



**South Staffs Water**

Green Lane, Walsall WS2 7PD  
www.south-staffs-water.co.uk

Ofwat,  
Centre City Tower,  
7 Hill Street,  
Birmingham,  
B5 4UA

26 July 2019

Dear Sir/Madam

**South Staffs Water response to Ofwat's emerging strategy**

Thank you for the opportunity to respond to the above consultation. At South Staffs Water we fully support Ofwat's three emerging aspirations of excellence, stewardship and value. In the last month we have completed a detailed piece of research amongst our customers that explored how we can, with their support, build and sustain trust in us and the service we provide. We think this research is particularly timely in light of the questions your strategy is exploring.

We have used this insight to shape our answers to some of the questions you posed and believe, based on this, that the direction of travel set out in your strategy consultation is a positive move forwards for us, our customers and the wider sector.

**Based on the draft in our discussion document, what do you think should be included in a shared vision for the sector? What are the collective aspirations it needs to achieve?**

Through our ongoing dialogue with customers, and in particular our recent legitimacy and trust research, we have reached the view that the three identified themes will resonate strongly with our customers. Continued excellence is a key foundation of a trust-based relationship. Our customers have come to take this for granted, but we know it requires continued hard work and, as expectations continually develop, innovation and collaboration to maintain it. Excellence is key, but must be maintained through constant effort. Our engagement highlights how our customers' expectations continue to grow at an ever-faster rate as the brands, services and products they use in their everyday lives from innovative companies like Amazon, Apple and Uber continue to push new service boundaries and put customer satisfaction at the centre of their business model.

Through our engagement we know that our customers largely describe their relationship with us as one-dimensional at present. They see us as reliable and

effective, but have no reason to consider the work that we do to bring them a clean, reliable supply of water. In order for us to build deeper trust with them, and cut through in today's 24/7 digital society, our research tells us that we need to create an emotional connection with them, and into the things that matter to them in their day-to-day lives. This is why in our PR19 submission we have committed to increasing our presence in the community through greater work in schools, the local environment and supporting more of those customers who need our help the most. We commend Ofwat's Water Stories as an example of how the emotional connection that water makes in people's lives can be explored.

This also needs to be supplemented with honest, transparent communication about our performance, and about the efforts we make to provide the service customers rely on. We need to be honest and open about the times when we get things wrong, and what we do both to put these things right, and to ensure they are less likely to occur again. We hope that the customer dashboard we launched last year will go some way to support this.

**Should water companies be encouraged or incentivised to consider wider public value in what they do? What does this phrase mean to you, and should Ofwat take a role in making that change happen?**

We support the steps that water companies are taking towards delivering wider public value, particularly in the areas of education, environmental stewardship, social mobility and also in the many ways in which we support customers with additional needs. At South Staffs Water we are active in these areas already and have committed in our PR19 submission to doing even more going forward, including further development of our decision-making approaches that intrinsically value these societal benefits. We also recognise how important it is to explain these initiatives and our broad commitments to acting in the long-term interests of all our stakeholders.

However, it is worth noting that in both our PR19 engagement and in our recent legitimacy research we saw a mixed reaction from customers about how far companies should stretch themselves to deliver public value. We have found that when stepping outside of core water company functions customers can question our motivation – our engagement indicates that this can stem from the current distrust in both the government and big corporate organisations. Also, if companies are not delivering on their core promises (for example, reducing leakage, improving water quality and the reliability of supply) then many customers feel that investing time and money from their bills in delivering wider value is an unnecessary distraction.

**Do you think we're focusing on the right areas in which to drive transformational change, as we've set out on pages 26-29? E.g. innovation, the natural environment, customer relationships.**

Yes, our engagement research into the legitimacy of the water sector and how to build trust supports the key areas identified in your emerging strategy.

Customers want us to:

- carry on delivering everyday excellence; if we do not get the basics of our service right consistently, they are not ready to hear other messages or information about our initiatives and we ultimately lose their trust;
- ensure that we are custodians of our asset base so that we are able to deliver excellence for future generations;
- focus on the natural environment and environmental stewardship to improve the communities they live in; and
- have a greater presence in local education and drive social mobility, building on the successes we have seen through our community hub.

The challenge for us as a sector is how we balance our technical responsibilities with the need to really resonate and build trust with our customers so that they think more about the importance of water in their everyday lives.

Yours faithfully,



Phil Newland,  
Managing Director,  
South Staffordshire Water PLC