

2020 Risks, Strengths and Weaknesses Statement



Welcome

South West Water is the combined entity covering the original South West Water and Bournemouth Water areas, following the merger of the two companies in 2016. Both identities have been retained by the Company in their original operating areas. There are now performance commitments in place for 2020-25 spanning both areas. From April 2020, we also took over services for customers on the Isles of Scilly. We recognise the importance of customers and other stakeholders understanding what they can expect from us and being able to place trust and confidence in the data, information and publications we provide.



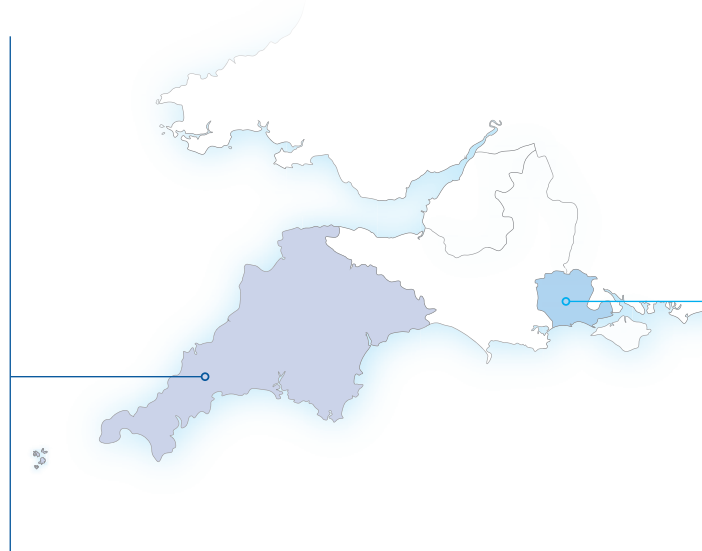
South West Water

South West Water

We provide water and wastewater services to a population of c.1.7m in Cornwall, Devon and parts of Dorset and Somerset.

Isles of Scilly

From April 2020 we took over responsibility for providing water and wastewater services to the five inhabited islands.



Bournemouth Water

Bournemouth Water

We provide water services to a population of c.0.5 million in areas of Dorset, Hampshire and Wiltshire. Bournemouth Water was acquired by Pennon Group plc in April 2015 and from 1 April 2016 has been integrated with South West Water.

34
drinking water
treatment works

18,300km
drinking water
mains network

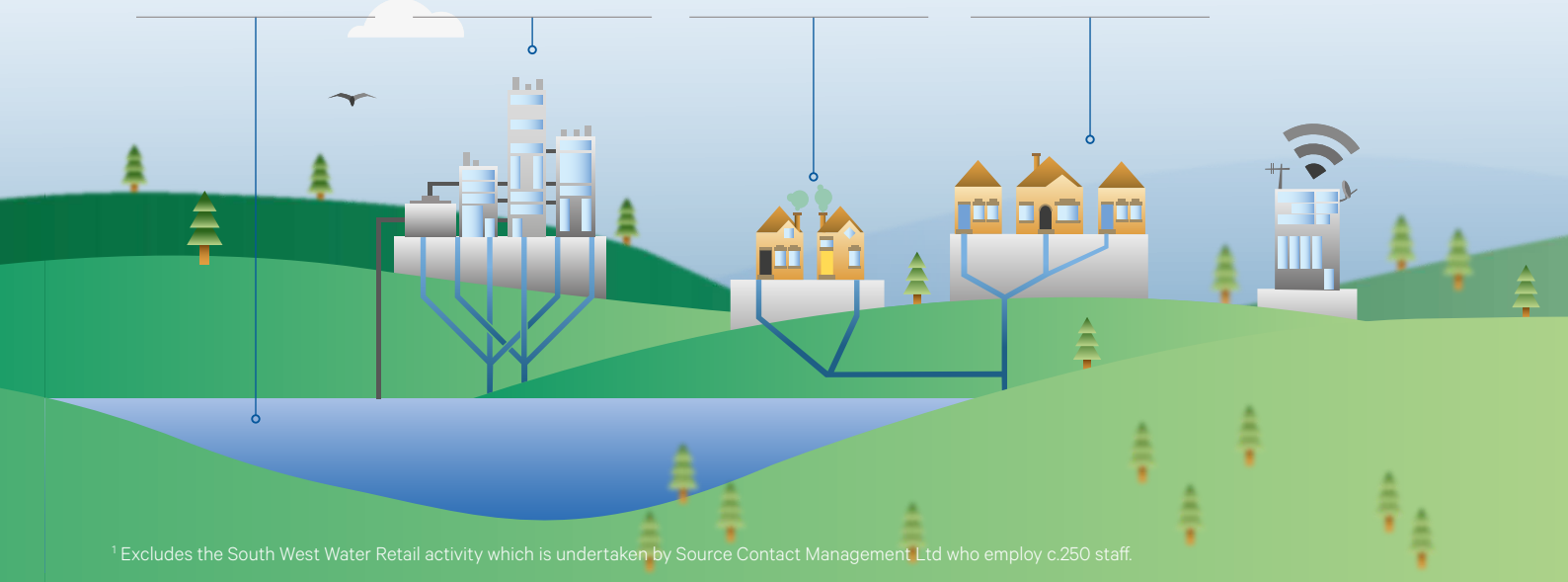
c.2.3m
total population
served

23
water
reservoirs

650
South West Water
wastewater works

17,515km
of South West Water
wastewater network

151
bathing
waters



¹ Excludes the South West Water Retail activity which is undertaken by Source Contact Management Ltd who employ c.250 staff.

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Executive summary

At South West Water we recognise how important it is for all our customers and stakeholders to have trust and confidence in the information we report, on the services we provide and how we provide them.

As part of this we carry out an exercise each year to identify where the risks, strengths and weaknesses are in providing information that stakeholders want and will trust.

This risks, strengths and weaknesses evaluation exercise was previously undertaken as a result of the Company Monitoring Framework (CMF) assessment carried out by Ofwat, the economic regulator for the water and sewerage industry in England and Wales. CMF was used as a tool to encourage companies to deliver high quality assurance of the information that they produce, and an assessment was carried out each year by Ofwat to ensure that companies were communicating in a clear, accessible and transparent way and that the information gave a fair view of how a company is performing. Companies were then put into one of three categories depending on how they scored: self-assurance, targeted or prescribed. In the last assessment, in January 2018, we were categorised as targeted as Ofwat identified some areas of concern with our data reporting.






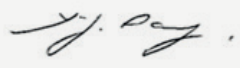


In August 2019 Ofwat issued an information notice informing companies that they would not be publishing further CMF assessments, but would continue to scrutinise and challenge companies' approaches to data quality and assurance of their performance reporting. We believe that undertaking engagement for this Risks, Strengths and Weaknesses Statement is a worthwhile exercise, as it ensures that we are meeting our customers' needs with regards to the information we provide to them. We will therefore continue to publish this document going forward.

The Coronavirus pandemic this year has meant that it has never been more vital to provide customers and stakeholders with information that they want and can trust (see page 06 for further information on how we have been keeping our customers informed at this time).

The Company operates within a risk-based framework in all it does. This framework encompasses the range of corporate risks we face and manage (see page 06), and risks to our information provision are also integrated into this framework. All key risks are recorded in a comprehensive risk register, controls and mitigations identified and risks reviewed at appropriate intervals. We are continuously working to improve our assurance approach, ensuring we are reporting information that our customers and stakeholders can have confidence in.

We strive to live up to our values consistently with integrity and transparency.

The Board of South West Water has considered the findings of this exercise and are satisfied that the action plan and assurance methods employed provide improved transparency and confidence in our processes, with the overall aim of ensuring customers and stakeholders can trust and value South West Water and the information we publish.

Name and position	Signed
Gill Rider Pennon Group and South West Water Chair	
Neil Cooper Pennon Group and South West Water Senior Independent Non-Executive Director	
Iain Evans Pennon Group and South West Water Independent Non-Executive Director	
Claire Ighodaro CBE Pennon Group and South West Water Independent Non-Executive Director	
Jon Butterworth MBE Pennon Group and South West Water Independent Non-Executive Director	
Susan Davy Pennon Group and South West Water Chief Executive	
Louise Rowe South West Water Finance Director	
Paul Boote Pennon Group Finance Director	

Our values



Trusted

We do the right thing for our customers and stakeholders.



Collaborative

We forge strong relationships, working together to make a positive impact.



Responsible

We keep our promises to our customers, communities and each other.



Progressive

We are always looking for new ways to improve and make life better.

The information South West Water publishes and its assurance processes

We publish information which ensures we meet our statutory, licence and regulatory obligations but also provide information to customers on the Company’s activities, how the Company is performing and most importantly, how customers can get help when they need it.

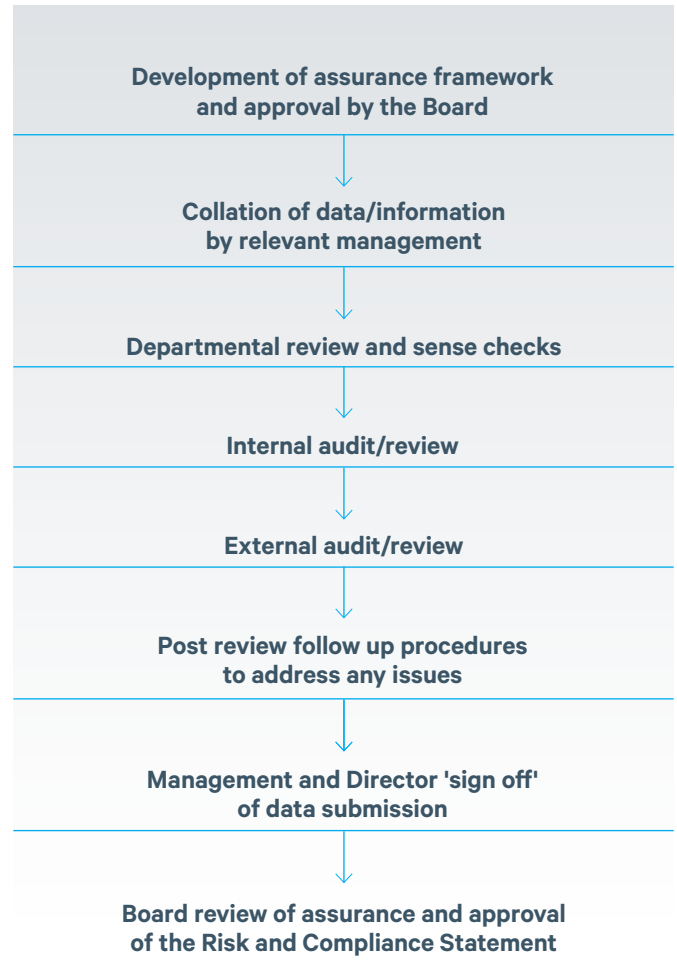
Information is published primarily on our website but also through a broad range of communication channels to reach our diverse customer base. Such channels include customer bills, annual newsletters and e-newsletters for customers who have subscribed.

We also engage with our customers through the media such as advertorials in community magazines, community team engagement at external events, school visits, community speaker programmes as well as doorstep engagement as part of behavioural change campaigns e.g. Love Your Loo and Think Sink, as well as our programmes reaching out to customers on affordability and vulnerability issues. An independent WaterShare+ Advisory Panel has been established in line with our Business Plan for 2020-2025 which will further protect the interests of our customers and from 2021, we will introduce a Customer Annual General Meeting.

Underpinning the information we publish are robust risk and assurance processes. These processes have been embedded into the management of the Company and are designed to ensure risks are promptly identified, updated on a regular basis, and appropriate mitigation is in place to suit the level of risk (see diagram on page 05). These processes are critical not only to ensuring accurate data is presented but also, more fundamentally, that the risks to our performance and services are well understood and managed, so that the picture our information represents, is robust and reliable.

We have systems and processes in place to identify, manage and review risks, as detailed in the following pages. Our risk and assurance framework remains unchanged from our previous review of our risks, strengths and weaknesses in October 2019 and the methodology for identification and mitigation of risk remains fit for purpose at individual business unit and corporate levels.

The following diagram summarises the typical assurance approach taken in any significant project involving submission of data:



Examples of information we publish



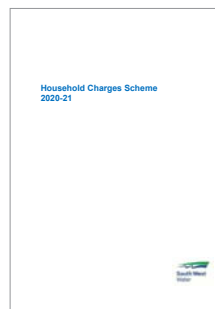
ANNUAL PERFORMANCE REPORT



ANNUAL REPORT AND FINANCIAL STATEMENTS



SUMMARY PERFORMANCE REPORT



CHARGES SCHEMES 2020-21



BUSINESS PLAN 2020-2025

The information South West Water publishes and its assurance processes continued

We have a mature integrated risk management framework which is fully embedded into our governance structures and embodies our values of being ‘trusted’ and ‘responsible’ in the way we carry out our business.

Our risk management approach incorporates both top-down and then bottom-up processes, ensuring a common understanding of the risks and opportunities that the Company is exposed to and how they may impact upon the achievement of our strategic priorities.

This integrated assurance approach ensures an appropriate level of assurance is applied and identified using a risk-based approach dependent on the assessed risk and complexity of assurance requirements.

In any significant area or project where assurance is required over submitted data, information certificates will be prepared by those responsible to confirm that the submission is robust and all material issues have been addressed.

Independent internal review is used to ensure that processes are robust and adhered to. External review and audit processes are used whenever significant data is provided to an external audience. All our published information is subject to independent assurance to the level we determine is appropriate, in order to provide confidence to our customers and stakeholders that our information is accurate, reliable and complete, no matter how complex it is.

We have established feedback processes to ensure that issues or queries raised during the internal and external assurance processes are followed up so that any changes or remedial work is completed as appropriate. This ensures that our reported service performance data is robust, transparent and legitimate.

We have well established formal management systems and processes for all activities within our regulated business. These systems are independently certified to the International Standards Organisations’ ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems), ISO 50001 (Energy Management Systems) and ISO 27001 (Information Security Management Systems) standards.

These ensure the efficiency, quality and safety of all we do. A programme of internal audit takes place, together with external audit, as part of continued certification and annual assurance. The Company uses the services of an independent external team to audit non-financial data and report on their findings.

South West Water’s Board recognises the importance of meeting the Company’s statutory, licence and regulatory obligations and believes that the Company is aware of and adequately understands these obligations and has met them in all material respects as a diligent company.

Our Assurance Plan will further detail key assurance activities that the Board will oversee and our annual reporting will lay down further detail on the outcome of these assurance activities and the Board’s conclusions.

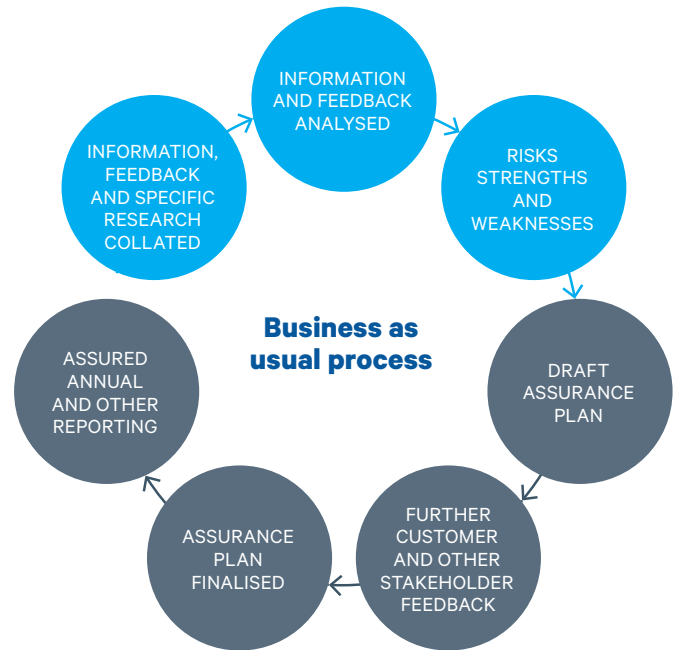
The integrated assurance approach includes:



Identification of South West Water’s risks, strengths and weaknesses

Although Ofwat will no longer be assessing us through the Company Monitoring Framework (see page 03 for further information), we have used their final assessment from January 2019 as well as our own assessment with internal and external stakeholders to identify our risks, strengths and weaknesses in providing information that our customers and stakeholders want and can trust, enabling us to target areas for improvement. This statement combines the risks, strengths and weaknesses of Bournemouth Water and South West Water into a single document.

This exercise is an additional assessment to the identification of operating risks which are inherent in our business activities, and the associated mitigation measures which we discuss in our Annual Report and Financial Statements. It forms part of an ongoing process of continual improvement concerning information we provide, which is overseen by the Regulatory and Risk and Compliance teams.



Coronavirus pandemic – providing information to customers

The emergence of the Coronavirus crisis in March 2020 presented South West Water and the wider water industry with a variety of challenges, not least the logistical and technical challenge of maintaining essential services to customers while ensuring social distancing among frontline workers. However, it was also vital during this period that we provided customers with up to date information about our working practices and precautions we were, and still are, taking.

We set up a dedicated Coronavirus updates page on our website, which could be accessed from the top of the main page. This provided customers and stakeholders with the latest updates and FAQs regarding our provision of services. We also used social media heavily to communicate with our customers on a daily basis, directing them to useful resources.

One of our biggest concerns has been to help our vulnerable customers during this period, whether they were self-isolating or needed support with paying their bill. To support customers facing difficult financial circumstances we took steps to ensure they would be provided with support in the most appropriate way. This included automatically extending social tariffs and payment plans and proactively identifying those customers most in need.

Following the announcement of ‘stay at home’ guidance on 23 March, we introduced a dedicated Priority Services register for those self-isolating. We also immediately implemented a range of additional measures and processes to prevent any risk of contracting or spreading the virus while carrying out essential work in the community.

We have been able to adapt quickly to the changing situation, ensuring that customers have been kept up to date and have been able to access the resources they need.



Information sources

A consistent methodology is applied to the identification, evaluation and management of our principal risks which considers both the likelihood of the risk occurring and the potential impact from a customer and other stakeholder, financial, management effort and reputational perspective.



There are many sources of information on which to base the assessment of our risks, strengths and weaknesses and we have used all of these to inform our statement. Information and feedback comes from both internal and external sources throughout the year, and we proactively seek customer feedback. Improvement is a continuous process at South West Water and feedback received from all sources is used to strengthen our processes and information provision.

The key sources of information are detailed below:

Corporate risk assessment

We seek to reduce and mitigate our risk exposure, in line with our desired risk appetite and tolerance levels, through the operation of a robust internal control environment which is aligned to the “three lines of defence” model.

The Board, via the Audit Committee, obtains comfort over the effectiveness of the internal control environment through the reporting of outcomes from a variety of internal and external assurance providers, including an independent internal audit function.

The UK Corporate Governance Code requires companies to determine their risk appetite with respect to the level of risk it is considered appropriate to accept in achieving its strategic objectives. Striking an appropriate balance between risk and reward is key to the success of the Company’s strategy. The Board has established their risk appetite for each of the principal risks which allow the business to pursue value enhancing opportunities, whilst maintaining an overall level of risk exposure which the Board considers to be appropriate.

Horizon scanning is undertaken to assess the future environment and potential impact on the business and risks are captured in risk registers which are regularly reviewed and challenged. Principal risks and ‘deep dives’ into specific areas are considered at the Company’s quarterly Risk and Assurance Forums.

On an annual basis we report our principal risks within our Annual Report and Financial Statements (available online at southwestwater.co.uk/report2020). This report describes the principal risks along with how they are being managed or mitigated in line with the Board’s risk appetite. Bournemouth Water has been incorporated into this risk assessment process.

Consistent with previous years, in 2019/20 we have identified principal risks in the following categories:

- Law, regulation and finance
- Market and economic conditions
- Operating performance
- Business systems and capital investment delivery.

Specific risk assessment processes consider the risks concerning the information we provide to our stakeholders whether as part of annual reporting or at other times. These risk assessments ensure that appropriate levels of assurance are obtained in respect of this information.

Information sources continued

Annual reporting

We report annually on our performance information through our Annual Performance Report, and from 2017 we have published a summary Annual Performance Report (available online at southwestwater.co.uk/report2020) so that our customers can understand how we are performing, and Ofwat can have confidence that we are delivering on our regulatory commitments to customers. This is a key activity which demonstrates our transparency.

Performance reporting is a continual process of improvement as we use the data to make management decisions on a daily basis, as well as for informing monthly reports to the Board. Our technical auditors, Jacobs, were requested to audit and assure the reported performance commitment and Outcome Delivery Incentive (ODI) metrics which are derived from internal company data. Highlights from their audit opinion in 2020 included:

- Levels of compliance with SWW's internal requirements and definitions of performance commitments and ODIs in the 2014 Final Determination have remained high in all functions
- Progress with the ODIs is reported monthly through the Directors' Report which is reviewed by the Executive Management Board and ODI Board which demonstrates thorough governance
- Number of items of good practice including governance and level of checking of data
- As the majority of targets that have been missed are reputational, these need to be articulated carefully in SWW's Annual Performance Report publication.

We are always looking to improve our annual reporting process and will take into account Jacobs' minor comments and process improvements for the next reporting process in 2021.

Customers and stakeholders

We have a wide variety of regular communication channels with our customers and stakeholders:

- Monthly customer tracking surveys in both South West Water and Bournemouth Water areas
- Daily communication through South West Water's local contact centre and social media, analysed for trends and hot topics
- Ongoing targeted customer research, for example in service improvement through co-creation workshops and post-event customer surveys following events such as supply interruptions, and affordability surveys to measure the effectiveness of our water poverty initiatives
- Community events to reach out to customers with affordability issues or in vulnerable circumstances led directly to the development of our WaterCare app to provide additional support to customers who need help accessing our affordability schemes and priority services register
- Regular meetings with regulators: Ofwat, Drinking Water Inspectorate and Environment Agency; as well as CCW, the statutory customer representative group
- Regular meetings with the Company's independent customer challenge group – previously the WaterFuture Customer Panel (covering both South West Water and Bournemouth Water), WaterShare Panel for South West Water and Customer View Group for Bournemouth Water – now the WaterShare+ Advisory Panel. All meeting minutes are publicly available on our website
- Investor engagement through interim and preliminary results announcements and shareholder meetings available on our website.

We use the feedback received from customers and stakeholders to improve the information provided.

Key stakeholders



WaterFuture



WaterShare+

Ofwat



Engagement and findings

We believe that understanding the opinions and requirements of our stakeholders and customers is vital to ensure that information provided is relevant, understandable and easy to access. We continually engage with them to ensure that we are providing information in the best way.

Long-Term Tracking Survey

We have been tracking customers' perceptions and satisfaction with various areas of our operation for several years, using our Long-Term Tracking Survey. We enhanced this survey to include questions to help us identify areas of improvement for the CMF, asking customers how they receive information and if the information they receive is about right, and how satisfied they are that the range of communication methods available to contact the Company meets their needs and are easy to access. We also track whether customers understand our objectives and whether they think we are delivering against them. With the merger of Bournemouth Water, the same survey was introduced into the Bournemouth area.

The latest results from this survey show us that most customers feel that the amount of information they receive is about right, however there may be scope to increase communication with only 3% feeling it is currently too much. Over three quarters of customers are happy with the communication channels on offer.

Focus groups

We have always found focus groups to be a useful tool in engaging with our customers and even during the coronavirus pandemic continued to run them to understand how we can communicate better with our customers (see page 06 for further information on how we have supported our customers during the coronavirus pandemic). In the summer we undertook some qualitative engagement comprising three chat-based online focus groups with a cross section of South West Water customers, including different socio-economic groups. The purpose of this was to understand how households have been using water since the Covid-19 outbreak, whether it is appropriate for SWW to encourage water efficiency and how to communicate around this issue with customers.

“Looks good. Visual pictures always draw the attention.”

Focus group, aged 18-30

“I quite like this. It doesn't set the target too high. 5 litres seems reasonable.”

Focus group, aged 55+

We found that there were a range of channels customers engaged with, such as social media, local advertising, emails, and information on their bills. Customers are also highly likely to consult the website when seeking information.

We will continue to use this feedback to ensure that we are communicating with customers in the correct way.

Website and social media

Our customers' needs and expectations in the digital space have changed a lot within recent years and it has become increasingly important for us to continue to work hard and improve our digital offering. Every day our customers, and stakeholders engage with us through our website – it's a tool for them to access information, and complete tasks which meet their individual needs; applying for a water meter, signing up to our Priority Services, reporting a leak, and more.

Building on the success of the South West Water website project, we launched Bournemouth Water's new website on the same platform this year. The website offering has significantly improved – Bournemouth's website is now mobile friendly, has improved user journeys and ability to self-serve, updated content and design throughout, as well as enhanced website security (see page 16 for further information).

Social media has also become an important tool for us to communicate with our customers, and we now have a presence on twitter, facebook and Instagram. This provides an alternative way for customers to contact us, as we can provide updates on disruptions, works in progress and any other queries.



Engagement and findings continued

Performance reporting

As many of our documents can be quite technical we have previously engaged with customers to see if there were better ways of presenting this to them. Since its first publication in January 2017, we have continued to publish a shorter, customer friendly version of our Annual Performance Report, based on what customers have told us they want to see. This includes a summary of where we have performed well in the reporting year, areas where we need to improve and how our performance compares to other water companies. Our 2019 document also had a section 'looking forward' to the new regulatory reporting period, so that customers are aware of what performance commitments we will be reporting on.

We have also continued to update our online video, that from source to sea explains what our performance commitments are, what they measure, current performance and if we are hitting our targets. We have found that customers respond well to animated videos as they find this format incredibly clear, informative and easy to watch as well as being different to what they have seen before. To build on this, we have created a video explaining our Priority Services Register and affordability measures to customers, which has been shared on our social media.

For further information on our performance reporting please see page 12.



WaterShare+

We have built on our innovative performance sharing and reporting framework WaterShare, and from 2020 onwards it has become WaterShare+. This is a key part of our 2020-25 'New Deal' Business plan which allows customers to share in our success as well as giving them a greater say in our business; it has two main parts:

- **Sharing our success** – if we outperform our business plan there are financial benefits which we share with customers. If we underperform, our customers are protected. Thanks to our performance between 2015 and 2020 we were able to share approximately £20 million with customers under WaterShare+, meaning that each eligible customer received £20 from us. If we continue to outperform our current business plan to 2025, we will continue to share benefits with our customers under WaterShare+.
- **A greater say** – an independent WaterShare+ Advisory Panel has been established to protect the interests of our customers. The Panel provides an independent review of our business plan commitments and Board Pledges. The Panel meetings will be held quarterly, where possible in public across our area of operation, and customers will have the chance to attend and to interact with the Panel. From 2021, we will also introduce a Customer Annual General Meeting.

Holding these meetings in public where the Panel will review and challenge our performance and the WaterShare+ scorecard will provide greater transparency to customers around our performance as well as give them the opportunity to put questions to us at the customer AGM and panel meetings.

To find out more please see page 15.

WaterShare+



Engagement and findings continued

Engagement of customers for this statement

Every year, when preparing this statement, we think it is important to engage with our customers specifically on whether the information we provide is precise enough for their needs, and find out what they like and dislike about the documents we publish and the channels of communication we use.

The feedback we receive through this process is not considered in isolation but as part of our continuous programme of engagement with customers and stakeholders – results are triangulated against other research undertaken and through feedback received from customers and stakeholders in the course of our business as usual activities. Seeking feedback from a range of sources, for example from our Long-Term Tracking Survey or regular liaison meetings with CCW, we are able to gain insight into the best ways to communicate with customers and stakeholders and to provide information they want in formats that suit their needs.

As in previous years, we have issued an online survey to stakeholder groups including regulators, local authority representatives and academic institutions as well as a broad selection of customers, to gain feedback on specific documents and the strengths and weaknesses they believe they have.

The survey was designed to gain feedback on the following areas:

- the awareness level of several company publications, including charges schemes, Annual Performance Report and Codes of Practice
- if there is anything they particularly like or dislike about these documents
- the importance each stakeholder places on the information the Company publishes
- how they use the information that the Company publishes
- current concerns about the information reported
- awareness of our WaterShare+ scheme
- accessibility of the website when searching for information
- if the Board purpose reflects our role as a provider of an essential public service
- if stakeholders would value information presented in a different way, would like further information, or feel that any of the information is not required.

Responses were received from over 100 customers and stakeholders which we have used, as well as the feedback received from c. 1,200 customers via our Long-Term Tracking Survey, to help us identify any additional risks, strengths and weaknesses to be included in this statement. Overall, responses were positive about the documents we publish.

Results – customer and stakeholder feedback

Feedback is summarised as follows:

Strengths

- the majority of respondents thought that the information published was precise enough for their needs and wouldn't value it presented in a different way
- when accessing our information, respondents felt that our website was easy to navigate
- the majority of respondents also continue to feel that the information published is about right
- the majority of respondents believe that the Board's purpose reflects the Company's role as a provider of an essential public service
- they generally believe that information is full, accurate and provided when requested.

Risks and weaknesses

- awareness of some documents we publish is still low amongst customers although for many accessing information is 'need' driven so many will not look for or pay attention to information if they do not require it
- some respondents felt that the language used was slightly complex and 'plain English' would be better.



Previous actions

In our 2019 Risks, Strengths and Weaknesses Statement we identified risks and weaknesses to focus on in the upcoming year, with specific actions to undertake. In the following pages we provide an update on how we have addressed these actions and whether this has impacted on their categorisation for 2020.

Reporting of ODI performance to customers

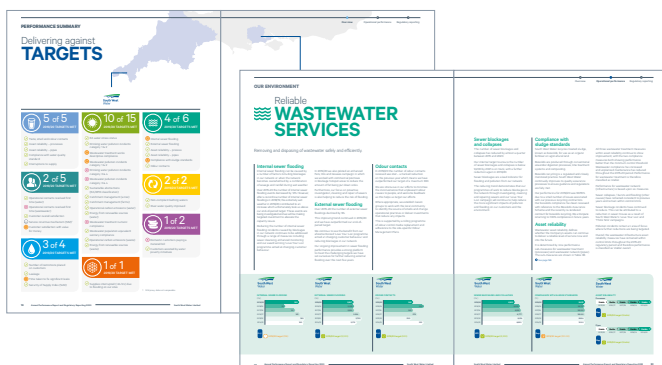
2019 Action: Continue to ensure that our explanation of performance to customers is clear, particularly where we believe exceptions apply

In Ofwat's last Company Monitoring Framework assessment in 2018 they had serious concerns regarding our outcomes reporting, believing we were not transparent with stakeholders about excluding the impact of severe weather on our 'duration of supply interruptions' performance commitment. We always endeavour to be transparent with our customers and stakeholders, therefore were disappointed by this assessment. We restated our performance in our Annual Performance Report and have continued to provide transparency to customers around performance reporting. We continue to have three stages of reporting ODI information to customers in our annual reporting to ensure that it is as understandable as possible for them, developed directly from their feedback:

- Annual Performance Report
- Customer summary of the Annual Performance Report
- Performance commitments video.

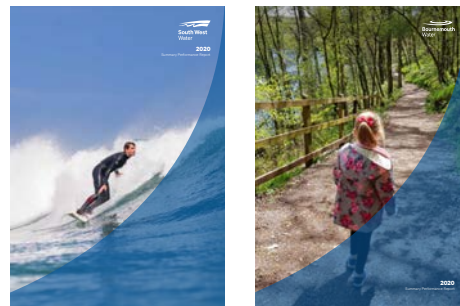
Annual Performance Report

We continue to publish our Annual Performance Report every year, which provides details to customers on our current performance for each of our ODIs, explaining reasons for improving or decreasing performance. As 2019/20 was the last year of the five-year regulatory period, customers were also able to see how we have performed over the past five years. The double page at the beginning of the document highlights how we have delivered against our targets, with each ODI categorised into one of eight outcomes (six for BW). The document then progresses to report on each outcome, detailing performance for each ODI within that category, for the past five years. To find out more about our annual reporting please visit southwestwater.co.uk/report2020.



Customer summary of the Annual Performance Report

Following feedback from customers, we introduced summaries of the Annual Performance Report that customers could read to gain an overview of where we have performed well, areas where we need to improve and how our performance compares to other water companies there are separate documents for SWW and BW. This year we also included a 'Looking Forward' section where we introduced our 44 performance commitments for the 2020-25 period. These documents are written in simple, customer friendly language which are easier to understand than the full Annual Performance Report. We continue to track customers perceptions of this document and feedback remains positive.



Performance commitments video

Our performance commitments video explains the journey your water takes and how we are meeting our commitments. There are pop ups for each of our performance commitments detailing whether we have met our target for the reporting year. In previous focus groups, customers have commented that they found video formats engaging.



As we have now entered the 2020-25 regulatory period, we have a new set of ODIs to report on to our stakeholders and customers. We will be reviewing our current reporting methods to ensure that we are providing information to them accurately and transparently.

	2019/20	2020/21
Status	Risk	Strength

Previous actions continued

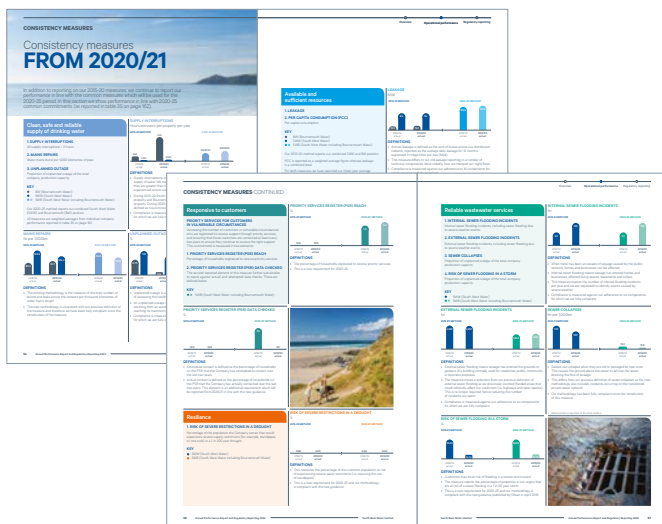
Customer understanding of performance reported against consistency measure methodologies

2019 Action: Ensure communication around performance reported against the new consistency measures is clear in terms of no change to service

In September 2018 we published our Business Plan for the 2020-25 period, which contained new performance commitments and outcome delivery incentives which replace our current metrics for the 2015-2020 period. Although many of the commitments contain metrics that were included within our existing framework, there were several new metrics and measures that we will be required to deliver and report our progress against.

Owat requires companies in the 2020-25 period to report 12 measures in a consistent way across the industry – known as consistency measures. Whilst these measures may report performance against some of our existing measures, such as leakage, the methodologies used differ which may result in different reported performance depending on the methodology used. This does not mean that there has been any change to our service.

In our 2019 Annual Performance Report (APR) we wanted to ensure that our customers were aware of these measures and that different methodologies may impact reported performance before we report on them for the first time in 2021. As well as reporting on our 2015-2020 measures, we also provided our performance in line with the consistency measure methodologies.



In our 2020 report we continued to report our performance in line with these consistency measure methodologies so that by the time we are reporting the 2020-25 metrics in our 2021 APR, customers are comfortable that they are clear in terms of no change to service.

This year we also went further to ensure our customers were comfortable with these measures, by including a section in our customer summary performance report on consistency measures. This is a shorter document that accompanies our APR, and is specifically for customers. In the 'Looking forward' section where we discussed our upcoming performance commitments for the 2020-25 period, we added the following statement:

Some of the performance commitments have been carried over from the previous years, however they are reported in slightly different ways for this period. This does not mean that there has been a change in the service levels.

CRITICUM	PERFORMANCE COMMITMENT	COMMON USE BASIS/STATUS
Customer Responsiveness to Customers	Customer measure of experience	Common
	Customer measure of experience	Common
	Customer measure of experience	Common
	Customer measure of experience	Common
	Customer measure of experience	Common
	Customer measure of experience	Common
	Customer measure of experience	Common
	Customer measure of experience	Common
	Customer measure of experience	Common
	Customer measure of experience	Common
Protecting the Environment	Number of public incidents (at 1.0 order only)	Specific
	Number of public incidents (at 1.0 order only)	Specific
	Number of public incidents (at 1.0 order only)	Specific
	Number of public incidents (at 1.0 order only)	Specific
	Number of public incidents (at 1.0 order only)	Specific
	Number of public incidents (at 1.0 order only)	Specific
	Number of public incidents (at 1.0 order only)	Specific
	Number of public incidents (at 1.0 order only)	Specific
	Number of public incidents (at 1.0 order only)	Specific
	Number of public incidents (at 1.0 order only)	Specific
Water Quality	Water quality (at 1.0 order only)	Specific
	Water quality (at 1.0 order only)	Specific
	Water quality (at 1.0 order only)	Specific
	Water quality (at 1.0 order only)	Specific
	Water quality (at 1.0 order only)	Specific
	Water quality (at 1.0 order only)	Specific
	Water quality (at 1.0 order only)	Specific
	Water quality (at 1.0 order only)	Specific
	Water quality (at 1.0 order only)	Specific
	Water quality (at 1.0 order only)	Specific

We are confident that we have communicated to our customers that these new measures do not mean that there has been a change to service levels.

	2019/20	2020/21
Status	Risk	Strength

Previous actions continued

Valuing water use in a changing environment

2019 Action: Continue to engage with customers on how they can be more water efficient during dry periods to ensure our supplies remain resilient

The combination of Government Covid-19 restrictions on both domestic and foreign travel, together with working from home and furlough schemes, has driven 'staycations' and extra visitors to the region this year. Consequently, we have experienced a prolonged period of high demand for water extending far beyond the normal tourist season for the region and beyond the peak demand experienced in other regions. There was exceptionally high demand in the hot May and August bank holidays – the highest demand for water for 24 years in Cornwall occurred this summer – therefore engaging with our customers on water efficiency has never been more important. Some of the activities we have undertaken this year include:

- Partnering with South West tourist boards this summer to promote water efficiency
- Free non-household water audits over the summer
- Chair of retail working group for promotion of non-household water efficiency
- Offered free virtual water audits for household customers
- '5 litre challenge' – water saving promotion over the summer
- Media promotions over the summer to save water, including BBC radio Devon and Cornwall, and ITV news
- Water saving community fund launched
- Regional water saving competitions – including winning a water butt, and school competitions (28,501 entries)

- 21,641 orders of water saving products so far in 2020 – 65% increase year on year. Potential of 470,893.80 litres saved through use of products. A survey has shown there to be more than a 90% install rate
- Eight half-page adverts placed in Western Morning News
- Advertorials placed on online media channels; Devon, Cornwall and Plymouth Live, and traditional newspapers such as the Cornish Guardian, North Devon Journal and The Plymouth Herald
- Royal Horticultural Society partnership continued – 100,000 leaflets sent to South West members as well as online targeted advertising and social media shared messaging
- Full page feature in WaterLevel – the customer newspaper sent to all customers
- Water efficiency customer email campaigns sent to all registered customers (+330k) throughout June and July
- Proactive leakage messaging on our website and social media – 5,332 leaks reported by customers
- Focus groups with customers to understand more about how households have been using water since the Covid-19 outbreak, whether it is appropriate for us to encourage water efficiency and how to communicate around this issue with customers.

As water customers' demand is not within the full control of the company, as mitigation in 2019 we also commenced the development of possible long-term strategic new sources of water. This forms part of the regional planning process for the West Country and formed part of the Final Determination for South West Water.

	2019/20	2020/21
Status		
Risk	🟡	🟡



Previous actions continued

Reporting of the WaterShare performance scorecard

2019 Action: Further develop communications with customers to ensure clarity on the benefits of the WaterShare mechanism

Our relationship with customers changed as a result of the introduction of our innovative performance sharing and reporting framework ‘WaterShare’, established in 2015. This has enabled a more holistic and transparent view of our performance, showing customers how benefits are accrued in a proportionate way, giving legitimacy to our performance.

From 2020 onwards, WaterShare became WaterShare+ which comprises the sharing of c. £20m with customers in 2020, earned by outperforming our 2015-20 plan.

In our APR this year we continued to publish a report from the WaterShare Panel Chair (page 107) which includes a WaterShare scorecard, providing details of the performance sharing mechanism. The WaterShare Panel is satisfied that South West Water has transparently reported performance to customers including the benefits being passed back in accordance with customer wishes as evidenced through customer research. Further sections in the APR also provide further information about the WaterShare mechanism.

Now that we have transitioned into WaterShare+ we have further developed our communications with customers, so that they are fully informed of the scheme that will give them a greater say in our business. WaterShare+ was the main focus of our customer magazine ‘WaterLevel’ explaining to customers how we are sharing our success and why, as well as featuring prominently on our social media channels. We also signposted our WaterShare+ page as soon as customers and stakeholders accessed the website, with dedicated pages explaining the scheme. We were also featured on the local news, discussing how customers can benefit from the scheme, as well as running radio campaigns across the local area.

To find out more please visit southwestwater.co.uk/watershareplus

	2019/20	2020/21
Status		
Risk	●	n/a ¹



¹ We are removing this as an action going forward, as it is no longer relevant as we will not be reporting on the WaterShare mechanism.

Previous actions continued

Our websites

2019 Action: Develop the Bournemouth Water website to ensure our future digital offering meets the needs and expectations of our customers

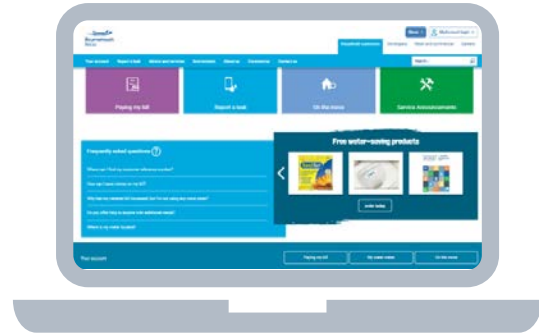
Our customers’ needs and expectations in the digital space have changed a lot within recent years and it has become increasingly important for us to continue to work hard and improve our digital offering. Every day our customers, and stakeholders, engage with us through our website as it has become a tool for them to access information, and complete tasks which meet their individual needs; applying for a water meter, signing up to our Priority Services, reporting a leak, and more.

Last year we completed a 12-month customer website redesign project for South West Water. We carried out both quantitative and qualitative customer research to help us understand if our website offering met our customers’ expectations and priorities. Our research showed that our website was negatively perceived – customers told us that it aimed to deliver as much as possible for its reader but on its core task, which is functionality for the customer, it failed to deliver. We collaborated with our customers and staff to develop and improve our offering, including co-creation workshops, an innovative approach to website design and development.

The key benefits from the project have been recognised with an increase in online form submissions, website traffic and in the shadow year for C-MeX we have seen a dramatic improvement for the digital score following the completion of the redevelopment project.

Building on the success of the South West Water website project we launched Bournemouth Water’s new website on the same platform this year. Bournemouth has benefited from shared technology and learning from South West Water and the website offering has significantly improved. Bournemouth Water’s website is now mobile friendly, has improved user journeys and ability to self-serve, updated content and design throughout, as well as enhanced website security.

We are now focusing our efforts on improving our MyAccount offering as this is the area of our website that is most important to customers and is accessed frequently. We are currently carrying out a customer research project to help us better understand how we can develop MyAccount in line with our customers’ expectations.



	2019/20	2020/21
Status	Weakness	Risk
	●	●

Previous actions continued

Customer awareness of information published

2019 Action: Following feedback received from customers, we will develop our communications around publication of documents so that they are aware of what is available

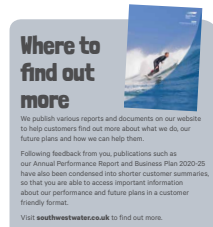
Last year we added a new weakness to our statement regarding customer awareness of information that we publish. Feedback we received from previous customer and stakeholder surveys was that many people were not aware of the documents that we published.



We publish a variety of information therefore this was disappointing feedback to receive and we wanted to ensure that communications around publication of these documents was improved so that customers are aware of what we publish and where they can find it.

One of our most effective ways of communicating with our customers is through our customer newspaper 'WaterLevel' therefore we included various sections in this, pointing customers in the direction of useful information published on our website, as well as our social media channels.

This is an area where we know we have further work to do to increase customer awareness.



Our customer promise

We know your water and wastewater services are vital, and if something goes wrong, we'll work hard to put it right as quickly as possible.

We want to provide you with the best possible service. If you think we've fallen short of this, please let us know so we can sort it out as quickly as possible.

Our customer promise explains what you can expect from us and what we'll do to make amends if we don't meet the standards.

Download a copy from our website at southwestwater.co.uk/promise or call us on **0344 346 1010**.

	2019/20	2020/21
Status	Weakness ●	Risk ○

Previous actions continued

Communication to customers regarding regulatory reform and markets

2019 Action: Ensure that we are providing information to customers active in the markets to enable them to work effectively

Developing markets

The new and emerging markets offer opportunities for choice, efficiencies and benefits for our customers and the environment, and we support the development of effective markets and have undertaken steps to further increase our engagement. We added this as a risk in last years statement as the regulatory environment continues to change, and with a new regulatory period beginning, we want to ensure that our customers and stakeholders are fully informed of market developments.

Recognising how important this area is, for the past two years we have included a section in our APR detailing how we have engaged in the development of emerging markets. This has covered areas such as business retail, developer services, new appointments and variations (NAVs), water resources and bioresources.



In Ofwat’s review of incumbent company support for effective markets (published in August 2020), we were identified as having strong performance across a number of areas, which we were extremely pleased with as we work hard to ensure we support all markets across the industry.

There were some areas where we still believe we can improve performance and have reviewed the content of the report and individual companies’ letters to compare performance against industry practice. A working group has been established that is aligned to the identified areas and will track progress in delivering improvements in relation to some of the services provided to NAVs, Self-lay providers and Retailers, including how we engage with these stakeholder groups, and ensuring that our policies reflect industry best practice. Examples of improvements we’ve made in these areas this year include:

Developer services

- Strengthening our internal teams to focus on all activities undertaken by others through either the self-lay market for water mains or formal adoption processes for sewers. Independence from our team who administer the work undertaken by South West Water is important to maintain competition compliance
- Maintaining our dedicated email address for self-lay providers to contact us
- Hosting engagement events with our developer customers to remind them of their choices
- Holding regular review meetings with self-lay providers operating in our area.

NAVs

- Actively engaging with interested parties within the industry to explore potential solutions that will create value for stakeholders
- Continued to refine our internal processes to manage operational, account management billing queries.



“South West Water is performing well relative to others in the sector.”

“The levels of support provided to the developer services market... South West Water were amongst the best performers in the sector.”

“South West Water [were] able to demonstrate that they provide tools, such as webinars and self-help guides, to help Retailers understand how particular policies, charging or services work.”

Previous actions continued

Communication to customers regarding regulatory reform and markets continued

2019 Action: Ensure that we are providing information to customers active in the markets to enable them to work effectively

Regulatory reform

Greater certainty over reform of the regulatory framework has been provided through the announcement of South West Water's Final Determination for the 2020-25 regulatory period, which we accepted in February 2020.

There remains a continued focus from Ofwat on the governance of companies in the water sector; in particular the introduction of a 'social contract' between water companies and their stakeholders. We have been an active voice in the sector on this topic and this concept was at the heart of our 2020-2025 Business Plan, entitled 'New Deal'.

We maintain ongoing dialogue directly with the regulators and through sector-wide forums and we engage fully with consultations and proposed reforms of the regulatory framework.

We also include a section in our APR on regulatory reform, keeping customers informed on whether regulatory reform could result in changes to priorities or the service provided to customers.


















The image shows two side-by-side screenshots of a risk register table. The table has columns for 'Risk Category', 'Risk Description', 'Impact', and 'Status'. The status column contains colored circles: red for high risk, orange for medium risk, and green for low risk. The first screenshot shows risks related to 'Principal risks: Regulatory and Finance' and 'Strategic risks: Water and Environment'. The second screenshot shows risks related to 'Strategic risks: Water and Environment' and 'Strategic risks: People and Performance'.




	2019/20	2020/21
Status	Risk	Risk

Updates to our risks, strengths and weaknesses

As part of our review into how we can better communicate with our customers and stakeholders, we have reviewed how we present our risks, strengths and weaknesses in this document.

The table below shows how our actions in 2019/20 have impacted on the risks, strengths and weaknesses for 2020/21.

New	Area	2019/20 Status	2020/21 Status
✓	MPS / OPS data reporting	n/a	
✓	Communication to customers during Covid-19 pandemic	n/a	
✓	Reporting of WaterShare+ to customers	n/a	
	Reporting under the consistency measure methodologies		
	Reporting of ODI performance to customers		
✓	MCERTs compliance	n/a	
	Valuing water use in a changing environment		
	Our websites		
	Communication to customers regarding regulatory reform		
	Customer awareness of information		
✓	Engagement with developer services customers	n/a	

-  Strength
-  Risk
-  Weakness

Actions and commitments

Issue	Action	When
Valuing water use in a changing environment	Support the development of the new visitor centre at Roadford Lake as well as education programmes to promote the value of water	November 2021
Our websites	Improve the MyAccount offering on our websites to ensure it meets the needs and expectations of our customers	September 2021
Communication to customers regarding regulatory reform and markets	Ensure that we are providing information to customers active in the markets to enable them to work effectively	September 2021
Customer awareness of information	Continue to develop our communication around publication of documents so that customers are aware of what is available	September 2021
Engagement with developer services customers	Following feedback received by Ofwat, ensure that we improve our communication to developer services customers	September 2021

We will track these actions and provide an update for our customers and stakeholders through the next Risks, Strengths and Weaknesses exercise.

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