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Mr Chris Loughlin
Chief Executive
South West Water
Peninsula House
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Dear Chris

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 perform 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 South West Water's performance is that it performed well and largely met its customers' expectations, but there is still room for improvement. This letter sets out our findings and recommendations for South West 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.

We expect South West Water to carefully consider the issues identified in our review, in this letter and in any internal review it conducts. South West Water should publish a response to the matters raised by 28 September 2018. This response should be proportionate to the issues identified. We would also like South West Water to help share best practice across the sector as a whole.

Planning and preparation

- South West Water appears to have taken on board lessons learned from previous adverse weather incidents and **severe weather planning seems to be well embedded within the company.**
- In addition to annual preparations for cold weather, **the company also took the decision to significantly increase the deployment of resources (both water and people) to prepare for the anticipated increase in leakage and demand and to minimise the risk of significant supply disruptions.** This included ensuring that strategic reservoir levels were adequate ahead of the incident; that additional staff were deployed; that critical treatment sites were manned around the clock to ensure that supplies could be maintained; that all non-urgent and planned work was re-prioritised and that internal staff and staff from the company's supply chain could be mobilised rapidly to ensure that any issues were resolved rapidly.
- As a result of the range of proactive measures taken by the company, South West Water **appears to have been in a good state of preparedness ahead of the event with clear timelines on the implementation of the company's response plan** and clear structures, responsibilities demonstrated and evidence that staff were aware of, and had been given adequate training, in relation to that plan.

Incident response

- The South West region was one of the worst affected regions in the country – experiencing a 1 in 60 year incident. South West Water's plans and preparations enabled the company to cope relatively well with the severe "Red" weather conditions and **the company's production of water from treatment assets and strategic storage at service reservoirs appear to have been resilient to the demands placed on them during the incident, however we note some water quality issues were reported to the DWI.**
- **However, a significant number of customers were affected by a loss of supply due to bursts.** During the course of the incident 1.5% of customers experienced some interruptions and 1% were affected for more prolonged periods of over 12 hours. We understand that this was due to the severity of weather conditions, issues with travel, road closures and access in parts of the region, and the significant number of leaks on customers' pipes that were experienced. **South West Water appears to have mobilised an effective response and sought to recover storage levels by finding and fixing leaks as rapidly as possible (irrespective of whether the customer or company were responsible).**
- We are encouraged that **South West Water appears to have had good visibility and control over network performance during the incident which helped the company to prioritise resources and remotely redistribute water around the network to support depleted areas.** This is also an area that the company has

identified for further improvement as it is recognised that additional telemetry could give it even greater visibility and control of its network.

- While South West Water's response appears to have worked relatively well, **we are pleased to see that the company has already sought feedback on its performance from customers and other stakeholders.**
- We also appreciate the fact that in preparing its submission to Ofwat, the company had arranged for it to be reviewed and independently assessed by Professor Ian Bateman, a member of the Customer Challenge Group.

Communication and support

- **South West Water was proactive in communications with customers and used a range of different channels to raise awareness, provide advice on preparing for the expected cold weather and to update customers during the event.**
- Whilst the nature and scale of the company's communications strategy appears to have been effective for the most part, **some customer feedback would suggest that the targeting of messaging did not work in all cases.**
- South West Water has already identified some areas for further improvement, and **it is encouraging to see that the company has been engaging with different stakeholders to assess the company's response before, during and after the incident** and appears to be committed to using this, as well as feedback from post-incident surveys of customers in areas most affected, to inform further improvements to the company's communication strategy.
- Engagement with business customers and retailers has also been identified as an area for improvement across the sector. While **South West Water appears to have been proactive in identifying and managing the risks associated with some business customers throughout the incident, the company also recognises that it needs to do more and has already identified a number of areas for improvement to improve its response to future incidents.**
- **Early and ongoing engagement and collaboration with Local Resilience Forums, local councils, voluntary organisations and, other utilities** formed an essential part of the company's planning for, and response to, the incident and we also note that the company has identified ways of improving its engagement for future incidents.

Vulnerable customers

- **Our review has underlined the need for improvements in how companies in all regions identify and engage with customers in vulnerable circumstances.** It is clear that individual companies' Priority Service Registers do not adequately capture all customers who may need additional assistance or support.
- We recognise the steps that **South West Water has already taken to encourage customers to sign up to the register and to provide training for customer service**

staff to support them to identify where a customer may be in a vulnerable situation. It is also encouraging that South West Water worked closely with the Local Resilience Forum, local councils and other agencies such as the Red Cross during the incident to identify and provide support to customers.

- We are pleased to see that **South West Water recognises that further improvements are needed and will be undertaking surveys in the areas most affected by the incident with a view to improving the company's response.**

Compensation

- South West Water made a number of compensation payments to customers impacted by the incident and all payments were in excess of the standard Guaranteed Standards Scheme (GSS) payments. We understand that the company took the decision to pay compensation quickly and automatically by cheque.

While there were areas where South West Water performed well, it must take ownership of the issues we have identified so that its customers are even better protected the next time there is bad weather.

Yours sincerely



John Russell
Senior Director, Strategy and Planning