA/HA liaison meetings
- Risk based Technical Audit



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Securing Improvements to drinking water quality

- Involvement with Ofwat
 - Improvements that are needed are identified by the water company
 - Solutions are reached through negotiation between the water company and the DWI
 - Ofwat has to provide for the necessary works when determining the price rises.



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PR14 Outcomes

- 💧 Water suppliers deliver water that is safe and clean.
- 💧 The public have confidence in their drinking water.

South Staffs Perspective

- Overall compliance with standards is good – above industry average
- 1 significant **discolouration** event in 2011 affecting 13,000 people in Walsall
- 1 serious event to date in 2012 involving risk of *Cryptosporidium* at ex Seedy Mill WTW – **Enforcement carried out - formal Notice issued**
- 1 significant event to date in 2012 – **discolouration & loss of supply** affecting 120,000 people in Tipton – caused by 3rd party damage to main
- With all companies, general concerns about maintenance of assets

CIR

- Annual Chief Inspector's report will be published on 12th July 2012
- Central Area launch will be on 18th July, 12.30 – 15.30 at CCWater's Office, Victoria Square House, Victoria Square, Birmingham



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Presentation to

***South Staffordshire Water
Customer Challenge Group***

***The Environment Agency
July 2012***

Points to Cover

- The Environment and the PR14
- The Water Framework Directive
- Water Resources Management Plans
- Issues for CCG to Consider / Discuss

The Environment and the PR14

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Investing in Water

- We are all benefiting from the **tens of billions of pounds** (nationally) that water companies have invested to **improve our water environment** in the past twenty years.
- We have a **reliable water supply**, and **wildlife** such as otters and salmon making a comeback in our rivers.
- But a **changing climate** and a **growing population** mean that there is still much to do.
- Investment is needed to **maintain existing standards** and also to ensure that water companies **meet European and national standards** related to water.
- **Improvements** to drinking water quality and the environment in the Environment Programme (2010-15) make up **less than six per cent of the cost of the average water bill** (national figures).

The Environment Agency and PR14

We are looking for:



– A **resilient water industry** that manages its infrastructure to reduce flood risk and meet the challenges of growth, development and climate change



– **No deterioration** in the current quality of the environment and catchments which are either at or moving towards good ecological status or potential



– A **secure water supply** with properly managed demands that ensures enough water for people and the environment



– Improvements in **protected habitats**.

The Water Framework Directive

River Basin Management Planning and the Water Framework Directive

- **River Basin Management Planning** is the process we use to protect and improve the water environment
- It is used by the Environment Agency to meet the objectives of the **Water Framework Directive**
- It recognises the link between **pressures** on the environment and the **ecological response**

What is the Water Framework Directive?

- The Water Framework Directive (WFD) puts ecology at the centre of how we manage and protect the water environment

- More **naturally** functioning water bodies
- More **sustainable use** of water in rivers, groundwater and wetlands
- High **quality habitats** for wildlife
- **No deterioration**: the state of the water environment must not fall (baseline 2009)

- All UK Water-bodies have to achieve

- **Good Status by 2015**, or where justified by criteria set out in Directive by **2021, 2027....***

First River Basin Management Plans published 2009

It requires “everyone” to work together to protect (no deterioration) and improve the water environment (to Good Status).



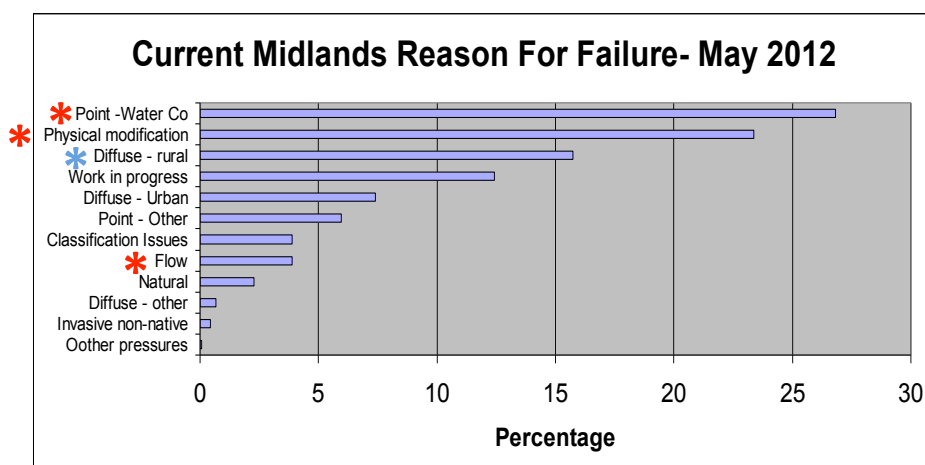
In Midlands we are in Two River Basins



Pressures

- Reasons for not meeting Good status are known as **pressures**
- In the first RBMP, actions to **investigate** the reasons for failure and pressures were documented
- Three types of investigation:
 - investigate to **confirm that there is a failure** of a standard, gathering information to become more certain that there is actually a problem
 - investigate to establish the **cause of a failure** against a standard
 - investigate what **action** to take to bring compliance

What are the issues we need to tackle to reach Good Status?



We also need to protect against deterioration

Catchment Solutions

- In developing solutions we should look for **wider benefits**.
- By working in catchments with land owners, through **voluntary initiatives** and **catchment sensitive farming**, significant reductions to chemicals in the water environment can be achieved.
- This type of work can also **benefit raw water abstractors**, helping secure their supply and reducing treatment costs.
- A **good example** is work SSW have done in the past in the **River Blythe** catchment.

Water Resources Management Plans

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Water Resources Management Plans

A Report by the **Water Company to DEFRA, separate process to PR14**

Water companies have a **statutory duty** to prepare and maintain water resources management plans.

How water companies intend to **manage water supply** to meet people's need for water over the next **25 years** while providing protection for the water environment.

The **Environment Agency produces a framework** for water companies to follow in developing their water resources management plan (water resources planning guideline).

Water companies are required to **publically consult** on their plans.

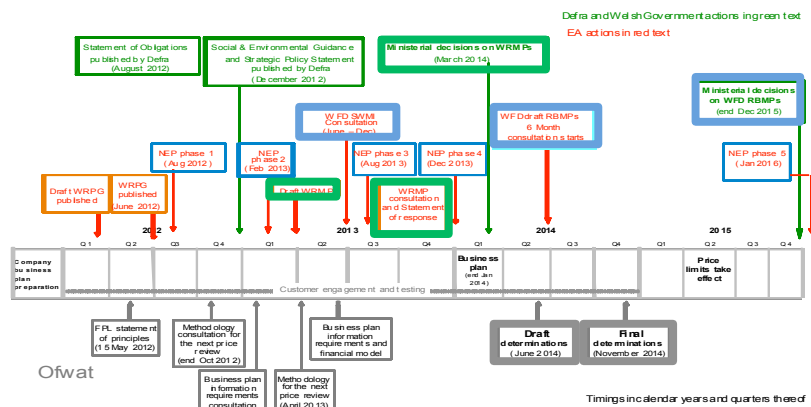
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Balancing Supply and Demand

Informed by PR09 Investigations/Appraisals and will inform PR14



PR14 Timeframe and WFD



Issues for CCG to Consider / Discuss

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Issues for CCG to Consider / Discuss

- Understand the timing of SSWs WRMP compared with RBMPs and PR14.
- The role that the CCG will play in the public consultation of the WRMPs and RBMPs.

(Working Together Consultation <http://www.environment-agency.gov.uk/research/planning/33254.aspx>)

- The role the customer can play in supporting solutions for Supply-Demand balance and protection of raw water supplies eg catchment management solutions.

END



South Staffs Water