A circular diagram composed of various white line-art icons on a teal background. The icons include: a person with a headset, a cloud with circuit lines, a "net zero" circle with a leaf, a checkmark in a circle, a target, a person at a computer, a hand holding a water drop, a globe with a thermometer, a person with an upward arrow, a plant, a person, a water drop with a checkmark, a glass of water, and hands holding a water drop. The central text is enclosed in a white circle.

**APPENDIX
SES043
RESILIENCE
FRAMEWORK
ADOPTION OF
SYSTEM BASED
THINKING**

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SES043: RESILIENCE FRAMEWORK – ADOPTION OF SYSTEM BASED THINKING

A. Introduction

This appendix summarises how we have developed our integrated resilience framework, the outcome of the related customer consultations, and the detailed assessments of each of our resilience systems. For each of the key areas of Corporate, Financial, and Operational resilience, we have included tables that summarise the outcome of the assessments and the key activities and schemes that contribute to the delivery of our performance commitments to demonstrate how the outcome of the assessments underpins our planning for PR24.

Background

1. Ofwat has published guidance on resilience in the PR19 final methodology (Delivering Water 2020: methodology for the 2019 price review) and has also published a report titled Resilience in the round in 2017, advising companies on how to create their approach to resilience planning. In response, we have set out our action plan to deliver an integrated resilience framework incorporating system-based thinking during the current price review period (2020-2025).
2. Resilience has also been an integral part of the UK's approach to national security and crisis management. The Covid-19 pandemic has highlighted elements of resilience that need to be strengthened. In March 2021, the UK Government has published an integrated review of threats and opportunities (Global Britain in a Competitive Age: The Integrated Review of Security, Defence, Development and Foreign Policy) that considers the ways that national and international security must adapt and evolve in line with the rapidly changing global environment. The review asserts a need for greater national resilience to threats and hazards.

Our approach to resilience

3. Following the consultation in 2021, the Government has published The UK Government Resilience Framework (Dec 2022) where the scope of the strategy is defined as the “ability to anticipate, assess, prevent, mitigate, respond to, and recover from known, unknown, direct, indirect and emerging risks”. The resilience components used within our framework have been aligned to this, in combination with the requirements of the BS 65000 (The British Standard for Organisational Resilience) standard and examples of industry best practice.
4. The framework details our strategic approach to resilience, closely tied to our integrated systems, and is illustrated below. Resilience and the interdependency of systems is an integral part of long-term planning, taking into account that organisational resilience is relative, and it can be enhanced or degraded as it continuously adapts to changes.

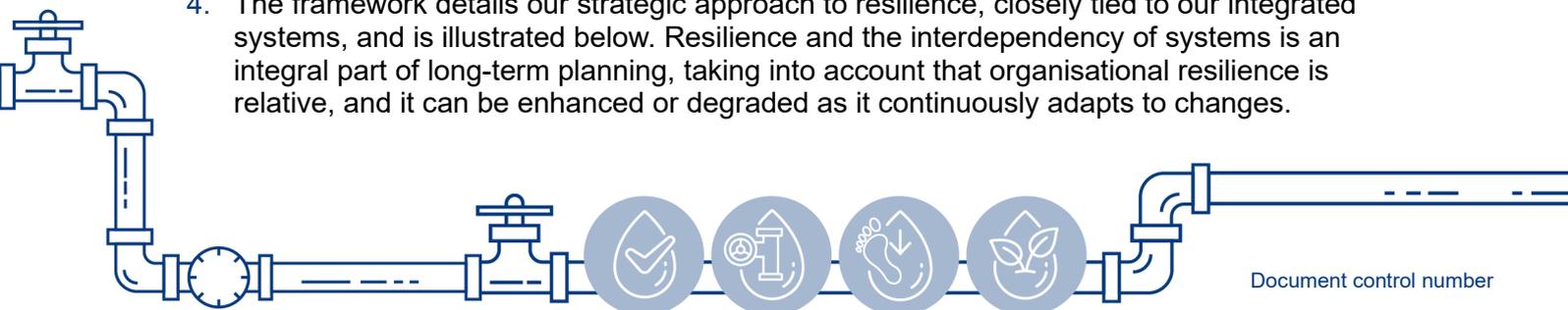
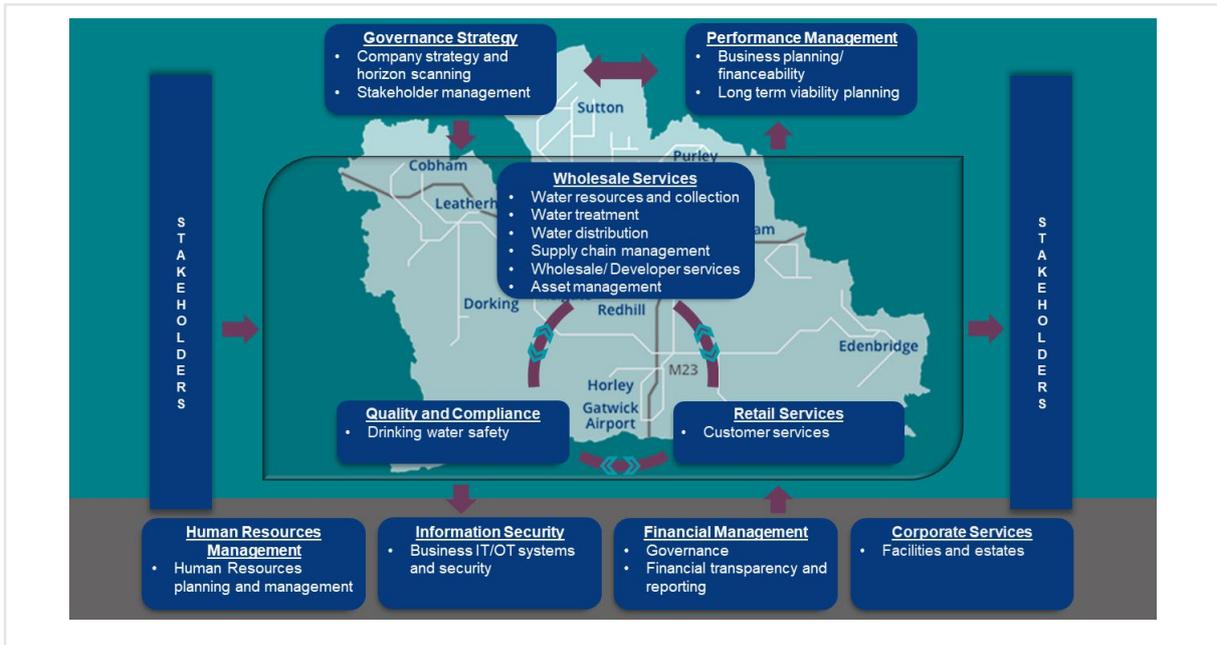


Figure 1: Resilience systems and processes



Source: SES Water – Systems resilience framework.

B. Customer consultations

5. Our Spring/Summer Consultation was delivered via a citizen’s panel in August 2021. The panel was made up of 20 SES Water customers, including representation of non-household customers, and also observed by members of the Environmental Scrutiny Panel (ESP) and Customer Scrutiny Panel (CSP).
6. The session on resilience provided customers a background on resilience in the water industry context, including shocks and stresses of the business, and climate resilience. The purpose of the session was to understand customer priorities in terms of a resilient service and our resilience framework.
7. Prior to the session, customers were asked to complete an exercise to rank key resilience scenarios relating to customer service, water quality and water supply on a scale from those that they would find least acceptable to those they would find more acceptable. The ranking of these scenarios displayed customers’ acceptability of differing circumstances that may occur in terms of disruption to our services. The exercise was conducted once again during the session for comparative purposes, and to provide insight into where respondents felt we should be more resilient from a customer perspective.
8. Following presentations on resilience, further discussions have been held on what resilience means to customers, their views on what it means in the water industry and their priorities. Breakout rooms offered an opportunity for idea sharing and gathering feedback on what respondents felt was important in our resilience framework.
9. The discussion on priorities has followed from an earlier consultation held on customer priorities in 2017, and therefore have also captured the changes in customers’ views and priorities regarding resilience, in addition to the direct outcomes of the discussions held during the session. A summary of the outcomes is illustrated below.

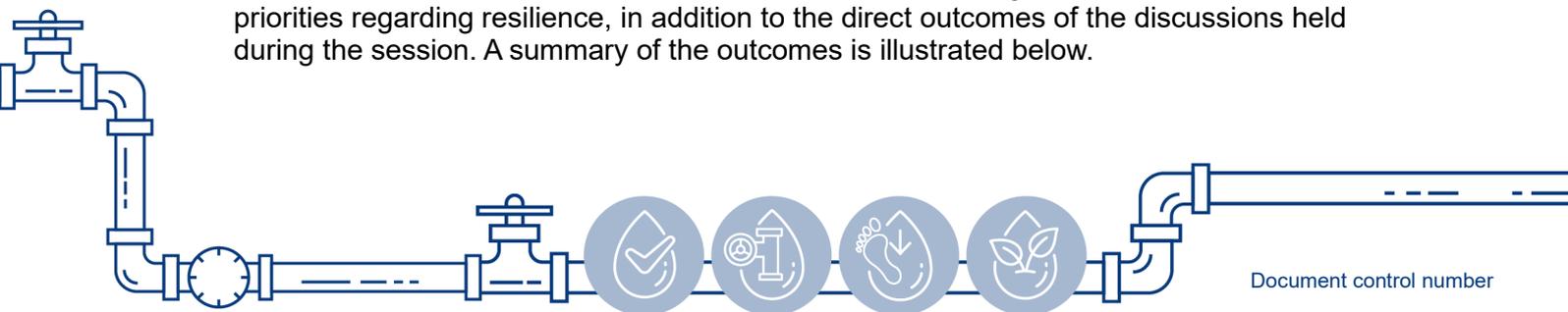


Figure 2: Customer consultations (August 2021) – Summary of outcomes



Source: Explain Research – Summer Consultation report on Resilience



C. Detailed assessments

10. Following the customer consultations, we have completed detailed reliance maturity assessment of each resilience system, facilitated by Create 51. The aim of the assessments was to capture the resilience level for each business area, and to identify the short, medium, and long term activities needed to increase resilience.
11. The resilience framework, and the outcome of the assessments has been embedded into PR24 planning. The tables below summarise the key actions that improve resilience across all resilience systems.

Table 1: Operational resilience

Resilience systems	Key processes/ schemes
Wholesale services - Water resources and collection	Water Resources Management Plan (WRMP)
	Climate Change risk assessments
	Metering programme
	Source and network optimisation
Wholesale services – Water treatment	Connecting all customers with at least two water treatment works
Wholesale services – Water distribution	Innovation – rollout of intelligent water network
	Predictive technologies – iDMA programme
Wholesale services – Wholesale/ Developer services	Increase capacity in our teams and surveying capacity
	Codify processes and systems
	Improve capabilities of our website
Quality and compliance – Drinking water safety	Drinking Water Safety Plans (DWSP)
	Catchment management
	People and resources
Retail services – Customer services	Improve C-MeX
	Complaints resolution
	Customer contacts – Frist time right
	Supporting vulnerable customers
	Efficient billing
Corporate services – Facilities, estates and fleet	Data and digital
	Centralisation of key facilities services
	Asset replacement programme
	Electric company vehicles by 2030
	Managing insurance

Source: SES Water – Systems resilience framework

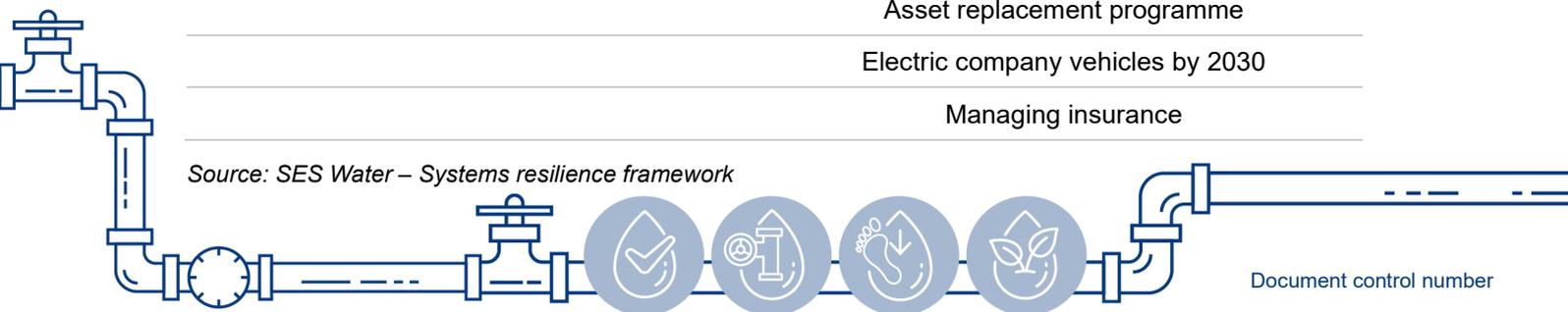


Table 2: Financial resilience

Resilience systems	Key processes/ schemes
Financial management – Financial transparency and reporting	Keeping it clear
	Annual Performance Report
Performance management – Business planning/ financeability	Investment programme
	Efficient billing
	Managing bad debt
	Supporting customers facing financial hardship
Performance management – Long term viability planning	Long-Term Viability Statement (LTVS)
	Annual Performance Report

Source: SES Water – Systems resilience framework



Table 3: Corporate resilience

Resilience systems	Key processes/ schemes
Governance strategy – Company strategy and horizon scanning	Strategic planning
	Purpose-focused business
	Public Interest Commitments
Governance strategy – Communications and stakeholder engagement	Communications strategy
	Every Drop Counts campaign
	Education programme – Flow Zone
	Environmental Scrutiny Panel (ESP)
	Customer Scrutiny Panel (CSP)
Wholesale services – Supply chain management	Supporting our communities
	Dedicated procurement function
Human resources management – Human resources planning and management	Commercial strategy and assurance programme
	HR Business Partner Model
	People Plan
	Develop a skilled workforce
Information security – Business IT/OT systems and security	Digitally connected HR
	IT/OT transformation programme
	People and resources
Financial management - Governance	Cyber security
	Annual Performance Report
	Keeping it clear
	Governance Committee
	Environment, Social, and Governance (ESG) strategy

Source: SES Water – Systems resilience framework

