

## Appendix 2

### Thames Water Note to LB Lambeth Scrutiny Committee 14 March 2018

#### a) Recent bursts and leaks in Lambeth

##### **Introduction**

We would like to apologise to all our customers in London who experienced interruptions to their water supply following the freezing weather and rapid thaw that occurred during early March.

Having restored supply to all our customers our priority is now to follow up with customers and stakeholders, and understand what we need to do better in the future.

##### **Background**

Before the freezing conditions and snow, we had prepared carefully for the adverse weather in detail, with 155 4x4 vehicles, snow ploughs, grit and extra teams braced across our key operational sites and areas expected to be most impacted.

We ramped up production of water from our treatment works to try and match the surge in demand, putting an extra 500 million litres per day into supply. That's 25% above normal and equivalent to 200 Olympic swimming pools.

Whilst we made extensive preparations for winter, this incident was unprecedented in terms of scale and technically complex to resolve. Our teams worked round the clock to restore supply. However we recognise we failed to protect our customers from the impact.

##### **Areas impacted**

The priority areas in the south of London we had identified on the basis of our customer contacts were around SW16, SW17, SW18 and SW12, but there were many other postcode areas impacted.

##### **Resolving the issues**

On Monday 5 March we isolated a leak on an 18 inch pipe in south London, repaired it and brought the pipe back into use. This helped water levels recover during Monday 5th.

However water pressure still took a significant time to recover due to the need to clear air locks in extensive strategic pipes across our south London network.

##### **Priority users and vulnerable customers**

We had customer representatives proactively contacting vulnerable customers. Dialysis customers were identified and water provided to them. We also called all care homes in the area.

In addition, we contacted schools in our priority areas to understand whether they had water and what support we could provide them.

## **Alternative water supplies**

We opened bottled water locations across priority areas for several days, including at the following locations.

- Lidl Store, Streatham High Road, SW16 1BB
- Tooting: Homebase, Woodgate Drive, SW16 5YP
- Balham: Sainsbury's car park in Balham High Road, SW12 9AU
- Sydenham: High Level Drive, SE26 6XT

In response to feedback we did trial using vans in the SW postcode areas on a 'milk round' of affected areas. Each van took one pallet (500 bottles) at a time.

## **Communication**

We are very sorry that not all customers could get through to us. Our contact centre took a much higher number of telephone calls than normal and we re-deployed resources from our billing teams to help take additional operational calls. We also used our website and social media channels to keep customers updated.

We worked with multiple stakeholders to give updates on our position, including the GLA and Boroughs. We also coordinated our messages through the London Resilience Forum and the London Fire Brigade

## **Compensation**

We absolutely understand the distress and inconvenience of being without water. For that reason we will compensate affected customers over and above the statutory minimum of £20 for more than 12 hours' interruption. The amount we will compensate will depend on how long customers were affected.

Customers will not have contact us or to do anything to make a claim to receive compensation. We will be writing to everyone affected over the course of the 10 days.

## **Time Affected Compensation Payment**

|             |      |
|-------------|------|
| 4-12 hours  | £30  |
| 12-24 hours | £50  |
| 24-48 hours | £100 |
| 48+ hours   | £150 |

## **Schools Impacted**

We are very aware that the supply interruptions also led to the closure of some local schools and significant disruption to teaching staff, parents and pupils. In recognition of this we will make discretionary payments of £2,500 to each school. In addition we would like as many schools as possible to take up our offer of an education package of visits to Thames Water sites and talks by staff on STEM subjects.

## **Lessons learnt**

We would like to take this opportunity reassure customers that we are already applying lessons that we learnt and we will be completing a full assessment to identify what we could have done better.

### **b) Trunk mains review update**

#### **Background**

Our total trunk main network spans 3,200km [or 10% of the total network]. 2,000km of this is in London. These large pipes were historically laid along main transport routes, are harder to work on, and have a greater impact if they burst.

In an average year, we have around 380 bursts on our trunk mains, of which around 54 are on mains greater than 18 inches.

We invested £70m on re-lining and replacing trunk mains between 2005 and 2010. We had originally committed £145m for the 2015 to 2020 regulatory period, but that has since been increased by a further £97m during the next two-and-a-half years.

Our performance hasn't been good enough, so we are committing more than was in our original plan. At the same time, our investors have agreed not to receive an external dividend this year.

#### **Trunk Mains Strategic Review**

On 2 October 2017 we published our Trunk Mains Strategic Review which sets out a clear action plan which identifies 15 commitments designed to minimise the risk of similar bursts happening in the future, and to improve the business' response to such emergencies.

The commitments are in direct response to the Trunk Mains Forensic Review, led by Paul Cuttill OBE, which was published earlier in 2017.

The thorough review commits us to a number of changes right across our business, many of which we've already begun to implement.

The action plan will improve the way we manage our trunk mains and that through collating better information about our network, coupled with better risk modelling, we can reduce the impact on our customers.

#### **Recent and near future upgrades**

We recently completed the relining of 1 km of a 21" diameter pipe in Leigham Vale.

We are also developing schemes in Palace Road and Norwood Road to replace the pipes in poorest condition, as well as improving our knowledge of the condition of our network and its performance.

A major programme to install trunk mains monitors is ongoing. By the end of this year (2017-18), we will have surveyed more than 1,200 km of our 3,200 km trunk mains network as part of a proactive programme to find leaks before they deteriorate into failures.

So far we have found close to 200 trunk main leaks, saving 17 million litres of water per day, and averting potentially more serious bursts.

## **Operations**

We've boosted our operations teams and are in the process of enabling them to get to the scene of an incident faster.

We've also recruited new customer response teams to act as a personal point of contact for affected customers, and fully attend to their needs.

We're improving our monitoring and control capabilities, to be able to react before a pipe bursts, and hired experts at IBM and the University of Surrey to achieve this.

## **Customer**

Our Customer Representative Team is now 15 Representatives strong and is fully operational, providing a 24/7 response

As the Customer Representative Team size has increased we have also increased the teams' capability and functionality. Post event our Representatives are now making Aftercare visits to offer support to our customers and help them get their lives back to normal, and we are prioritising our resources to first support those most impacted.

We have also finalised our 'Putting things right' booklet which clearly outlines the support available for customers following incidents of this sort, including answers to more detailed matters including insurance.

We have signed up more than 220 people from across the business who volunteer as Thames Water Customer Ambassadors and are sent out during events to help our customers who need them most. Duties include handing out bottled water, answering customer calls, looking after customers with additional needs or acting as a point of contact during events

We have invested in our Digital Media Capability and have a 24/7 social team on point so we can keep our customers informed during events. We have implemented a Lithium social listening tool that will bring non @thameswater mentions into our inbox and allow us to respond proactively.

## **Surveys**

We are forecasting to complete 1150 km of trunk main surveys by end of March. We have detected 172 leaks, repairing 159 including 105 on trunk mains and 54 on smaller connected mains. The proactive inspections have resolved over 15million litres per day of leakage and we expect this to rise to 17million litres per day by the end of March.

In our goal of identifying innovative methods for trunk main condition surveys we're investigating and trialling opportunities for in-pipe condition assessments for trunk mains. In February we released a tender to build an above ground trunk main test rig at our Kempton Park site that'll be used to collaborate with numerous technology providers under controlled conditions.

### **Priority work streams**

Listed below are some of the activities we will be focusing on in the next few months

- Establishing a dedicated night team working 7 days a week to enable a rapid response to bursts and conduct important maintenance and testing that will aid our response if and when an incident occurs.
- Improving our risk assessment tools, for instance by moving to 2D rather than 1D flood models. This enables us to better understand the consequences of a burst, where the water from a burst would go, and better plan the actions required.
- We are undertaking a complete review of our trunk mains monitoring strategy. This includes a review of our trunk mains monitoring policy, increasing the accuracy of our asset register, improving the operability of monitoring equipment installed in AMP5 (2010 to 2015), and having the right processes in place for 24/7 review and alert response.

### **Longer term investment**

Trunk mains are a high priority in our draft Business Plan for 2020 – 2025. We plan to double the rate of trunk mains replacement.

In terms of leakage we are planning to reduce leakage by **15%** by 2025, with our longer term ambition being to reduce leakage by **50%**.

### **Our draft Business Plan and draft Water Resources Management Plan.**

#### a) Draft Business Plan

Every five years we rebuild our business plan using feedback we've collected from our customers. We've already spoken to over 300,000 customers and collected detailed feedback from 18,000 of them through events, surveys and our online tool to understand what matters most to them. This feedback has helped us build our five year proposed plan, starting in 2020. As well as this, it has helped to shape our long-term ambitions, so we are steering our future with customers at the core.

We know it's important to our customers and our stakeholders that bills are affordable and good value for money, so this is what our proposed plan has been built around. However, we have some decisions to make about how quickly we achieve our long-term ambitions, which

could have an impact on customer bills. Because of this, we would like customers and stakeholders to make some choices on what is most important to them.

b) Draft Water Resources Management Plan

We've also developed a draft Plan, called the draft Water Resources Management Plan 2019, which sets out how we plan to provide a secure and sustainable supply of water for our customers over the next 80 years from 2020 to 2100. The plan forecasts the amount of water we have available for water supply now and how it might change in the future. We compare how much water we have with what we will need, to see if there is enough water or a deficit.

The Plan looks at options to manage demand for water and provide additional water. Taking account of information such as cost, environmental impact and customers' preferences we have developed a programme of options to ensure we can provide a secure and sustainable water supply. Throughout the process we engage with our customers and stakeholders to seek their input and challenge to inform the development of the draft Plan.

c) Consultation on our Plans

To read about our plans and see the choices we still need to make as well as find out how you can participate in the conversation please visit [www.thameswater.co.uk/yourwaterfuture](http://www.thameswater.co.uk/yourwaterfuture).

**The consultation is open until Sunday 29 April 2018.**

Your comments and choices will help us shape, refine and finalise our Business Plan and Water Plan. We'll carefully consider all the responses we receive and at the end of the conversation we'll publish a report setting out how we have taken the comments into account in revising our Plan.