

Hafren Dyfrdwy

PR19 business plan

Lowest bills, improved service and a healthier environment

A plan for future generations in Wales

3 September 18



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Business plan executive summary

Serving our customers

We have listened carefully to our customers to understand what matters to them in their daily lives and probed in more detail about their expectations from their water, and where applicable, waste service provider.

We have talked to around 4000 of our customers in over 25 different locations, ranging from rural areas with a handful of customers, to small villages where the Welsh language is prevalent and the larger towns of Wrexham, Welshpool and Newtown. We've listened to our customers using a range of techniques, from telephone surveys, face to face interviews to deliberative research and co-creation.

We have also engaged with policy makers to ensure we understand the requirements and ambition in Wales. We have shared the challenges, and aligned solutions with stakeholders.

We heard that our customers want three key things from us:

1. Continue to provide a reliable day to day service and reduce service failures, which cause inconvenience and dissatisfaction (get the basics right)
2. Support customers when they need it, with a personal and human touch
3. Make a positive difference for the local environment and local communities

We have shown them how they have shaped the plan for the next five years and 85% of our customers found the overall package acceptable.

A plan that must deliver for Wales

The Welsh Government has set a clear and bold ambition in its *Water Strategy for Wales* and the sustainability principles and well-being goals set out in the *Well-being of Future Generations (Wales) Act* which aim to achieve:

- **A prosperous Wales** - An innovative and productive society, which recognises the limits of the global environment and uses resources efficiently and which develops a skilled population in an economy which generates wealth and provides employment opportunities;
- **A resilient Wales** - A nation which maintains and enhances a biodiverse natural environment that supports resilience;
- **A healthier Wales** - A society in which people's well-being is maximised and in which choices and behaviours that benefit future health are understood;
- **A more equal Wales** - A society that enables people to fulfil their potential no matter what their background or circumstances;
- **A Wales of cohesive communities** - Attractive, viable, safe and well-connected communities;
- A Wales of **vibrant culture and thriving Welsh language** - A society that promotes and protects cultures, heritages and the Welsh language; and
- **A globally responsible Wales** - A nation which takes account of whether doing such a thing may make a positive contribution to global well-being.

These principles resonate strongly with our customers - and our plan has been guided by them.

Unrelenting focus on the core services

We have nine customer outcomes in which we commit to deliver reliable, consistent service to our customers now and in the future. We commit to:

- Ensure water is **good to drink**
- And **always there** when customers need it
- And then **take waste away safely** everyday
- Do all of this in a way that not just protects but creates a **thriving environment**
- Whilst engaging with our communities and making a **positive difference** for the benefit of current and future generations
- Ensure customers receive an **outstanding customer experience**, which is centred around providing a personalised **service for everyone** whatever their unique needs
- Do all of this while ensuring we charge the **lowest possible bills** that are affordable for all
- We will demonstrate that we are a **company you can trust** who have controls, checks and balances in place to ensure we make the best decisions for our customers. We have made a good start in this area, ensuring that Hafren Dyfrdwy has a strong, independent board with effective non-executive input, but with the added benefit of operating within a strong group.

Our customers expect this to be true for future generations as well as customers today.

Investing in service improvements

Our plan balances the affordability of bills with the steps needed to safeguard services and the environment for future generations. We have talked to our customers about this and across the four main investment areas where we have long term challenges between 85% and 92% of our customers either supported our proposed action or thought we should invest more to reduce some of the risks sooner. We have also responded to customers and stakeholders and are committing to reduce leakage by 15% in the next five years.

The most significant challenge relates to our raw water and treated water reservoirs. Over the next five years we will be investing around £19 million in our dams and treated water reservoirs, which has been identified through the application of best practice risk management. Not only are the dams and reservoirs a hugely important part of providing a reliable service, they are also a big part of the landscape in Wales and we are making improvements to ensure our communities can enjoy them.

We will deliver performance that puts us in the top quarter of the industry across 65% of the comparable performance commitments, which includes service areas that are the most fundamental to our customers such as reducing drinking water quality risks and reducing internal sewer flooding. Our plan sets out ambitious improvements where we are not in the top quarter but our customers want us to be, such as reducing interruptions to supply and reducing drinking water complaints.

Our customers have told us that they want us to keep them informed with progress in delivering the outcomes and performance commitments, but also more broadly about the work we are doing to support our communities and enhance the environment. This ongoing engagement will be part of our delivery plan.

Investing in our community and the environment

Over the next five years we will be investing £2.5m to improve around 22km of river water quality, which represents the largest statutory environmental programme required in this part of Wales for 20 years. We will also be enhancing biodiversity and well-being by investing almost £2m, the majority of which is planned at Lake Vyrnwy, where we have a fantastic opportunity to support Wales. The project will:

- enhance the visitor experience so that more people visit the site and stay in the surrounding area thus improving the local economy;
- restore approximately 450 hectares of upland peat bog to move the SSSI status from 'Unfavourable' to 'Favourable', which will provide greater resilience of our ecosystems; and
- enable local communities to shape the developments and develop a shared sense of ownership.

Together with our partners, we have secured £1.5m Heritage Lottery Funding that allows us to leverage 60% match funding which makes this flagship scheme more affordable to our customers.

We are also increasing our contribution to our communities through our community champion programme – an employee volunteering initiative to support community projects.

Improving the well-being of customers and society

We have identified ways that we can support well-being by thinking more holistically to deliver opportunities and improvements at minimal or no extra cost. These include:

- We are partnering with Welsh government, Welsh Water and the charity City To Sea to roll out the Refill initiative, with the ambition to be the first 'refill nation'. We strongly believe that it is important for us to promote the benefits of water for hydration.
- We are members of the All Wales Water Safety Group, who promote safe use of water. We have 14 reservoirs in our region so this is an important consideration.
- We are making infrastructure improvements to improve amenities at more of our reservoirs. Benefits include promoting local economy through a local tender process for café management, improving access and awareness of the site so that they are more enjoyable and making it easy for people to take part in well-being activities.
- Supporting other local initiatives such as the Newtown Go Green consortium, which has a wide reaching scope; our involvement is around safe and enjoyable access to the river, which runs through our Mid Wales region.

We will also be taking a first step towards the Welsh Government long term ambition of a lead free Wales. In the next five years we will be protecting around 230 homes and schools by replacing the lead pipes, therefore removing the health risk that lead poses.

Having a voice in Wales

As we plan for the future we also recognise that we need to give our customers a louder voice in Wales. We serve a comparatively small area that has been under represented in the past. We will champion the issues that matter to our communities and engage with policy and decision makers. We will be doing this by making sure we are active members representing the interests of our customers on groups such as:

- River Dee Consultative Committee to ensure that the issues affecting our catchments are focused on.
- The Drinking Water Inspectorate / Water Research Council (WrC) steering group for reducing lead.
- Working closer with the four Public Service Boards covering our region, who are responsible for responding to the requirements under the Well-being of Future Generations (Wales) Act.
- Working with the local resilience forums to ensure we are both forward looking but also able to respond to incidents quickly and efficiently in a joined up manner.

A model of operation that delivers for Hafren Dyfrdwy's customers

We are embracing new ways of working that combine the best attributes of large and small companies to deliver more for less for our customers. This combination of cultures also means we will not require additional funding to operate as a stand-alone small company, saving our customers £6 million over the five years.

We believe that just as important as what we deliver, is how we deliver it. A recurring comment from our customers is that they take water and waste services for granted. In one respect this is reassuring, as it demonstrates that we serve our customers in a manner which means they don't have to worry about their service and can rely on us. But we believe the only way to deliver affordable solutions to the long term challenges we face is through a more collaborative approach with our customers and stakeholders. We have made a positive start and have already learned a lot about how customers want to engage with us and which topics resonate most with them; over the next five years we will be building on this foundation.

We are also targeting innovation where we have the greatest challenges. For example we will be building on the great foundation that the Dee Valley team laid when they introduced a system that gave them 100% visibility of the performance of their above ground assets. This provides a wealth of easy to analyse data and has resulted in a reduction in unplanned maintenance of around 25% in just two years. On the waste water service we are developing plans for how we can maximise the innovation that we are trialling between 2015 and 2020 at Llys Rhysnant. This approach builds treatment solutions bespoke to the local area's needs, makes the most of natural solutions (for example, reed beds) and by doing so reduces operational costs and adverse environmental impact by 40% over the 25 year life and creates a more resilient solution through the use of low/no technology waste processes.

Affordability

We want our plan to be affordable for everyone and our customers will continue to have the lowest bills in Wales. Service and resilience enhancements are driving a 2.2% real bill increase on the combined water and sewage bill (in so-called CPIH terms) and we have challenged ourselves to minimise the impact of the increases. We have tested the overall acceptability of the plans and 85% of customers find it acceptable.

Supporting those in need

We have set up a Care and Assistance team, based in Wrexham, who will retain a local focus and are trained to respond to customers' individual needs, both financial and non-financial.

We estimate that approximately 11% of our customers are likely to struggle to pay their bill at some point during the next five years. To manage this, our plan is to double the number of customers we offer financial support to. This ambitious target is partly driven by the need to catch up with our peers in the sector. We have worked with customers to co-design the social tariff to make the process easy and the support meaningful and tailored to the circumstances. We will be offering a range of support from short term payment breaks to longer term payment plans.

Some customers have circumstances that can make them more vulnerable and we want to ensure we recognise when our customers need our help and support them in an empathetic and respectful way. To set the foundations we have contacted around 400 customers who were on the existing priority service register to allow us to tailor the support we provide. External evidence suggests that there could be around 2,000 additional customers who might need our help and we have already made progress through targeted communications and working with others to make sure everyone who needs our help gets it.

There can be a wide range of circumstances which can lead to a customer requiring our support in the short and long-term. Our care and assistance team have been trained to identify these needs and offer appropriate support to all customers, for however long they need it.

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