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Ms Liv Garfield
Chief Executive Officer
Severn Trent Water
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Dear Liv,

Water is an essential service and customers have a right to expect their water company to be well prepared to protect them from the impact of bad weather. The thaw that followed the 'Beast from the East' period of cold weather in late February and early March 2018 caused supply interruptions to over 200,000 customers across England and Wales. Some interruptions lasted several days, impacting households, businesses and essential public services, like hospitals and schools.

As a sector we must understand why this happened; why some companies have performed better than others and, crucially, that we take steps to ensure that there is a significant and sustained improvement in performance by the companies who did not prepare well and a step up in the ability of the industry as a whole to protect customers from the impact of bad weather. Importantly, companies should take ownership of and responsibility for this process and ensure that lessons are learned so that their customers are better served in the future.

Our overall analysis of Severn Trent Water's performance during this incident, based on information received so far, is that it fell well short of customers' expectations. While it is clear that the company and its staff worked very hard to try and manage the incident as it unfolded, the scale of the impact on Severn Trent Water's customers was significant.

This letter sets out our findings and recommendations for Severn Trent Water based on information received so far and should be read alongside our sector wide report 'Out in the cold', which has also been published today.

Severn Trent Water must take significant steps to make sure it is ready to better serve its customers the next time there is bad weather. The company must address the issues and areas of concern identified in our review, in this letter and in Severn Trent Water's internal review. In doing this, Severn Trent Water must publish an externally assured action plan by 28 September 2018 setting out how it is addressing the issues identified. We expect the company's Board to be informed of and to support these plans, and for the Chair and Executive to sign off on the plan. In developing these plans, we encourage Severn Trent Water to engage with stakeholders and Severn Trent Water's Customer Challenge Group. We will consider carefully what further action is appropriate if we are not satisfied with Severn Trent Water's response.

Planning and preparation

- **Though Severn Trent Water had severe cold weather plans that were updated in December 2017 it did not have effective incident management plans for dealing with the risks of a rapid thaw following a cold temperature period.** It has acknowledged this and committed to re-evaluating the need for explicit freeze and thaw escalation triggers. Our analysis reveals that the better performing companies generally had specific or early triggers that responded to both a rapid and gradual thaw event.
- The Executive was informed of the adverse weather before the weekend on 1 March 2018, the Executive members of the Board were provided with notification of contingency plans on 2 March 2018, and the non-Executive Board members were provided with an update on 4 March 2018.
- **Severn Trent Water stopped or postponed non-essential maintenance work from 23 February 2018 in order to minimise disruption to the network.** This preparatory work ensured that Severn Trent Water's works were running at the maximum available production output in preparation for the incident. This is an example of good preparatory practice.
- **Severn Trent Water did not have enough information of what was going on in its distribution network.** Its practice of deploying temporary loggers was inadequate to provide a sufficiently comprehensive view of pressure levels throughout Severn Trent's distribution network particularly with a large amount of smaller bursts occurring, which were not picked up.

Incident response

- **Significant supply interruptions were experienced as early as 21 February 2018 but escalation of the incident to management level was slow, not occurring until 1 March 2018.** Severn Trent Water's bronze incident management level was triggered on 1 March 2018, in response to the continuous freezing weather, but Severn Trent Water's response indicates that significant numbers of customers actually began to experience supply interruptions as early as 21 February 2018.

- **Northfield Reservoir in Birmingham ran empty and Breamfield Reservoir in Derbyshire also was close to being emptied.** The dewatering of service reservoirs caused further escalation of supply interruptions for Severn Trent Water customers.
- Specific problems in the Derbyshire area hampered efforts to remove air locks from the system and restore flow to customers.
- **Customers in rural areas, particularly in parts of Derbyshire, were not given sufficient support and the identification of problems occurred late.** Severn Trent Water arranged alternative supplies to customers and daily deliveries to vulnerable customers, however this incident indicates that further planning and preparation is required in order to allow customers in these areas to receive particular consideration ahead of another such event.

Communications

- **Severn Trent Water gave evidence of a comprehensive customer communications plan and good proactive practice.** Strong and proactive targeted communications using a range of channels ensured customers were contacted in advance of the event, particularly through 852,000 SMS and voicemail messages. There was also an advanced winter weather campaign and incident specific advice. Communications staff were stationed at bottled water sites. Severn Trent Water indicated in its response that it has regular communication with government stakeholders and attends local resilience forum meetings.
- **Severn Trent Water did not communicate effectively with some rural customers, communities and stakeholders, specifically in Derbyshire.** There was a lack of awareness and proactivity regarding supply interruptions in parts of Derbyshire. The Derbyshire local resilience forum indicated that they were only informed of the loss of supply by a local care home on 5 March 2018 – and had to contact Severn Trent Water themselves on the same day to find out what was going on. This is concerning and indicates the need for further work on how communications with these customers is handled.
- **Some business customers told us that they experienced significant disruption** to their activities due to supplies being cut off at short notice to help resupply households.

Vulnerable customers

- **A proactive approach was taken to sensitive non-household customers including hospitals, schools and prisons.** Tankers of water were provided to eight hospitals and 58 care homes, and offered water to schools as a back-up in the event of a loss of supply. Although these proved unnecessary, they indicated proactive planning and foresight.

- Severn Trent Water indicates that it mobilised resources to customers in vulnerable circumstances who were assessed as at high risk on the basis of its Priority Services Register and endeavoured to call other customers with mobility issues.

Compensation

- **Severn Trent Water's compensation levels are above those required by the statutory Guaranteed Standards Scheme (GSS).** As at the date of its submission to Ofwat, compensation was paid to 8,819 customers totalling £587,160.
- Severn Trent Water has said it is available to discuss compensation claims from customers affected on a case-by-case basis, but **Consumer Council for Water's customer research indicates knowledge of Severn Trent's compensation scheme is very low.**

Severn Trent Water must take ownership of the issues identified to ensure that customers are better protected the next time there is bad weather.

Yours sincerely



John Russell
Senior Director Strategy and Planning