

Introduction

Although there have been many achievements across the water industry nationally, the methodology used to handle and execute large-scale capital programmes/projects is under public scrutiny. As a sector, it is imperative we take steps to further enhance our track record in construction and generate valued infrastructure whilst enhancing the local areas we work in.

The focus on time/cost, often driven by regulatory/political measures, has led to a misunderstanding of what truly represents value for money. Morrison Water Services (MWS) are excited to participate in an enterprise where the collaborative model is based on creating value for society/shareholders, delivering sustainability for all partners.

With AMP8 expected to be a step change in levels of investment, this presents a great opportunity for the Living Water Enterprise (LWE) to add value to the Northeast. We believe it's the primary and tertiary services and benefits delivered by the investment that truly matter.

Methodology for identifying value adding opportunities including access to expertise and resources throughout MWS business and M Group

MWS have developed an Applied Innovation Model (AIM) to focus on applying the latest technology and intelligent ways of working to bring value adding opportunities to our clients. AIM methodology captures the opportunities/challenges we face every day, fosters collaboration, and shares appropriate solutions – we operate as an ideas factory. This approach can be replicated and integrated into working practices across our business/contracts including the LWE and is underpinned by our Innovation Champions. Our Innovation Champions have collective experience and expertise in a range of disciplines (design, mechanical, electrical, technical construction etc.) from across our business, and help identify innovative ways to work, provide operational expertise, and 'sense-check' ideas.



A recent example of AIM has been associated with spillage reduction and sewage pumping station performance. Through joining together Intellitect (a member of our Technology Partner Programme) and IDS, one of our M Group Services (MGS) companies we have created a new head end platform to monitor/control Deragger equipment (used for continuous pump protection): data sent to a unique digital platform (Insight) provides early warning of storm tank and sewage pumping station overloading, enabling a rapid response minimising the potential for pollution events.

AIM methodology also ensures we are looking further than just the water industry to find the latest in technological and process advancements, e.g., our subscription to the Leading-Edge Online platform, a global crowd sourcing tool allows us to post challenges for academics, entrepreneurs, and inventors worldwide to help find the best solution. Additionally, we have NDA's with academia e.g., the University of Liverpool Virtual Engineering Centre (VEC) looking to co-develop bespoke solutions for faster innovation. VEC will assist MWS in gaining access to digital innovation facilities, latest technologies, robotics and potential future workforce through VEC Post Graduates and PhD students. This approach will be available for NWG e.g., during mobilisation we can post problem/challenge statements to explore potential solutions.



We have regular MGS wide webinars to share innovation and best practice, so we in MWS are always aware of relevant innovations/added value opportunities being considered across all sectors.

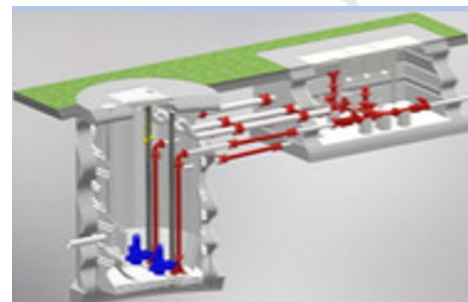
Specific proposals which we feel will add value to the LWE

Our added value proposals include:

- Belonging to a wide-reaching group, with 18 MGS companies working across the Water, Energy, Transport & Telecoms sectors, means we can leverage experience and knowledge from across our entire workforce: knowledge is transferred through cross sector webinars and intelligence from our MGS ESG and Innovation Team.
- MGS Plant & Fleet Solutions have extensive cost effective national, suitable and resilient local supply chain arrangements in place with the capability to support the LWE.
- Presenting our existing portfolio of innovative solutions to continuously increase value and efficiencies, e.g., augmented visualisation of underground service; our latest advancements in Artificial Intelligence; semi-structural liners, and a comprehensive selection of information technology apps (including our Restart Training App – ensures safety standards are kept to the highest level).



- Off-site fabrication facilities e.g., we have the capability to design and build bespoke sewerage pumping stations that are fabricated off-site and installed on-site as modular units ensuring compliance with water company engineering standards, improved quality control and fast commissioning. Illustration shown to the right.
- Early establishment of key steering/working groups including HSE, customer and innovation to drive a consolidated list of initiatives – making sure the engagement is inclusive for all the ecosystem.
- We will develop proposals for a “one team recruitment/resourcing hub” across all partners to ensure the right level of technical people are available.



Our approach to value creation beyond cost, e.g., in the areas of carbon reduction, sustainability, biodiversity, and customer impact

Although effectively managing cost and mitigating risk is essential to a sustainable business, well considered investment in innovation, new ideas and adoption of best practice to achieve excellence within the LWE environment has the potential to generate significant value for partner organisations and the wider ecosystem. Value creation is inextricably linked to our AIM model, social and carbon strategic plans, customer experience journeys, Design Management Plan which drives effective and value engineering practices (incorporating carbon reduction, biodiversity planning windows, and best value decisions) and asset management methodologies.

With sustainability at the heart of our value add strategy we will take a transparent approach in measuring and reporting on progress against our carbon reduction plan and innovative environmental, social and governance (ESG) topics. Plans will be updated regularly in response to outcomes and the challenges we face in meeting improvement targets. Examples of ESG topics/themes which can be brought to the LWE include:

- Building a green future – moving towards a green fleet; sustainable streetworks challenge (employee innovation suggestions); no-dig solutions e.g., insitu spray lining of water and sewer pipelines – reduces cost and embedded carbon by upto 60% and site occupancy by 75%. A carbon calculator incorporating geographical, material and plant elements to compare against open cut processes was built following University of Bath and DEFRA guidelines. An example output is shown below:



- The Women’s Network – the objective is to empower, nurture and raise the status of women in the workplace, providing a platform for women to share their experiences and champion equality of career opportunities.
- Reach (Race, Equality and Celebrating Heritage) strives to raise racial equality awareness. When REACH first started, data showed that 4% of our staff coming from an ethnic background, this has risen to 16% in 2023.
- Allyship Behavioural Programme – use of your privilege and power to support and advocate for people with less privilege or with a disability in the working environment.
- Supporting communities e.g., through playground/park rejuvenation/bio-diversity programmes.

We recognise that it is vital to have organisational flexibility to adjust to changing customer behaviours/requirements. In the era of social media we have used real time monitoring tools, such as social listening, to enable continuous scanning and tracking of customer sentiment relating to our works; informs learning and improvements to be made to customer journey experiences.

Adding value through building resilience is also vitally important, this may be through predicting outcomes (informed from data analytics), proactively engaging with the supply chain/ecosystem and managing risk through the end-to-end process, e.g., we seconded several of our design engineers into YW’s Asset Management department delivering business risk identification, early project scope and outcome optioneering. During this time the joint team adopted the methodology of considering innovative and less traditional solutions first, rather than debate against a traditional technique from the beginning.



Working with our wider ecosystem, creating value across the entire capital programme

Our approach includes:

- We will create the opportunities to promote the vision, goals, objectives and values of the LWE to ensure consistency of approach and buy-in/belief in what we are looking to achieve.
- Creating an integrated approach where they are involved in programme reviews, project planning, value engineering, and strategic plans/themes e.g., carbon reduction plan.
- We propose to sponsor the creation of an “ecosystem voice” – a forum for the smaller members to be empowered to share the learning from their experiences which will contribute to the long-term success of the LWE.
- Proactively driving the ecosystem to develop the right culture and behaviours which needs to be part of their resources ‘growth’ plans – leadership, back office, customer facing, and operational (e.g., supervisors and teams) teams.
- Proactively seeking out innovations that will create efficiencies, better customer service, improved SHEQW performance and address NWG business challenges.
- Provide development and training opportunities, to enhance capability and resilience together with identifying new talent and career pathways. We are able to offer our bespoke water industry training programmes to upskill these key partners in such key areas as EUSR accredited ‘Every Customer Counts’ strategy and Supervisor Culture and Behaviour training.
- Inform resources planning (ecosystem) so that they are prepared to meet programme/project outputs, as appropriate.
- Performance management against key measures/indicators such as those set against SHEQW, achievement of programmer/project milestones, and customer service – enables comparison of performance.
- Ensuring all are part of the LWE social value approach, which we define as ‘creating positive value for the economies, communities, and places where we work’. It’s about recognising and managing the impact that all our operations have on local communities, and the commitment that we all need to make to the long-term wellbeing and resilience of individuals, communities, and society in general. By taking this approach we can leave a lasting and positive legacy. We will bring our 2023-2030 Social Value Plan to the LWE for review and adoption consideration which has several community goals e.g., deliver 1,000 total hours to STEM programmes by 2030.



Working with NWG to support the development of client capability enabling the LWE to be successful

A capable client develops sustainable enterprises built on long term business to business relationships and alignment. The LWE will be made up of large and small companies, with each business as important as the other, with their unique and valuable approaches in terms of collaboration, the right people with the right attitudes and ways of working. However, NWG as the capable owner through this process and the life of LWE, will create the right environment that nurtures possibility.

Bringing our proven ‘One Team’ capabilities and expertise developed from our Scottish Water Caledonian Water Alliance (CWA), Yorkshire Water Partnership for Yorkshire framework (P4Y) and Anglian Water ISO Alliance relationships to this change programme, allows us to add significant value in terms of behaviours, collaboration practices and growing the right environment from day one (shaping the LWE). This includes working with NWG to incorporate lessons learnt which emphasises the need for:

- Early focus on stakeholder engagement to gain advocacy and understanding of the LWE vision and objectives: recognising their points of view regarding solutions/best outcomes.
- Regular communications and relationship building.
- Clear governance and cost controls.
- Cultural and behavioural alignment (displaying good characteristics).
- NWG Regulatory outcomes – ensuring we create the right delivery pace.
- Ensuring the right leadership team is in place to successfully and continuously deliver LWE expectations (including the development of the Enterprise, itself).
- All stakeholders understand the importance of the Gateway governance process and can propose continuous improvement ideas which increases pace.

Continuous learning is a critical phase in any change process or programme of work, and one where great value can be obtained for LWE and NWG. Reviewing processes, methodology and lessons at programme level will be invaluable for NWG’s PR29 planning.

Integrating with NWG’s Asset Planning/Strategy Department we can help manage affordability challenges set from cost and investment models together with ensuring realistic continuous improvement targets for the LWE are set.

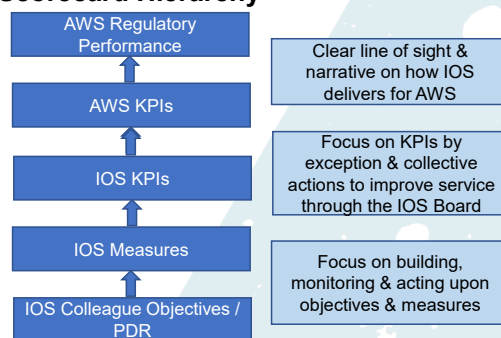


Performance Framework Structure

The diagram illustrates the Performance Framework Structure, which is organized into several layers and components:

- Assurance Layer:**
 - Accountability:** Includes OQWAT and AWS.
 - Performance Measures:** Includes Outcomes.
 - Assurance:** Includes Performance Commitments and OIDs, AWS - UN's 6 Capitals/Strategic Objectives, Alliance Outcomes, Tangible goals underpin outcomes, SMART measures to achieve goals (commercial and non-commercial impact?), and Input metrics - KPIs per supplier (i.e. not jointly measured).
- Outcomes Layer:**
 - Outcomes:** Measured by Goal, Lead Measure, and Input Metrics.
- Moderation and Performance Assurance:**
 - Moderation:** Influences the Outcomes layer.
 - Performance Assurance:** Influences the Outcomes layer.
- Quality Assurance:** Influences the Outcomes layer.

The diagram also includes logos for IOS and the IOS logo.



Collaboration between our respective project teams to develop a standard Design Quality Plan: setting out how the design process will be effectively planned, controlled, coordinated, communicated and quality assured. Together with other plans e.g., Project Execution Plan, all parties are enabled to understand and adhere to the correct design management systems/standards to support design outcomes. Technical capability is enhanced through ownership of design deliverables e.g., effective project optioneering.