

1.4 Minutes of the Meeting of the Customer Challenge Group

Thursday 11 July 2019, 10:00 am

held at

Affinity Water Limited, Tamblin Way, Hatfield AL10 9EZ

MEMBERS IN ATTENDANCE		
Teresa Perchard	<i>Chair</i>	TP
Gill Taylor	<i>Groundwork East</i>	GT
Tina Barnard	<i>Watford Community Housing</i>	TB
John Ludlow		JL
David Cheek	<i>Friends of Mimram</i>	DC
Tom Perry	<i>Environment Agency</i>	TPe
Richard Tunncliffe	<i>CBI</i>	RT
APOLOGIES		
Caroline Warner	<i>CCWater</i>	CW
Richard Haynes	<i>Up on the Downs</i>	RH
Karen Gibbs	<i>CCWater</i>	KG
James Jenkins	<i>University of Hertfordshire</i>	JJ
Simon Morrison	<i>Nesta</i>	SM
Bob Winnington	<i>Money Advice Liaison Group</i>	BW
AFFINITY WATER ATTENDEES		
Anne Scutt Webber	<i>CCG Manager</i>	ASW
Lena Patel	<i>Head of Public Affairs</i>	LP
Jake Rigg	<i>Director of Communications and Corporate Affairs</i>	JR
Joe Brownless	<i>Director of Customer Experience</i>	JB
Chris Bolt	<i>Affinity Water Board</i>	CB

AGENDA ITEM	MINUTE	ACTIONS	OWNER
1.	HOUSEKEEPING AND GOVERNANCE		
1.1	TP welcomed Richard Tunncliffe to the CCG, the two other new members, Simon Morrison and Bob Winnington were unable to attend this meeting. Introductions were made around the table. An induction day will be held on the 18 th September, all are invited to attend the site visit at Clay Lane treatment works in the afternoon.		
1.2	Apologies were noted as listed above.		
1.3	No conflicts of interest were declared.		
1.4	The minutes of 13 May 2019 were APPROVED . A couple of minor amendments were identified, once updated these would be signed by the Chair and published.	<i>Upload signed minutes to website</i>	ASW

1.5	<p>Actions were noted. The report from the stakeholder assembly held in April is being finalised following publication of the rdWRMP.</p>	<i>Share report following stakeholder assembly</i>	LP
	<p>Members confirmed that they had received the updated Terms of Reference and Protocol. There were no comments.</p>		
1.6	<p>The Chair's report focussed on some key Ofwat matters including a recent meeting with CCG chairs which had discussed the CCG involvement in the price review process. A survey of CCG Chairs (undertaken by TP) had found half of respondents thought regulators had had more impact/influence on company's plans than customers. At this meeting the Chairs had listed a range of aspects where they felt they had added value to the process – ranging from helping the company to understand local issues, to reflect customer views in their plans and to understand Ofwat's expectations on customer engagement.</p> <p>CB was asked for the Board view, his response was that the CCG had added value to the customer engagement undertaken for the PR19 process, but they felt that the customer engagement had been somewhat ignored by Ofwat.</p>		
1.7	<p>TP noted that the VfM survey working session had been useful and that the questions being developed in the customer perception survey around reputation, trust and awareness were key to taking this forward into AMP7 given the focus on behaviour change, which would require greater levels of customer engagement</p>		
	<p>The CCG would like to see the company have a holistic/comprehensive customer research strategy and be able to see where this particular research/survey 'sits' in the overall programme of customer research. This should be shared with the Board so they could be assured the company had a comprehensive approach to build up evidence of customer views for the next price review.</p>	<i>Share customer research programme with CCG</i>	JB
	<p>The company will share the proposed survey and approach during Q3</p>	<i>Share proposal and approach for customer perception survey for AMP7</i>	JB
	<p>AWL will share the results of the current VfM survey once received for Q1 later in July.</p>	<i>Circulate results of Q1 survey</i>	JB
2.	Company Report		
2.1	<p>Organisation Update CCG members noted the company report which included an update on AWL's organisational design/leadership. DC asked what the driver was for the changes in the executive team. CB responded that it was a change to improve the effectiveness of the company structure to deliver AMP7. The change also recognised the requirement to improve in the area of compliance.</p>		
	<p>The difference between the directorates "Production and Supply" and "Community Operations" was explained, "production and supply" being the abstraction and treatment of water. "community operations"</p>		

	manages and maintains the network to distribute the water to customers.		
	JR confirmed that the Regulation and Strategy directorate would continue to manage the Business Plan and the relationship with Ofwat. All research will be co-ordinated by the Customer Experience directorate. JB confirmed that this would include the reduction in PCC/behaviour change.		
	TP asked if there would be a "launch" of the new structure to communicate and explain it to stakeholders etc. JR confirmed that this is being planned when all roles are filled and will be led by HR.		
2.2	Report from the Board CB confirmed that a new Board sub-committee had been set up to focus on Safety Health Environment and Water Quality to particularly focus on governance in this area in response to Ofwat's new objectives.		
	On PR19, CB confirmed that the company continues to respond to Ofwat's queries. The Willingness to Pay research that was required by Ofwat in its IAP had been carried out but did not reveal any significant differences with the original customer engagement before the BP was submitted. The Board was encouraged that AWL had not been one of four companies that recently received a supplementary letter from Ofwat expressing concern about the efficiency of their costs. The Board had held a workshop on what to look out for when the Draft Determination (DD) is received on the 18 th July.		
	CB explained that an unidentified leak on an Iver trunk main had been a major contributor to the extent of the 2018/19 leakage failure, however the target would have still been missed without this incident. The Iver leak which started in in 2017/18 also affected the figure in this year which has been revised/re-stated and republished in the AWL Annual Report. AWL were nevertheless on track to achieve the overall 5 year leakage target by the end of March 2020.		
	DC asked if there had been any feedback following the leakage open letter in the Evening Standard. JR confirmed that this had been positive, both Ofwat and the EA commenting that this was a "game changer" in reporting and commended the openness and transparency.		
2.3	Drought Update The drought group (which includes the EA, Defra and water companies in the South East) was meeting fortnightly, it was not anticipated it would be necessary to impose a temporary usage ban (TUB) this year. A communication plan was being drawn up and would be shared at the September meeting. TPe raised the importance of connecting water conservation to the environmental issues such as the impact on rivers.		
2.4	Community Pilot Projects (proposed in PR19 BP to be completed in 2019/20) JR confirmed that two of the community trials had been scoped, the Luton trial was under review.	<i>AWL to provide further briefing on the community trials and seek advice from CCG members on customer</i>	

	The CCG agreed that they would be happy to help with or advise on any issues relating to customer engagement/communication and evaluation of the trials.	<i>engagement and evaluation</i>	
2.6	Development of the Vfm Performance Commitment See 1.7 above		
2.7	Metering programme - GT asked AWL to provide the targets against the figures quoted in the company report, and an assessment of the progress towards meeting these.	<i>AWL to provide target and forecasts for the metering programme.</i>	ASW
3.	APPROACH TO COMMUNICATIONS		
3.1	DEVELOPING THE COMPANY PURPOSE		
	AWL explained the work it had commenced to develop a 'company purpose' with a view to this being agreed by the end of September 2019. This was prompted by the Financial Reporting Council (FRC) guidance and Ofwat expecting companies to have a purpose. Ofwat was introducing a licence obligation relating to governance of companies which included an expectation that each company has a 'purpose'. It was possible that the company would decide to include any agreed purpose in its 'Memorandum and Articles of Association' although FRC and Ofwat did not seem to require this. A Board session (TP will also attend) is being held on the 22 nd July with a follow up session in August. The Board will sign off on a purpose on 25 th September.		
	Members posed the following questions about this initiative: <ul style="list-style-type: none"> • Is social purpose going to be included in the statement of company purpose or is it to be kept separate? • What is AWLs understanding of 'public value'? • Is the 'purpose' expected to articulate something that goes beyond the statutory requirements on the water company or simply to deliver all statutory requirements? • What tangible difference will the statement of purpose make to customers and stakeholders? 		
	Suggestions made by an absent member were shared with AWL. TP suggested AWL to build on what they already know customers want them to deliver and attach importance to – for example the 4 business plan high level outcomes had been tested at both PR14 and PR19 and were shown to be strongly supported by and acceptable to customers. The results of the customer perception survey – including questions on awareness and trust would also be useful for AWL to take into account.		
	TP commented that charities and social enterprises understand the benefits, and challenges, of framing and working to achieve a "purpose". It could be useful for the company to learn from members of the CCG who lead such organisations.		

	AWL agreed to brief the CCG of progress/way forward following the Board session on the 22 nd July and to invite any views from members during the August 'recess'. There will be a further update on the company's final decision on this at the September CCG meeting.	<i>Brief CCG on way forward on Company Purpose following Board session on 22nd July</i>	JR
3.2	ACCOUNTABILITY, TRANSPARENCY AND LEGITIMACY		
	Following success of the stakeholder assembly, AWL are considering forming citizens assemblies. These are time consuming and costly to arrange and therefore the idea was still under review. In terms of legitimacy, AWL would like the CCG to provide the independent assurance required on the design of the questions for these assemblies, to ensure that they are not leading. This was agreed.		
	The CCG agreed that it would be good to see AWL adopt a more "bottom up" approach to its engagement with customers in future, rather than simply asking for acceptance of a worked up proposal, as had been the tendency for PR19. Members considered that for this initiative to be successful it was important to know the purpose of the assembly/assemblies; what is being asked; how it is asked; and then be prepared to follow through with the decision that is made. Communication with participants so that they can see how their views have been acted on is important.		
	TP to provide a note on ISO standard on accountability.	<i>Note on ISO standard</i>	TP
4.	CCG ANNUAL REPORT		
	There were no further comments on the first draft of the annual report. TP will produce final draft for fact checking w/c 15 th July.	<i>TP to complete final draft, AWL to fact check</i>	TP/ASW
	AWL to arrange design and production of report w/c 22 nd July.	<i>Report to be ready for publication early August</i>	ASW
5.1	FORWARD PLAN		
	September meeting rescheduled for 23 rd Sept, 13:00 – 16:30 This will follow the induction for new members on the 18 th , all are invited to the site visit of Clay Lane that afternoon.	<i>Members to notify ASW if they wish to attend site visit</i>	ALL
	March meeting rescheduled to 16 th March 13:00 – 16:30		
	TP to confirm CCW presentation at the September meeting	<i>TP to confirm CCW attendance at Sept meeting</i>	TP
	No additional items were requested		
5.2	CHALLENGE LOG		
	The Challenge Log was reviewed. It was suggested that AWL write to TP to say that challenge item 39 will not be met, and the moment when this seemed necessary has now passed. (Item 39 asked the company to provide an independent auditors report on the differences between the draft of the BP the CCG	<i>AWL response to item 39</i>	ASW

	had been able to review and the final text submitted to Ofwat). TP would then close the challenge.		
	TP to write challenges around Company purpose and accountability following discussion at this meeting.	<i>Raise new challenges on Company purpose and accountability</i>	TP
6.	AOB		
	There was no other business and the meeting closed at 12:40 pm.		

I confirm that the Minutes of 11 July 2019 are a true and accurate record of the business discussed and agreed.

Signature:  Date: 23/09/2019
Chair