

## Customer Challenge Group

<b>Purpose of Meeting:</b>	<b>Customer Challenge Group planned meeting Number 2</b>	
<b>Location:</b>	Hub	
<b>Date of Meeting:</b>	<b>21 November 2012</b>	
<b>Present:</b>	Chair Robin Dahlberg Karen Gibbs, CCWater Hazel Smith, GlaxoSmithKline Jill Thomas, CCWater Tim Hutchings, HCCI	
<b>Observers</b>	Tim Charlesworth AW (part)	<b>Presenters</b>
		Mike Pocock, AW Martin Hall AW Liz Allen, AW
<b>Apologies:</b>	Jacky Atkinson DWI Jim Barker, EA Allyson Broadhurst, Charis Grants Allan Johnson, Tendring Council Mark Kibble, Dacorum Council Mark Tomkins, Heathrow Airport Ltd	
<b>Distribution:</b>	As above and web site	
<b>Originator:</b>	Liz Allen	

No	Notes of Meeting	Action
	<p>Introductions and apologies.</p> <p>Actions and discussion items from the previous meeting were discussed and the minutes from the meeting 5 September were approved and signed by the Chair. These will be made available on the public web site. A forward plan of future meetings was circulated.</p> <p>Key learning:</p> <ul style="list-style-type: none"> <li>• The challenge process. The Chair thanked the members for their help in shaping the challenge.</li> <li>• Papers and information prepared by the business. Sufficient information should be provided to promote discussion and ensure no surprises.</li> <li>• Defining what success looks like for the CCG. The independent Chairs (from other CCG's) were struggling to find suitable metrics and ways of expressing success. The Chair will continue to be involved in these discussions. Tracking and recording Challenges was a component and the CCG would continue to develop and record activity. This would be reviewed and revisited once further Ofwat guidance was produced.</li> </ul> <p>The Chair presented his report on key meetings and actions since September, including feedback from discussions with regulators.</p> <p>Objectives for meeting.</p> <ul style="list-style-type: none"> <li>• Support and challenge the process for engagement on draft Strategic Direction Statement and pre-consultation of the draft Water Resources Management Plan.</li> </ul> <p>The meeting was to be split into two sessions</p> <ul style="list-style-type: none"> <li>• Review and discussion of first phase of research</li> <li>• Receive updates and information on subjects which will be under future review by CCG</li> </ul>	

<p>1</p>	<p><b>Presentations supporting papers previously circulated.</b></p> <p><b>1. First round of targeted research.</b>  A presentation was made by Liz Allen, Stakeholder Engagement Manager, Affinity Water. The targeted research was one strand of the engagement activity. The outcomes from the first series of focus groups highlighted that customers were generally happy with the service they received. The headline outcomes will be evaluated and tested in further research. The final report was made available to the CCG. There was a discussion reflecting on the outcomes which were not consistent with issues raised by regulators, in particular leakage and environmental concerns.</p> <p>A summary of the next round of qualitative consultation, using the published document 'Investing for your Community', was introduced and headline preliminary early feedback from both focus groups and the web was discussed.</p> <p>The CCG were advised that an on-line panel was to be recruited. This panel would be broadly reflective of the customer base and surveys to 'test' issues in a quantitative manner would be developed from the qualitative work.</p>	
<p>2</p>	<p><b>2. Development of consultation on draft Strategic Direction Statement (SDS) and pre-consultation draft Water Resources Management Plan (dWRMP).</b>  A presentation was made by Mike Pocock, Physical Asset Strategy Manager, Affinity Water. There is no statutory requirement to produce an SDS for this round of business planning; however, Affinity Water wanted to bring together consultation of the future direction of the business with the statutory consultation and the pre-consultation dWRMP. The consultation taking place goes beyond the requirements and seeks to demonstrate Affinity Water's commitment of trying to get closer to communities it serves to understand the range and variety of needs.</p> <p>The published document has been widely circulated and advertised and is available electronically and as paper copies at drop-in events and by the post. The consultation on the expectations is open until the end of December.</p> <p><b>Discussion points</b>  The CCG members raised questions throughout the presentations to seek clarification on issues and to challenge why issues and approaches had been taken.  In summary the CCG:</p> <ul style="list-style-type: none"> <li>• Supported the focus on the customer</li> <li>• Recognised the intent was to promote discussion, not to steer the dialogue.</li> </ul> <p>In addition they made 4 observations:</p> <ul style="list-style-type: none"> <li>• Affinity should seek to engage with customers who are dependent on a consistent supply of water</li> <li>• Affinity could consider engaging with SME's on outcomes and resilience expectations</li> <li>• Consider the choice and use of language in consultation documents</li> <li>• The CCG welcomed the approach, which goes beyond the minimum statutory consultation</li> </ul> <p>Members of the CCG have been invited to attend the focus groups sessions on the consultation during November and December as observers.</p> <p>The January meeting of the CCG will review the outcomes from the second targeted piece of research on dSDS and pre-consultation on dWRMP.</p>	

## Customer Challenge Group

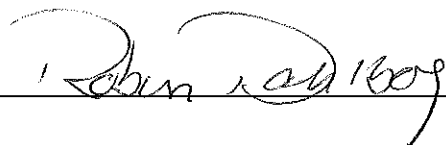
<p>3</p>	<p><b>Information and Updates</b></p> <p><b>3. Water Resources Management Plan (WRMP)</b>  A presentation for information was made by Mike Pocock on the timetable and key issues in WRMP.</p> <ul style="list-style-type: none"> <li>• By working with others, as part of the Water Resources in the South East, a broader understanding and modelling of the potential challenges from climate change population growth, pollution etc. can be reviewed and potential cost effective options, including trading options, developed. The outputs from this collaborative work will contribute to the WRMP.</li> <li>• Sustainability reductions will be applied to the Affinity abstractions. The scale of these is under discussion with the Environment Agency. Affinity need to have some certainty around the size of the reduction in order to evaluate the relative costs and benefits of different proposals.</li> <li>• Other issues include leakage, metering and resilience. Companies have driven leakage down to levels set by the regulator. The economic level of leakage is determined calculating the relative cost of mending leaks compared to the benefit of the value of the water saved. Ofwat is proposing alternative mechanisms for calculating leakage whereby each company sets a 'contract' with its customers.</li> </ul> <p>The CCG are to develop a Challenge on leakage in order to explore this subject in more detail.</p>	
<p>4</p>	<p><b>4. Definition of Outcomes and means of measurement and implications for reporting.</b>  Paper prepared by Chris Offer, Head of Regulation, questions answered by Martin Hall, Senior Regulatory Economist</p> <p>The summary paper covered the approach Ofwat are proposing for business plans where the focus will be on delivering customer 'outcomes'. The paper was taken as read and questions of clarification were taken. The CCG members were keen to understand how the language of outcomes would be suitably translated into measures and the Statement of Commitments. It was agreed that this subject would be revisited as the options for the business plan evolved.</p>	
<p>5</p>	<p><b>5. Summary of current Ofwat consultations and implications for business planning.</b>  Paper prepared by Chris Offer, Head of Regulation, questions answered by Martin Hall, Senior Regulatory Economist.</p> <p>The summary paper highlight a number of Ofwat consultations including, Ofwat approach to Future Price Limits (FPL), Retail Price Consultation, Wholesale Incentives Consultation and their implications for business planning. The paper was taken as read and points for clarification were addressed. Links to earlier papers were referenced in the document and members were encouraged to see how and where the consultation will impact the planning. This could include a requirement to produce two separate business plans to address the wholesale and retail customer requirements.</p>	
<p>6</p>	<p><b>Challenge record</b></p> <p><b>6 Debt and social tariffs</b>  The response to the first challenge record on debt submitted to Affinity Water was discussed. The CCG will re-visit the issue following an evaluation of the current round of consultation.</p> <p>Action</p> <ul style="list-style-type: none"> <li>• Debt will be added to the agenda for the meeting 13 March.</li> </ul> <p>Affinity Water tabled a challenge to the CCG to gain their feedback about the value of contributing to some collaborative work with other water companies. The steer provided by the CCG was to see whether the scope of the work could be extended, rather than participating under the scope of the existing proposal.</p> <p>Action</p> <ul style="list-style-type: none"> <li>• Follow up opportunities to extend scope of work before making decision over collaboration.</li> </ul>	<p>LA 03/13</p> <p>LA 11/12</p>

## Customer Challenge Group

7	<p><b>AOB</b> CCG members will review the forward plan for future meetings and feedback any comments</p> <p>CCG request an information paper on the Ofwat methodology for PR14 due December 2012 for consideration in January</p> <p>CCG members will be invited to comment on the development of questions to be answered by the on-line panel</p>	<p>All 12/12</p> <p>LA 01/13</p> <p>LA 12/12</p>
8	<p><b>Future dates</b> The Validation workshop to review the feedback from the focus sessions in November and December consultation will be held in the Hub 16 January. All CCG members will be invited to participate, especially those who have observed the focus groups.</p> <p><b>Dates of next meetings</b></p> <p>23 January 2013 13 March 2013 22 May 2-013 24 July 2013 18 September 2013 20 November 2013</p>	<p>LA 1/13</p>

Minutes of 2<sup>nd</sup> CCG meeting held on 21 November 2012

Approved by \_\_\_\_\_



Date \_\_\_\_\_

23 January 2013