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Mr Steve Mogford
Chief Executive
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Dear Steve

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 United Utilities' performance is that it performed well and largely met its customers' expectations. Nevertheless, there is still room for improvement. This letter sets out our findings and recommendations for United Utilities 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 United Utilities to carefully consider the issues identified in our review, in this letter and in any internal review it conducts. United Utilities 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 United Utilities to help share best practice across the sector as a whole.

Planning and preparation

- Despite severe weather conditions in the region, leading to increased bursts on the network, the effectiveness of **United Utilities' preparations and the nature of the company's response meant that it was able maintain relatively normal levels of service to customers** (and the majority of those that did experience supply interruptions had supply restored with a 4 hour period).
- It is also evident that United Utilities' planning ahead of the event (based on learning from previous events) meant that the company had built up sufficient reserves of water to deal with the anticipated spike in demand and additional field staff and call centre staff were in place to maintain both customer contact and mains repair response times at levels comparable to normal operations. We also note that the company had taken steps to increase the manning of the company's Alternative Supply Vehicles to enable water to be pumped directly into the network and had increased the availability of bottled water to over 80,000 bottles in case of a large scale interruption.
- Other features of United Utilities' planning and response that were noteworthy were the use of technology and telemetry to monitor the performance of the network and quickly identify any problems; the company's proactive winter readiness campaign to try to prevent customer side bursts and; the efforts taken to identify customers in a vulnerable situation before, and during, the incident.

Incident response

- **United Utilities' incident management appears to have worked well** 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.
- We note that the decision to declare a Type 3 incident was taken on 28th of February to enable the company to implement plans to deal with a forecast spike in demand on the 1st of March. It is also evident that the previous measures taken by the company meant that it had **sufficient resources in place to minimise the level of interruptions experienced by customers and had good visibility of the performance of the network to enable the company to identify, and respond quickly to, any problems.**
- The company's 'Respond, Restore and Repair' approach to supply interruptions appears to have been successful with no service reservoir running empty and water production being maintained throughout the incident. In addition, whilst a significant number of the leaks experienced were due to leaks on customer pipework or within business premises, **United Utilities' ability to monitor the**

network and its access to real time information on network performance, enabled it to identify the sources of leaks and respond and complete repairs quickly.

Communication and support

- It is encouraging to see that **United Utilities 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 incident.**
- The company appears to have taken on board lessons learned from other incidents and from research with different segments of affected customers to understand their expectations and what went well and what the company could do better to meet their needs. This has resulted in a number of improvements in the way the company communicates with its customers and other stakeholders to ensure that messaging is targeted for different customer segments.
- Engagement with business customers and retailers has also been identified as an area for improvement across the sector. We understand that United Utilities has specific processes in place for communicating with retailers, with a dedicated support team and portal, but the process did not need to be triggered for this incident. Nevertheless, given the scale of the leaks on business premises that many companies experienced, all companies need to consider whether their current communications strategy is appropriately targeted.
- **Early and ongoing engagement and collaboration with Local Resilience Forums (LRFs), local councils, NHS Cumbria etc, formed an essential part of United Utilities' planning for, and response to, the incident.**

Vulnerable customers

- We are encouraged by the steps that **United Utilities has already taken to identify customers that may need additional assistance** and as a result has succeeded in increasing take-up of the service by 140 per cent and now has more than 50,000 customers on its Priority Service Register.
- We also recognise that, during the incident, **United Utilities was actively liaising with LRFs, councils, local health services and charities to identify and provide assistance to customers who might need additional support** and after the incident, the company was proactive in checking that customers were back on supply.
- The evidence the company has provided, indicates that it has **sought to build on lessons learned from previous incidents, to engage with customers to understand and respond to their needs and to improve the company's ability to target its response and provide rapid assistance when an incident occurs.**

Compensation

- United Utilities made a number of GSS payments as a result of the incident. These included payments to customers who were impacted by no water for periods of greater than 12 hours and 24 hours respectively, as well as customers whose planned appointments had to be rescheduled. These payments were in excess of statutory GSS payments and were made direct to the customer's bank account; via auto cheque or via a credit for customers' whose accounts were in debt.

United Utilities performed well but 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

A handwritten signature in black ink, appearing to read 'John Russell', written in a cursive style.

John Russell
Senior Director, Strategy and Planning