

Affinity Water Customer Challenge Group

PR19 report for Ofwat

3 September 2018

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Appendix 1

CCG Terms of Reference and Protocol

Terms of Reference for the CCG were revised and agreed in July 2016, taking into account Ofwat's May 2016 policy document on Customer Engagement at PR19. A fully copy of our Terms of Reference can be found on our website page ¹

The Terms of Reference include a summary of Ofwat's expectations of CCGs at PR19 (as they had been expressed by Ofwat at Summer 2016). The core provisions of the Terms of Reference setting out the role of the CCG are :-

'Role of the CCG

To provide independent challenge and assessment of Affinity Water's customer engagement and progress to deliver its business plan (AMP6); and provide independent challenge to the company and independent assurance to Ofwat on the quality of the company's customer engagement for PR19; and the degree to which this is reflected in its business plan.

For AMP 6 – Current business plan

The CCG will:

- **Review** the completeness and representativeness of Affinity Water's ongoing customer engagement activity, the materiality of the issues raised, and how well the evidence has been used.
- **Comment on and challenge** the appropriateness of content and language of relevant customer communication and engagement material, across the range of media channels used.
- **Scrutinise**, from a customer perspective, assurance reports Affinity Water receives on its performance against its AMP6 Performance Commitments.
- **Contribute** to the development of a methodology to quantify customer acceptability that can be applied to the findings of an annual Value for Money survey.
- Act as a **sounding board** for new policies and plans, especially in relation to improving longer-term resilience outcomes for our customers and communities.

Specific points the Group is asked to address in its challenges of the company are in paragraph 4.5

For PR19 – Future Business Plan

The CCG will assess the quality of the company's customer engagement, and the degree to which this is reflected in its draft business plan. It will focus on:

- **Quality of Insight:** *whether Affinity Water has developed a genuine understanding of its customers' priorities, needs and requirements*

¹ <https://stakeholder.affinitywater.co.uk/docs/CCG-terms-of-reference.pdf>

- **Quality of propositions:** *whether Affinity Water has engaged with customers on the issues that matter to them; whether evidence and insight obtained from customers has informed the plan; has Affinity Water presented customers with realistic options*
- **Quality of engagement process:** *whether the quality of customer engagement has been on-going, two way and transparent*
- **Diversity and reach:** *whether the customer engagement has been sufficiently diverse, involving the use of methods appropriate and effective for engaging with a diverse range of customers*
- **Future customers' interests:** *whether the company has engaged customers effectively and appropriately on future and long terms issues, including trade-offs and risks*
- **Current performance:** *whether the company has effectively informed and engaged customers about its current performance and how this compares with other companies'*

The Terms of Reference also cover Membership and appointment of members, Governance and Ways of working. The full document is not included here as it is available to view on our website page.

Protocol

In September 2017 the company and the CCG agreed a Protocol 'Working Together' which sets out a number of administrative and process matters relating to how the CCG and the company will work together on PR19.

The protocol was updated slightly in March 2018 and is published on the CCG website page ²

The Protocol includes the following matters:

- Contact points
- Programming of issues and scheduling of meetings of the CCG
- Record keeping and audit trail considerations
- Information management and confidentiality of materials
- PR19 specific arrangements for review of customer engagement materials and observing focus group sessions.

The full document is not included here as it is available to view on our website page.

² <https://stakeholder.affinitywater.co.uk/docs/CCG/Protocol-Mar-18.pdf>

Appendix 2

Membership of the CCG

The members of the CCG bring a wealth of experience and insight into social and welfare policy, community and environment and public affairs across the areas Affinity Water serves. Section 5 of the CCG's Terms of Reference³ covers membership of the CCG as follows:

- 5.1 *The CCG will be independently chaired with a membership of no more than twenty;*
- 5.2 *The Chair of the CCG will be appointed by the Affinity Water Limited Board on the recommendation of the Independent Non-Executive Directors who will agree appropriate terms and remuneration;*
- 5.3 *Members of the CCG will be drawn from representative bodies or interest groups that are active in the communities and areas served by Affinity Water. Members will either be Affinity Water customers or have a strong connection with, and bring strong insight into and knowledge of Affinity Water customer and community perspectives and experiences. A diversity of membership will be achieved. The Chair of the CCG will play a role in the recruitment and selection of members by Affinity Water;*
- 5.4 *Members will be appointed to serve for terms of not less than two years, and as agreed with each member. In making appointments and re-appointments to the Group, Affinity Water will seek to strike a balance between ensuring appropriate continuity of membership and securing new members at key points in the life of the work of the CCG;*
- 5.5 *Appointment as a member of the CCG is unremunerated. Expenses incurred by members to participate in meetings and the work of the CCG will be a paid according to an agreed policy;*
- 5.6 *Membership will include Affinity Water consumer and community representatives including representatives from:*
 - *Consumer Council for Water*
 - *Consumer bodies and interest groups*
 - *Business customers*
 - *Organisations with experience of vulnerable and special needs consumers*
 - *Debt advisory organisations*
 - *Environmental Interest Groups*
 - *Local /public authorities*
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³ <https://stakeholder.affinitywater.co.uk/docs/CCG-terms-of-reference.pdf>

5.7 *Representatives from relevant Regulators and other bodies will be invited to contribute to the work of the CCG and advise the Group at appropriate times including:*

- *Environment Agency*
- *Drinking Water Inspectorate*
- *Natural England'*

At August 2018 the following people are independent members of the CCG. Biographies of members are included where they have been provided.

Tina Barnard, Watford Community Housing Trust

Tina is Chief Executive of Watford Community Housing, the largest social landlord in Watford, and is a Board Member of Hertfordshire's Local Enterprise Partnership (LEP). She is a qualified accountant, and has worked in housing for over 20 years. Tina was previously Deputy Chief Executive/Resources Director at CHP, Resources Director at Worthing Homes and Finance Director at New Era Housing Association. She has been a Non-Executive Director for a number of organisations, including being Chair of Watford's Citizen Advice Bureau.

Keith Cane, Town and Country Housing Group

Keith has a wealth of experience gained from more than 30 years in the sector and is currently Regional Operations Manager at Town & Country Housing Group. Keith has worked at a senior level for a number of Housing Associations and Local Authorities. He was also instrumental in establishing East Kent Housing as the country's first multi-council Arms -Length Management Organisation (ALMO). In his role at Town & Country Keith is responsible for the delivery of neighbourhood housing management services to residents of around 2,000 homes across East and North Kent as well as having responsibility for the Group's income management function.

Gary Clinton, AgeUK Essex

David Cheek, Friends of the Mimram

David Cheek lives in Old Welwyn and has been a customer of this water catchment area for most of his life. He is a Business Development and Retirement Coach helping businesses and individuals achieve their goals. Prior to this he was a director of several international advertising and direct marketing agencies and ran his own communications consultancy. So he has a long track record in improving customer experience and communications. He also has a particular interest in preserving and enhancing the rare chalk streams in the area and is a Friend of the River Mimram.

Richard Haynes, Up on the Downs

Richard has over 15 years' experience of working in the environmental sector and has been involved with a number of large landscape Heritage Lottery Funded projects. He is currently responsible for designing and managing the Up on the Downs Landscape Partnerships Scheme that works with partners and communities

to celebrate and conserve the wonderful landscape and heritage in the Dover and Folkestone area.

Prior to this Richard was responsible for delivering an integrated range of landscape and heritage projects for the Valley of Visions in the Kent Downs Area of Outstanding Natural Beauty (AONB) in the Medway Gap. His environmental knowledge extends from a background in geography and a love for the natural world.

James Jenkins, University of Hertfordshire

James is currently an Associate Dean (International) in the School of Life and Medical Sciences at the University of Hertfordshire. His teaching and research specialisms sit within the area of Geography and Environmental Management, with him lecturing on a wide variety of geographical and environmental issues. His research interests in sustainable environmental practices have focused largely on international comparisons of water resources management, with a particular focus on drinking water quality, water usage, and consumer engagement.

James is a Chartered Member of the Chartered Institute of Water and Environmental Management, as well as being a Chartered Environmentalist and Geographer. He is also a fellow of the Higher Education Academy and the Royal Geographical Society.

John Ludlow, Public affairs and government relations professional

John Ludlow is a public affairs specialist, who has spent his professional life working in and around Westminster. He spent a number of years as an adviser to senior Labour MPs, before leaving to act as a lobbyist for several national organisations. He was Head of Parliamentary Unit at the Law Society for ten years and Head of Press and Public Affairs for four. He also spent time as television producer, with stints at BBC Question Time and Sky News Westminster.

Recently, he has returned to work in the House of Commons as an adviser. He continues to help organisations with their externally influencing strategies – most recently working with StepChange Debt Charity and the Legal Aid Practitioners Group – and runs several courses for the Civil Service, including the Machinery of Government and Working with Ministers.

Scott Oram, Glaxo Smith Kline

John Rumble, Hertfordshire County Council

Gill Taylor, Groundwork East

Gill is the Operations Director, Groundwork East – the community charity with the green heart working to improve people's prospects, create better places and promote greener living and working. Established for over thirty years Groundwork has worked closely with Affinity Water in many projects. Gill has an MSc in Environmental Forestry and experience in many roles from community engagement in environmental improvements to running site restoration projects and large scale partnership programmes of access and landscape improvements. She also runs the Luton Lea catchment partnership a group of individuals and organisations united to improve the River Lea through Luton..

The following members represent statutory organisations:

Karen Gibbs, Consumer Council for Water (CC Water)

Karen leads CCWater's Environmental Policy Team and is the Senior Policy Manager for London and the South East. Areas of particular interest include water resources planning, demand management and water efficiency, metering and drought management. Karen has worked in consumer representation within the water sector since 1993, and is an Affinity Water customer.

Caroline Warner, CC Water – Local Consumer Advocate

Caroline is former Marketing and PR Director for well-known brands in consumer goods. Caroline now specialises in Citizen Advocacy. She works for the Consumer Council for Water as a Consumer Advocate representing water customers, as a District Councillor representing residents in Tandridge in Surrey and as an Academy Board Director representing pupils and parents in South London. .

Jonathan Sellars, Environment Agency

Jonathan is a River Basin Planning Account Officer for the Environment Agency. He has worked in the water environment sector for over 20 years and held a range of roles in freshwater fisheries, environmental planning, catchment coordination and partner engagement, all in pursuit of making our rivers healthier for those living and working in the Thames and South-East River Basin Districts. Outside of the Environment Agency, Jonathan has worked as an investment manager supporting charities and social enterprises in the health sector and has run his own environmental consultancy.

Natural England and The Drinking Water Inspectorate have not been members of the CCG. The DWI met with the CCG in December 2017 and has provided briefing and information about its views of AWL's drinking water quality programme in PR19.

Appendix 3

CCG meetings relating to AWL's PR19 Customer Engagement

This is a list of the meetings of CCG members at which PR19 related matters have been discussed between June 2016 and July 2018. Meetings of the PR19 related working groups are also listed. Other meetings and events relating to PR19 which some CCG members have attended in this period are also listed.

2016

22 June Quarterly CCG meeting

Revision to Terms of Reference (including changes for PR19 brief)

14 September 2016

PR19 – key milestones

Pre-SDS document extract (at this point the company planned an SDS)

Consultation plans for the DMP and WRMP – briefing and challenge

14 September – Quarterly CCG meeting

Customer experience improvement programme

Customer engagement events, lessons learned for 2015/16

PR 19 key milestones

Pre-SDS document extract

Consultation Plans for DMP and DWRMP

Value for money survey

7 December Quarterly CCG meeting

CCWater – presentation - Customer Engagement good practice (a pre PR19 briefing)

PR19 – AWL high level plan and approach-referencing PR14 approach

Regulation update included PR19 amongst other matters

2017

15 March Quarterly CCG meeting

PR19 – review and challenge

14 June Quarterly CCG meeting

PR 19 customer engagement tender process Protocol

20 July PR19 specific session

Meeting with Affinity Water's customer engagement contractors

11 September Phase 0 Triangulation session

Overview of Phase 0 activities

Review & Challenge Phase 0 conclusions and recommendations

Review & Challenge Phase 1 programme

13 September Quarterly CCG Meeting

PR19 proposals for Outcomes

PR19 performance commitments working groups

PR19 CCG report outline structure

6 October Vulnerability and Affordability Working Group

Review of current feedback (including from PR14)

Ofwat Expectations for PR19

AW's inclusive customer programme

Bespoke Commitments – criteria and proposals

Proposal for bespoke commitments & how to engage

10 October Resilience and Environment Working Group

Review of current feedback (including from PR14)

Ofwat Expectations for PR19

Review of existing commitments

17 November Vulnerability and Affordability Working Group

Updates on work with other organisations

Ofwat metrics

Proposal and development of bespoke commitments

22 November Resilience and Environment Working Group

Current metrics

Gap analysis – mandated and PR14 commitments

Discussion and Proposals for bespoke commitments

13 December CCG Quarterly Meeting

Drinking Water Inspectorate presentation on Affinity's water quality and expectations for PR19

Ofwat expectations for performance commitment targets

Company proposals for customer 'engagement' on Output Delivery Incentives

Update on development of bespoke performance commitments for PR19

draft of WRMP non-technical summary and survey questions

2018

11 January Phase 1 Triangulation session

Summary of findings

Proposal for Phase 2 programme of engagement

Phase 2 draft dWRMP survey questions

Schedule of Engagement

19 March CCG Quarterly Meeting

PR19 – customer insight from operational data

PR19 – business plan strategy, options and performance commitment framework

WRMP consultation/customer engagement method

Business plan consultation/customer engagement method

CCG PR19 assessment framework and provisional assessment

(During April and May 2018 AWL was undertaking a series of consumer focus groups and stakeholder consultation events on the dWRMP and BP. A list of those events CCG members attended and observed is given in the next section below.)

5 June Affordability and Vulnerability working group

Presentation of proposed Inclusive Services Strategy and final proposals from AWL

13 June CCG Quarterly Meeting

Update on Business Plan development

Report from stakeholder events on dWRMP and Business Plan Draft Business Plan presentation slides (CCG)

Business Plan Acceptability testing survey – topline results

Ofwat response to dWRMP consultation

Approach to developing ODI proposals

dWRMP PCC risks and headroom

18 July PR19 specific meeting of CCG

Road to 3 September

Triangulation report

Business Plan Bill Level Briefing

Briefing on PC targets addressing the CCG test aspects

First draft WRMP chapter of BP

PR19 related focus groups and stakeholder events CCG members attended/observed

In addition to the above members of the CCG observed the following research focus group and stakeholder consultation sessions relating to PR19 in 2017 and 2018

2017

22 September draft Drought Management Plan Environmental Stakeholder Forum, AW Hatfield (JS)

12 December Vulnerability stakeholder focus group by video link to Central London (TP) facilitated by Ipsos MORI

2018

Business Plan Focus Groups – facilitated by Ipsos MORI – (five locations)

17 April Chertsey and Addlestone (Jonathan Sellars)

18/19 April Hatfield, Future Customers (David Cheek)

24 April Saffron Walden (Teresa Perchard)

26 April Luton, (Gill Taylor)

Stakeholder Forums- facilitated by Traverse (eight locations)

10 May Stakeholder consultation event, Harrow (TP)

15 May Stakeholder consultation event, Elstree (TP and DC)

Other meetings and events attended relating to PR19 matters or customer/stakeholder insight

Between April 2016 and August 2018 CCG members have attended the following other meetings and events relating to PR19 matters or customer/stakeholder insight.

2016

11 April Ofwat and CCG Chairs quarterly meeting

12 April New CCG Chairs and Cathryn Ross, CEO Ofwat

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21 April	WaterUK hosted 'workshop' on customer engagement best practice for water companies and CCGs
10 May	Community event, Folkestone
14 June	Ofwat workshop outcome 'measures' and performance indicators for the next price review
22 June	Community event, St Albans
27 June	Affinity Water Board Meeting
11 July	Ofwat and CCG Chairs quarterly meeting
13 July	Ofwat thought leadership event on customer engagement
20 September	Community event, Harlow
11 October	Hertfordshire and Bedfordshire CAB social policy group, St Albans to discuss debt collection and social tariffs
12 October	Ofwat and CCG Chairs quarterly meeting
18 October	Community event, Stevenage Teresa Perchard
7 November	CCWater training session for CCGs on PR19
7 November	Community event, Clacton
10 November	Thames Water workshop for water companies and CCG Chairs on innovation in methods of customer engagement
17 November	Meeting to discuss Value for Money study methodology (DC)
22 November	CCG Chairs and Ofwat to discuss forthcoming consultation paper on Outcomes and Performance commitments
<u>2017</u>	
11 January	CCG Chairs and Ofwat quarterly
8 February	Blueprint for Water meeting with Affinity Water
22 February	Community event, Woking
.23 March	Ofwat event on customer participation
12 April	CCG Chairs/Ofwat quarterly meeting
26 April	Meeting with Philip Nolan, Chair, Affinity Water Limited Board
27 April	Affinity Water Limited Board to present the CCG Annual Report (which included PR19 matters) and discuss
16 May	Affinity Water Customer Excellence day

23 May	Chair spoke at Utility Week Live exhibition/event in Birmingham. On the role of the CCG in driving customer service improvement
26 June	Meeting to review the draft customer engagement materials and approach on the draft drought management plan
27 June	All Party Parliamentary Group on Water – Chair spoke at this meeting of the Group about the issue of affordability
13 July	CCWater workshop on triangulation of customer insight data
20 July	Meeting with Affinity Water’s customer engagement contractors
9 August	CCG Chairs’ group meeting with Ofwat
19 September	CCWater Customer Matters seminar/workshop in London
10 October	CCWater board meeting in public – briefing on WRSE
8 November	CCG Chairs and Ofwat meeting
9 November	Meeting regarding the Affinity Water Assurance plan strengths/weaknesses/risks consultation
29 November	Affinity Water Regulatory Working Group of the Board

2018

17 January	Utility Week Customer Conference – Chair spoke on the role of the CCG
31 January	Water Resources South East briefing for CCGs
6 March	Ofwat and Affinity Water to brief Ofwat on the approach to customer engagement for PR19.
14 March	Affinity Water Customer Excellence Day
22 March	AWL board strategy day
25 April	Meeting with AWL re ODIs
12 June	Meeting with PWC
20 June	AWL board – to present the CCG Annual report
11 July	CCG Chairs and Ofwat meeting
20 August	AWL Board – update on the CCG assessment/report provided to the Board

Appendix 4

Challenge Log and Queries raised on Business Plan drafts

This Appendix contains a copy of the CCG Challenge Log entries relating to PR19 between 14 September 2016 and July 2018. It is organised in two parts as follows:

- Section A - Challenge Log at 14th August 18
- Section B - List of queries raised between the last CCG meeting 18th July and 14th August

About the Challenge Log

The CCG decided to introduce a Challenge Log in September 2016 and has used it to record challenges it has posed to the company – and the company response - on both PR19 and its current business plan performance. The Challenge Log includes challenges raised at meetings and by email and in other sessions. It does not include every query raised by members at meetings or between meetings and has aimed to include the most significant points raised by members. The Protocol agreed between the company and the CCG in September 2017 ⁴explains this as follows:

‘The CCG and Company have defined queries and formal challenges in the following way:

- *Queries: are posed by CCG members to seek further information in relation to a topic or issue being presented by the Company. Queries are not formal challenges to the Company, they are not recorded formally and do not need to be responded to formally by the Company. Queries arising at meetings will normally be recorded in the meeting Minutes as an Action to provide further information either at the following meeting or via e-mail to members between meetings. Queries will often be addressed orally during CCG meetings.*
- *Challenges: are formalised, documented questions by the CCG that require the Company to respond in writing, creating a formal record of interactions between the CCG and the Company. The process for logging and managing challenges is set out below.’*

As is explained in the Protocol Challenges are recorded in the Minutes of CCG meetings and then added to the Challenge Log. The Challenge Log is updated at every meeting and decisions are made to close challenges in light of responses from the company. After each meeting the latest version of the challenge log is published on the CCG website page ⁵ Copies of agreed Minutes of meetings are also published.

⁴ <https://stakeholder.affinitywater.co.uk/docs/CCG/Protocol-Mar-18.pdf>

⁵ <https://stakeholder.affinitywater.co.uk/docs/CCG/CCG-Challenge-Log-July%2018.pdf>

The last formal meeting of the CCG before the company submitted its PR19 Business Plan was in June 2018 and that is, therefore, the last meeting at which the Group took decisions to close Challenges on the Challenge log. Subsequent to this the Group held a meeting on 18 July 2018 solely for the purposes of reviewing aspects of the company's proposed business plan. A number of queries and challenges were raised with the company at the 18 July session and subsequently by different members by email between late July and mid-August 2018, particularly after circulation of the first drafts of the Business Plan in late July. Some of the issues raised by email have been recorded on the Challenge Log attached, and others can be found in standalone notes and responses from the company to a series of questions which are also included in this Appendix for ease of reference.

There may be additional questions that CCG members have posed to the company after 14 August and 3 September when this report was due to be submitted. It has not been possible because of the timing to finalise the main body of this report to record all those queries here.

Section A - Challenge Log

LOG ITEM NO.	WHEN RAISED	SUBJECT	CHALLENGE(S) RAISED	RESPONSE/ ACTIONS TO DATE	OPEN/ CLOSED
1	CCG meeting - 14th Sept 16	PR19 Customer engagement - Longer Term Planning	Affinity Water was asked to brief the CCG on: i) how it will engage with customers in the process of developing its next business plan, including when the activity will be undertaken or any research commissioned; ii) how the findings will be used; which customers will be reached; and iii) how Affinity Water will seek contact the range of different customers it has and how it will make use of live operational information	A presentation with supporting documents was provided at the 7 December 2016 meeting. March 2017 meeting - AWL shared outputs from its review of PR14 engagement (by Create 51), shared its PR19 project governance scheme and objectives, plans to commission a contractor to manage and deliver the customer engagement programme and sought CCG input on key questions relating to the approach. In July 2017 a start up meeting was held between AWL, its contractors and the CCG. In September a triangulation meeting was held to consider the outputs of Phase 0 of the project research and the September CCG meeting had a further update on the timetable.	Closed

2	CCG meeting - 14th Sept 16	WRMP and DMP Consultations (PR19)	Affinity Water was asked to outline how customers would come to know about, and be able to give their views, on any issues affecting them in the WRMP or the DMP	<p>A briefing note on the DMP consultation was circulated and the expected timing of both the WRMP and DMP engagement was covered within the presentation on PR19 customer engagement at the December 2016 meeting.</p> <p>Briefing on the development of the WRMP provided at September 2017 meeting. At the December 2017 meeting the company reported it had submitted a draft WRMP to the SoS. Plans for customer and stakeholder consultation were ongoing and the CCG was given a draft of a consultation brochure for comment with a further draft to be provided in January 2018. At the 11 January 2018 Triangulation meeting the company provided a further draft of questions which it proposed to ask stakeholders and customers. The CCG provided a range of challenges and suggestions on the approach to the questions which are recorded in the note of the 11 January meeting. On 12 March 2018 the company circulated a copy of the 'method statement' for research with customers on the WRMP seeking comments from CCG members. The Company intended to present its final version of the WRMP engagement and consultation materials at the 19 March 2018 CCG meeting</p> <p>The CCG has provided comments on all WRMP consultation material, these have been reviewed by the Company and responses provided as well as the updated final documents. A log has been maintained showing all the feedback and how we have responded or made changes as a result of the feedback. The company held a meeting with the CCG on 17 May 2018 where a presentation on engagement with customers about long term issues and risks included an account of communication and engagement on WRMP and the DMP.</p>	closed
3	CCG meeting - 7th Dec 16	PR19 - Developing AWLs next Business Plan	<p>CHALLENGE: AWL to set out its timetable and approach to customer engagement for the PR19 plan so that the CCG can assure that the approach is likely to meet Ofwat’s requirements. AWL to include within its timetable and plan for the PR19 Business Plan information which will help the CCG to plan its work sufficiently in advance to enable members to manage their time commitment to this task</p> <p>CCG Annual Report April 2017 provided assessment</p>	<p>AWL briefed the CCG on its approach to managing the production of its PR19 business plan including customer engagement at the March 2017 meeting.</p> <p>A timetable and plan of for PR19 was provided to the June and September meetings of the CCG</p>	Closed

4	CCG Meeting - 15th March 17	PR 19 - Customer Engagement	<p>CHALLENGE: AWL should provide more detailed information about the precise nature and timing of different phases of work and activities involved in producing its PR19 Business Plan, and especially the customer engagement that it proposes to undertake across the whole programme, including the production of the DMP and the WRMP, as well as the main Business Plan. The CCG particularly requests that the company <i>outlines the issues and tasks</i> that it intends to bring to the CCG at different points during 2017;</p>	At September CCG meeting AWL outlined the issues and tasks it intends to bring to the CCG across 2017 and 2018 relating to the PR19 Business Plan	Closed
5	CCG Meeting - 15th March 17	Drought Management Plan	<p>CHALLENGE: Drought Management Plan - the company was asked to consider how the CCG's role to advise on, challenge and assess the customer engagement on this plan could be enabled, given that the company had already commenced its customer engagement on the DMP</p>	At September CCG meeting AWL outlined the issues and tasks it intends to bring to the CCG across 2017 and 2018 relating to the PR19 Business Plan	Closed
6	CCG Meeting - 15th March 17	PR 19 – Engagement Strategy	<p>a) AWL were challenged to provide a clearer picture of how it will use evidence and insight from contacts with customers (operational contacts).</p> <p>b) The CCG suggested the following demographics were included in the design of the customer engagement programme:</p> <ul style="list-style-type: none"> - Engage with groups aged 55–75 and 75+, not just over 65s as an undifferentiated group of older customers; - Engage with single people, in particular women bringing up children with no partner and widowers; - Engage with vulnerable customers and those on benefits; and that the company approach the segmentation using lifestyle segments instead of traditional socio economic/age/income segments for example perspective and the way customers need to use their water supply. 	To be considered and included in the engagement plan	Closed

7	CCG Annual Report	Readiness for PR19 customer engagement programme	<p>The CCG is concerned about an overly complex approach with risks of slippage and compression in the timetable. We have challenged the company to simplify the outline proposals for customer engagement. The full design and delivery of the customer engagement element also remains dependent on the appointment of a contractor to take responsibility for managing, as well as further designing and delivering, this strand of activity. The company appears to lack the in-house skills to direct and manage the customer engagement strand of the business planning process. Whilst an approach to the PR19 customer engagement has been outlined by the company a definite plan will not be available to share with the CCG before July 2017. Slippage or compression in the customer engagement programme within 2017 could reduce the influence that customer insight will have on other strands of the business planning process.</p>	<p>The company has appointed a contractor to manage the customer engagement programme and a 'start up' meeting with the CCG took place in July 2017 at which the approach to the project and phases was explained and the CCG members had an opportunity to challenge. The company briefed the CCG on its plans for producing the PR19 business plan in March, June and September 2017.</p>	Closed
8	CCG meeting - 14th June 17	DMP comms	<p>DMP comms appear not to relate to businesses - how will AWL address this going forward now that the business separation has taken place between household and non-household.</p>	<p>The non-technical summary (consultation document) of the draft Drought Management Plan was circulated to all retailers of our non-household customers in August 2017. No representations were received as a result of this.</p> <p>The WRMP pre-consultation document was circulated to all 23 retailers of our non-household customers in summer 2017. No feedback or responses were received.</p> <p>The non-technical summary (consultation document) was circulated to the 23 retailers in March 2018. We will also send reminder communications at various times during the consultation period.</p> <p>All 23 retailers have been invited to attend the stakeholder forums we are holding across our supply area.</p>	Closed

9	CCG meeting - 13th September 17	Outcomes	Affinity Water to review its proposed Outcomes for the PR19 Business Plan in light of comments from CCG members. Affinity would need to demonstrate and provide evidence to the CCG that the proposed outcomes had been developed with engagement from customers, were supported and understood by customers and they related to the performance commitments in the business plan. If the company wished to use its <i>Customer Charter</i> as the framework for expressing the business plan outcomes the CCG sought evidence it had been tested with customers.	December 2017 CCG meeting the company reported that it would revisit and finalise its high level outcomes at the same time as finalising its performance commitments and outcome delivery incentives and would ensure no misalignment. The report said that the outcomes would be reviewed by the Board in February and brought to the CCG for review in March. Research on our current outcomes was carried out when we tested our pre-SDS that showed support for our current outcomes. Additional our Value for Money survey regularly tests our outcomes amongst a wider list and our four outcomes are consistently a higher priority for customers. The outcomes are also being tested as part of the Acceptability Testing survey and the feedback will be shared as part of the end of phase 2 triangulation report, to be reviewed at the July CCG meeting. The evidence of support for the outcomes was presented at the CCG meeting on the 13th June as part of the Draft Final Business Plan slide pack - pages 18 - 22. The PCs were also mapped to the outcomes. This was further discussed at the Board on 20th June.	Closed
10	CCG Meeting - 13th December 17	customer engagement	The CCG would like to see a succinct and accessible summary of the evidence and insight gathered from customers and other research	The company presented an end of Phase 1 triangulation report at the Triangulation workshop on 11th January. The materials presented included a spreadsheet of all potential PR19 performance commitments together with the relevant evidence and insight, including from operational data and wider research that the company was using to understand customer views on the different aspects of service. The company undertook to maintain a spreadsheet of customer engagement, findings and evidence in relation to each performance commitment being put forward in the BP to enable ready retrieval of relevant evidence. It is now version controlled.	Closed
11	CCG Meeting - 13th December 17	ODI	CCG note the Company's decision to not commission any new willingness to pay research at PR19. The CCG asked if the Company has assurance from Ofwat that the approach they were pursuing is acceptable. The CCG will need to consider whether the Company has satisfactory evidence to show that customers support the proposed business plan and performance	We have recently taken part in a comparative review of PR19 WTP data along with 13 other water companies and have recently received the output of this research. We are currently reviewing the output from this study. Further information on the process is provided in the paper responding to CCG queries of 9th August	Open

			commitments and are both willing and able to pay what is proposed.		
12	11th January 18 - triangulation session	customer engagement	CCG members queried the weight that could be put on findings derived from the online community as the sample was not representative. As such the company was challenged about the description of the online community as a flagship customer engagement tool.	Phase 1 was designed to 'listen and learn'. The on-line communities provided a ready-made sounding board, a group of willing (already engaged) customers to answer a specific business questions. The Hi-Affinity database was used as a sampling frame meaning that our sample was confined to customers with email addresses and named bill payers. Activities were then subject to non-response (not all Community recruits took part in every activity). Our sample was therefore not statistically representative. By contrast, the surveys run in Phase 2 "test and value" were constructed to be representative as specific costed propositions to customers were available and the need for evidence which could be extrapolated to the entire customer base. The level of weighting applied to the results from the two phases will be reflected in the triangulation report.	Closed
13	11th January 18 - triangulation session	customer engagement	At the Triangulation Session on 11 January CCG members posed a number of challenges to the company on the interpretation of research and analysis of operational data within Phase 1, and key findings that were being used to develop proposed performance commitments for PR19. The points made are recorded in the note of the meeting. As a follow up to the original challenge in relation to the presentation given at the March CCG meeting the CCG said they would like to understand how this is being used to inform the business plan.	A presentation was given at the March CCG meeting which summarised the key messages that were being received through customer operational data, this was supported by the detailed data reports. The Company will provide the "narrative" to the data presented across the Business Plan report. The Business Plan will be available to share with members by the end of July	Closed

14		cost adjustment	<p>Ofwat’s Information Notice 18/02 reminded companies that early submissions were requested on any cost adjustment claims, by 3 May 2018.</p> <p>Companies are asked to submit appropriate evidence to support any cost adjustment claims including:</p> <p>‘where appropriate, is there evidence-assured by the customer challenge group (CCG) – that customers support the project?’</p> <p>‘does the proposal deliver outcomes that reflect customers’ priorities, identified through customer engagement? Is there CCG assurance that the company has engaged with customers on the project, and this engagement [has] been taken account of?’</p> <p>As at today’s date we have not had any notice that the company is intending to make any cost adjustment claims. If the company is intending to make any cost adjustment claims which require relevant assurance by the CCG proposals need to be provided to the CCG with relevant information and evidence in sufficient time to enable a meaningful assurance activity to take place.</p>	<p>The Company has submitted five cost factors for wholesale, High Occupancy, Treatment Complexity, Regional Wage Costs, Retail transience and Sundon Park Treatment works. Details are available to review.</p> <p>The Special Cost Factor for Sundon was discussed with the CCG chair at a meeting on 25 April, along with the rationale for the project being a special factor as a consequence of and driven by probable environmental and water quality requirements.</p> <p>The cost to implement Sundon Treatment Works was included as part of the phase 2 bill acceptability testing. In the phase 3 acceptability testing, the online survey includes a specific question on asking for support for the Sundon project.</p>	Closed
15		Acceptability Testing	<p>CCG would like the Company to outline how it is following CCWater's guidance on acceptability testing. In particular to test 'how acceptable the overall bill impact is, including a realistic assessment of ODIs and inflation. For water only companies this would also include sewerage charges'</p>	<p>Research has been developed on bill levels incorporating ODIs and inflation. This was not included in our phase 2 acceptability testing. As part of Phase 3, the Final Bill is being tested with customers in a representative on-line survey. The questionnaire includes inflation, sewerage charges and bill impact of ODIs. Feedback on the questionnaire has been received from CCG and CCW and the challenges reviewed and reflected in the final version. See also challenge 37</p>	Closed
16	CCG meeting - 19th March 18	CCG Assessment Framework	<p>The CCG reviewed AWL's level of customer engagement against their CCG Framework (based on Ofwat's Aide Memoire) at the March 18 meeting and assessed each item as red/amber and green. The CCG raised challenges against the red items at that time:</p> <p>3. Has evidence and insight obtained from customers genuinely driven and informed the development of the Business Plan</p>	<p>see also challenge 26</p> <p>The evidence that customer engagement has driven and informed the business plan is reflected in the Business Plan "narrative".</p>	Open

17	CCG meeting - 19th March 18	CCG Assessment Framework	<p>The CCG reviewed AWL's level of customer engagement against their CCG Framework (based on Ofwat's Aide Memoire) at the March 18 meeting and assessed each item as red/amber and green. The CCG raised challenges against the red items at that time:8. Has the Company engaged effectively with customers on future and long-term issues, including trade-offs and risks, in a way that customers could be expected to understand?</p>	<p>The Company responded to this challenge at a meeting of the CCG on the 17th May. CCG further challenged the risks in achieving the PCC figures in both the preferred and alternative plans, requesting the top 5 risks and their dependencies. A briefing note on the risks built in to the supply/demand modelling for the dWRMP was shared with members following the CCG meeting on the 13th June. An update on long term issues and risks was expected to form part of the presentation of the revisions to the dWRMP at the July CCG meeting.</p> <p>AWL provided a report based on the model scenarios run and the level of risks built in at the June CCG meeting</p> <p>Long term risk and resilience is being addressed as part of Phase 3 customer engagement through some qualitative work through customer insight groups and a quantitative survey on the impact to customer bills of projects to address these risks. Initial testing on long term resilience projects also was included as part of the signpost focus groups in phase 0.</p> <p>A presentation has been shared (10th Aug) with the CCG setting out the evidence in response to this question and also question 18 on resilience. The information from this paper is reflected in the BP.</p>	Open
18	CCG meeting - 19th March 18	CCG Assessment Framework	<p>10. Has the Company effectively informed and engaged customers about its current performance and how this compares with other companies in a way that customers could be expected to understand.</p>	<p>Following challenge from the CCG, comparative data has been provided in the Business Plan consultation document for all comparable PCs. Graphs of the Companies current performance over the last few years against other Companies in the industry have been included in the document.</p> <p>In the phase 0 signpost focus groups, we included comparative data on leakage, PCC and bill levels. This wasn't included to lead the conversation with customers as we chose not to share too much on our performance in the early stages of engagement</p>	Closed
19	CCG meeting - 19th March 18	CCG Assessment Framework	<p>The CCG reviewed AWL's level of customer engagement against their CCG Framework (based on Ofwat's Aide Memoire) at the March 18 meeting and assessed each item as red/amber and green. The CCG raised challenges against the red items at that time:13. Performance commitment levels - CCG view on how the Company has approached this, including whether there has been customer engagement and whether the</p>	<p>PCC stretch was discussed at the June CCG meeting with Mike Pocock presenting.</p> <p>A more detailed presentation on the PCs and the level of stretch will be provided at the July CCG meeting</p> <p>A detailed response to the levels of stretch was shared with the CCG chair at a review meeting in early August, this was documented in a paper (9th August) subsequently shared with all members. The Business Plan will also address this in the narrative.</p>	Open

			proposed levels are sufficiently stretching. (see also challenge)		
20	CCG meeting - 19th March 18	CCG Assessment Framework	The CCG reviewed AWL's level of customer engagement against their CCG Framework (based on Ofwat's Aide Memoire) at the March 18 meeting and assessed each item as red/amber and green. The CCG raised challenges against the red items at that time: 18. Resilience - has the company's assessment of resilience been informed by engagement with customers so as to understand their expectations on levels of service, their appetite for risk and how customer behaviour might influence resilience.	see response to challenge 30.	Open
21	2nd June 18	Supply Interruptions	CCG ask the Company to confirm its intentions in relation to the supply interruption performance commitment. It may be that the company considers the performance commitment is similar to one of the new common performance commitments. If this is your reason for removing the commitment could you explain how the common performance commitment relating to supply interruptions will enable the identification of the number of properties that have been affected by an unplanned interruption that lasted more than 12 hours. Given that performance across three years in AMP6 suggests there is a significant problem, when actual performance is compared to the commitment made to customers, it is difficult to see why this issue should not continue to be a commitment to customers.	This was covered as part of the July CCG meeting where we will be presenting our proposed final PC framework which will cover supply interruptions and the level of stretch. (see challenge 32)	Open

22	28th June 18	Phase 3 - core bill and additional investments	<p>Challenge provided on draft survey for final bills - setting out potential costs of possible investment projects (a reservoir and a desalination plant). The most prominent issue is that some of the questions in this survey ask customers for views of the bill impact of 3 investments which had not been explored with customers earlier in this process, even at the level of general attitudes to increasing bills to invest in additional water resources. Because the bill impact was not actually in the draft questionnaire circulated it was not possible to form a judgement about the materiality of impact, and therefore whether the customer engagement proposed - essentially one question on each item (Q8, 9 and 10) – was appropriate and proportionate to the materiality. Other points made by email.</p>	<p>It is agreed that it is not appropriate to introduce questions on specific projects without providing context around the schemes to give customers sufficient evidence with which to make an informed decision. Further review of the dWRMP is also needed to provide more certainty around the schemes proposed and the level of work to be brought forward into AMP7. It has therefore been agreed to test the bill associated with two different packages, the “core” package, and the “additional resilience” package. Phase 3 will now be structured as follows:</p> <ul style="list-style-type: none"> • Quantitative survey – testing customers acceptability of the bills and ODIs against the “core” package (ie. as presented in the acceptability testing) • Qualitative work – Using the existing ‘customer insight’ focus groups to extend discussions on resilience • Quantitative survey – using the insight from the qualitative sessions to shape and influence the quantitative research testing customers acceptability of an additional sum added to their bill to fund long term resilience projects <p>Feedback from the quantitative survey on the "core bill" was shared w/c 29th July. Feedback on the additional resilience projects through qualitative insight from customer insight groups and the quantitative survey was shared with members in mid-August. A final triangulation session to incorporate the results from this work will be carried out on the 14th August and will be reflected in V5.0 of the Business Plan.</p>	Open
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23	28th June 18	Phase 3 - core bill and additional investments	<p>When asked to review a draft questionnaire on potential investments in water resources, at a late stage in plan development, a number of challenges were posed by email. Comments included that the approach (Qs 8/9/10) to establishing that customers support the projects was extremely minimal, to the point of it being only a box ticking exercise and not in keeping with the approach to customer engagement that Ofwat set out as long ago as May 2016. E There is no exploration of alternatives or preferences, or assurance that the commitments to build something represent the lowest cost/best value for customers – and there is not even such a statement in the survey. The company was challenged on the adequacy of the proposal to only test customer support for a proposal to BUILD a reservoir with one question in an online survey – regardless of the materiality.</p>	<p>Due to the ongoing discussion with stakeholders on the schemes proposed and the level of work to be brought forward into AMP7 the reference to specific schemes has been removed, see revised methodology above.</p> <p>Discussions on the risks and long term resilience needs will be held around the collaborative solutions to the regional issues. See also challenge item 35.</p> <p>As the long-term resilience schemes are still to be detailed, specific costs have been removed from the survey. The survey focusses on the appetite of customers for the additional costs needed to maintain long term resilience. Reference is made to the development of schemes in the next 5 years</p>	Open
24	28th June 18	Phase 3 - core bill and additional investments	<p>In response to a draft questionnaire on potential investments in additional resources at a late stage in plan development the company was challenged on presenting only these elements to customers and not presenting the overall package that they would form part of. For example, Qs 5, 6 and 7 (but it also relates to Q 11) Why is the company not re-presenting all the plans called J K and L that appeared in the business plan acceptability testing? It is difficult to regard this is a meaningful exercise because if customers find the plan with bill inflated and the relevant sewerage bill forecast included unacceptable there is no alternative presented. What is the point? In what way are the results capable of being influential on plan choice?</p>	<p>Combining Plan L with the improved performance on supply interruptions (as per Plan K) to get a draft 'Core Draft' plan and an estimated bill impact. This explicit combination was not tested with customers but reflects Plan L that customers have strongly supported coupled with improved performance on supply interruptions in line with Ofwat expectations. see also item 35</p>	Open

25	29th July 2018	bursts	<p>Mains bursts – the company told us in the paper tabled at our meeting on 18 July that the business plan target is to maintain performance at 3,100 bursts per annum. We note that this level of performance has been the same in the Business Plans for AMP5 and AMP6, therefore the level of performance will have remained the same – ie not improved – for a period of 15 years. We also note that the current business plan, AMP6, included an increase in renewal of trunk mains, and a ‘hot spot’ mitigation programme and improved forecasting. Taken together with a continued level of distribution mains renewal set out in the AMP6 business plan it might be arguable that customers should expect to see an improvement in performance, rather than simply maintenance, in the next 5 years. Could the company please outline what proportion of trunk and distribution mains has been renewed in AMP5 and will have been renewed in AMP6, by 2020 and therefore what proportion of those distribution systems will be less than 10 years old by 2020. Please include the base figures for the size of these networks at start of AMP5 and start of AMP6 so that it is possible to see what proportion of the network is new in each of those periods and what proportion has been renewed. Could the company explain why it does not consider it is reasonable for the performance commitment to be improved for AMP7 even as a result of the increase in renewals in AMP6?</p>	see response to the level of PC stretch in item 32. The response is covered in the paper in response to CCG queries of 9th August 18	Open
26	29th July 2018	Atkin's independent report	<p>‘At AMP6 Business plan (see page 254) the CCG asked the company to obtain an independent report from Atkins to identify any material changes that had been made in the final business plan, highlighting for the CCG the changes, impacts and consequences. This was due to the parallel working and submission of the BP and the CCG report. Could a similar report be arranged for the CCG to receive after AWL has finalised the AMP7 Business Plan.’</p>	This is to be reviewed	Open

27	29th July 2018	ODI - customer engagement	<p>‘ODI’s As you know the CCG has to give an opinion on whether the proposed ODI payment rates reflect customer preferences. We have not been given any evidence to date which supports this. We are aware that the acceptability to customers of a single set of proposals is being undertaken with quantitative research with customers. However, that will only prove, if it does, that the single proposal is acceptable. Customers have not been given an opportunity to influence decisions in a way they could be reasonably expected to understand. The 23 July version of the Business Plan says, pages 155 and 156, says that the company has undertaken analysis to establish the value that customers place on different service attributes – their preferences and priorities. This is what we understand the description of the ‘Bottom Up’ approach in that version to be saying. Page 156 goes on to say how important this aspect of analysis is because it provides <i>‘an absolute valuation of service attributes they also provide a relative valuation between service attributes. This is particularly important in establishing our overall ODI proposals as it is very important that incentives reflect customer preference and priorities, in this case expressed implicitly through the relative valuation of service attributes’</i>. Could the company please share with the CCG, and include in its business plan, the high level and <u>clearly explained</u> output and key findings of that analysis, and show how the proposals for ODIs in the business plan relate, at all, to customer preferences.</p>	<p>The relevant benefit valuation for each PC was provided in the paper of 9th August responding to challenges on ODIs and PC stretch. WTP research and EA studies is fed in to this valuation as well as customer priority. Due to the complexity of the work, the specific customer engagement was done on the overall impact of the "suite" of ODIs</p>	Open
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28	29th July 2018	ODI - £ per annum on under/over performance	<p>We note that in its discussion of the pros and cons of the 'top down' approach on page 156 of the 23 July version of the business plan the company says it has used customer preferences to divide the total value of the proposed incentives between different performance commitments so the company must have a simple list of service features ranked in order of customer priority and preference that it can share with us, Ofwat and customers, to provide assurance. Finally, could the company please indicate what the actual values in £ per annum are that customers would ideally place on performance and underperformance in relation to different aspects of service and explain how this compares to the value(s) the company is actually proposing. This is so that we can see how far the proposed values align with or meet customer expectations or not. The simple interpretation of the 23 July version of the BP is that there is a significant gulf between customer preferences and the Ofwat policy (the top down approach) and that the company has decided to adopt and not go above the Ofwat policy of an indicative maximum value of ODIs of +3% of RORE. Without full disclosure by the company it is not possible to see how far short of customer expectations this decision is.'</p>	see response to item 40	Open
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Section B

List of queries raised between the last CCG meeting 18th July and 14th August 18

Queries raised post July 18 th CCG Meeting	
PCs	
1	Based on paper shared with CCG it is clear many PCs are not stretching or cannot be judged to be stretching because: <ol style="list-style-type: none"> a. Proposals maintain current service levels; or b. New measure and no track record
2	What will the total proportion of water that leaks out of the system be by 2020? Express as a proportion of the forecast water you are putting into supply and as a quantity of MI/d.
3	How much of that is from customer supply pipes?
	What will the proportion and quantity of leakage be by 2025? [i.e. not the proportion by which it will have reduced].
4	How does the proportion of leakage compare to the industry?
5	Given the number of meters the company is installing 2020-25 what impact on leakage would you expect those meter installations to have in the period 2020-25?
6	What action beyond meter installation will the company need to undertake to achieve the target PC by 2025 and how is this different to level of activity in the period to 2020? i.e how is the story in 'Delivery mechanism' different from the activity to 2020?
7	Objectively it looks to be stretching to secure customer reductions in consumption as stated. However, you have a significant metering programme expected to result in 18% reductions in consumption. Please confirm that 124 l/h/d (the target PCC by 2025) is a 16.7% reduction on 147.4 l/h/d (the forecast PCC by 2020).
8	Please could you indicate what contribution to the reduction in average PCC the existing and planned metering programme is expected to make, including the switch to measured charging that is yet to take place for some customers?
9	Please explain what, specifically, 'fast data' involves and when it will be available to customers? There may be more questions on this issue in order to understand the distribution of PCC amongst customers, charging areas and community areas now and in future.
10	It is not clear what the bar chart in Appendix B is showing as there is no label on the left-hand axis. Please also explain what contribution reduction in customer supply pipe leakage is expected to make to achieving the PCC target level.
11	Objectively this looks stretching but it is difficult to see how current performance relates to other companies as AFW is not shown on the bar chart which only has 17 companies present.
12	Could you please explain whether this is unplanned or planned interruptions to supply?
13	Please also explain how the targeted performance of 3 minutes per property on average by 2025 compares to the current business plan target (if it was met).
14	Objectively this looks to be an improvement to reduce the average hours that properties receive low pressure from 12 hours [per annum?] to 8.7 hours [per annum] by 2025. It is not easy to see how stretching or difficult this is however. It is noted that the chosen metric does not have any existing comparative information. Can the company provide information about its performance on this service aspect where there is comparative information already?

15	Can the company explain how this 'average' hours indicator will enable it, and customers, to see how many customers are actually affected by low pressure and whether this is changing over time.
16	Could the company please outline what proportion of trunk and distribution mains has been renewed in AMP5 and will have been renewed in AMP6, by 2020 and therefore what proportion of those distribution systems will be less than 10 years old by 2020. Please include the base figures for the size of these networks at start of AMP5 and start of AMP6 so that it is possible to see what proportion of the network is new in each of those periods and what proportion has been renewed. Could the company explain why it does not consider it is reasonable for the performance commitment to be improved for AMP7 even as a result of the increase in renewals in AMP6?
17	There is also a performance commitment to deliver several projects of 'environmental innovation' – when will the details of these projects be proposed?
18	It is noted that the customer acceptability survey presented different levels of expenditure on these projects, but the PC concerns many projects. Could the company explain what the difference is between these?
ODIs	
19	Can the company set out at a high level and clearly explain the output and key findings of WTP benchmarking to show how this reflects customer preference and how this has been used derive the ODI incentive rates
20	Provide a list of service attributes ranked in order of customer priority and preference
21	Indicate the actual values in £ per annum of incentives for each PC and explain how this compares to the values we are proposing
22	Financial incentives in terms of maximum reward and penalty would be useful?
Environmental (EA)	
23	Resilience to drought - There is no improvement suggested – the maintenance of 60% of customers at risk of severe restrictions in a 1:200 drought. The figure of 60% is very high and whilst recognising the commitment you are making to sustainability reductions it still feels that you could be aiming to deliver at least a modest reduction.
24	Unplanned outage – There is no improvement suggested. Would be good to see some improvements to performance i.e. less unplanned outage would result in lowering risk of severe restrictions in a 1:200 drought
25	Environmental pilots – It would have been useful to list the eight pilot projects with some explanation of how they will be defined? When consulting customers they were presented with an £2m or £6m option but the descriptions have now reverted to the number of projects. If applying the £2m figure does this mean eight smaller pilots then would have been delivered under the £6m option? How will under and out performance be measured? Could a stretch target extend the pilots to other water companies and stakeholders, communicate and promote the methodology and results outside of AWL region? Or set a target to achieve x number of pilots to be taken forward for implementation in AMP8.
26	River restoration - Delivery of the statutory programme in WINEP would be the baseline environmental outcome to be achieved. Failure to deliver this would result in a penalty. How will outperformance be measured? If early delivery, reward should be proportionate as environmental benefit is marginal.

27	AIM - The information in the table is quite generic and doesn't provide any detail on the number or location of the sites. AWL will need to present evidence in the Business Plan on the engagement with EA and Natural England on site identification.
Queries raised on first draft of Business Plan 23rd July 18	
1	<p>Page 131 is part of the section of the business plan which is about Resilience. Some of the material in there is familiar but not all of it and it has not been presented to the CCG as a whole at any point. Page 131 says the company 'consulted with customers and CCG on our plans'</p> <p>Could the company please indicate when the CCG was actually consulted about the resilience plans in this section of the Business Plan? I don't actually think that has happened. I would agree that some specific features of this chapters have featured in customer consultation and similarly the CCG has had an opportunity to review and challenge some specific features, but not the whole story. I suggest this is amended so that any claims are accurate.</p>
2	I was surprised at the use that was made of the results from the survey with school children as I think we were told it was not going to be used for PR19 – that was because the whole approach to the survey seemed to be more a test of knowledge (proportionately) than establishing views. I am fairly sure I can find an email about that.
3	There is an explanation of the decision to drop the VFM survey which implies the problem with it being ineffective was caused by the CCG which is not acceptable to me. (p150).
4	The BP consultation said the Affinity Water average bill in 2019/20 is £165 (see chart on page 5) . It then went on to set out three packages of performance commitments which all started with a bill of £170 in 2020 as follows. What explains the difference between £165 and £170?
5	<p>The company set out in the BP consultation document three different packages of bill level and specified some performance commitments relating to each of these as follows</p> <p>Package A - bill £170 in 2020 and £158 in 2025.</p> <p>Package B – bill £170 in 2020 £161 in 2025</p> <p>Package C – bill £170 in 2020 and £168 in 2025</p> <p>The Mori report on the Business Plan acceptability testing had three different bill level starting points to those stated above. It had the following values of bill levels for 2020 starting points:</p> <p>Central - £168 in 2020</p> <p>Eastern - £171</p> <p>South Eastern - £198</p> <p>Why do the starting point figures for bills not match between the consultation paper and the Mori report? How do you get an overall average bill of £170 when the ranges are £168, £171 and £198.</p>
6	Please could we have a cross tab analysis of the Mori report on Business Plan Acceptability which shows the responses by charging zones so we can see clearly what the acceptability levels are for Central, Eastern and South Eastern – there is a very material difference in bill level in South Eastern (perhaps due to metering). The WRZ breakdown is perhaps disguising differences in opinion.

Appendix 5

List of PR19 related documents and reports (including research findings) circulated to the CCG between September 2016 and 16 August 2018

To avoid duplication of submission this list shows where a document the CCG has received or created is either published on the AWL website OR forms part of the AWL PR19 Business Plan submission. All references given in the final column relate to Appendix 3 – therefore Annex 8 is to Appendix 3, of AWL’s Business Plan submission.

Appendix 3 of AWL’s Business Plan submission is supported by a series of Annexes -which are organised by phase of the customer engagement programme (which is chronological).

Any documents which are neither published on AWL’s website or included in AWL’s Business Plan submission can be made available to Ofwat on request if they require to see them. As can be seen from the list those documents that have not been submitted by AWL are mainly working documents such as drafts of questionnaires and publications and presentations given at meetings.

Doc No.	Item	Author	Status	Date circulated	Purpose	Discussion forum	Written Record	Is this document in the AWL Business Plan submission, including its annexes or the CCG Appendix?
1	Key Milestones	AWL	Confidential	14 th Sept 16	High level milestones for the PR19 programme	CCG Meeting 14 th Sept 16	Minutes of the meeting [AWL website]	Annex 8 CCG2
2	PR19 Issues and signposts	AWL	Confidential	14 th Sept 16	Pre SDS signposts and description			
3	Explanatory note on WRMP & Drought Management Plan	AWL	Confidential	14 th Sept 16	Update on the programme for the dWRMP and DMP			
4	CCW - using evidence to help achieve the best outcome customers	CCW	Confidential	7 th Dec 16		CCG meeting on 7 th Dec 16	Minutes of the meeting [AWL website]	Annex 8 CCG2
5	Developing our next Business Plan - Stakeholder & Community in the planning process	AWL	Confidential	7 th Dec 16	Proposal for customer engagement Phase 0 – Phase 3			
6	Your Community’s Water	AWL	Confidential	7 th Dec 16	Brochure sharing engagement plan with customers			

7	PR19 Engagement Strategy – Phase 2 PR19 customer engagement – findings and recommendations report	Create 51	Confidential	Feb 17		Pre review with TP - teleconference with Create 51 on comments		Not included
8	PR19 Engagement Strategy – Phase 1 PR14 review: findings & recommendations report	Create 51	Confidential	15 th Mar 17	Review, conclusion and learning from PR14 customer engagement programme	CCG meeting on 15 th March	Minutes of meeting [AWL website]	Annex 8 CCG2
9	PR19 Engagement Strategy – Phase 3 Pre SDS Signpost – findings and recommendations report (stage one and two)	Create 51	Confidential		Recommendations for engagement around the pre SDS signposts			
10	PR19 Outcomes development – discussion paper	Create 51	Confidential		Review of the PR14 outcomes			
11	PR19 Customer Engagement Strategy – proposed high level plan	AWL	Confidential		Summary of Create 51 papers – engagement proposal and Create 51 recommendations			
12	Pre SDS execution plan	Create 51	Confidential		Pre SDS engagement plan for Phase 0 interviews			Not included
13	Affinity Water Pre SDS Topic guide – Water Efficiency and Leakage	AWL	Confidential	2 nd June 17	Brief for in depth ethnographic interviews	Shared via e-mail		Not included
14	Affinity Water Pre SDS Topic guide – Bills and affordability	AWL	Confidential	8 th June 17	Brief for in depth ethnographic interviews	Shared via e-mail		Not included
15	Customer engagement activity – contract award	AWL	Confidential	7 th June 17	Tender process and contractor requirements	CCG Meeting 14 th June 17	Minutes of meeting	Annex 8 CCG2

16	Protocol between AWL and Customer Challenge Group v 1.2		Confidential	7 th June 17	First draft of protocol for review		[AWL website]	
17	Drought Management Plan non- technical summary	AWL	Public	19 th June 17	Non technical summary of the drought management plan issued for public consultation	Meet with TP	Meeting Notes	Annex 4 Phase 1 Ph1.5
18	Report on DMP stakeholder meetings and findings from on-line survey	OPM	Confidential	21 st June 17	Findings from the drought management plan on-line survey and the stakeholder meetings			Yes Annex 2 Enabling E2 (survey) Annex 4 Phase 1 Ph1.3 workshops and stakeholder meetings
19	DMP customer letter	AWL	Confidential	27 th June 17		Reviewed by TP	e-mail	Not included
20	Presentation – Our Customer Engagement Programme to underpin our PR19 Business Plan Phase 0 triangulation – briefing paper	AWL	Confidential	21 st July 17	Presentation to the CCG of the proposed customer engagement programme, to be undertaken with market research contractor Ipsos Mori	Presented at the Meet the Contractor Meeting on the 20 th July 17		Not included
21	Paper Phase 0 triangulation	AWL	Confidential	31 st August 17		Discussed at triangulation meeting on 5 th Sept		Yes Annex 3 Phase 0 Ph0.1

22	AWL timetable – CCG review points	AWL	Confidential	8 th Sept 17		CCG meeting 13 th Sept 17	Minutes of meeting [AWL website]	Annex 8 CCG2
23	Proposal for Bespoke Commitment working groups	AWL	Confidential		Proposal and terms or reference for working groups for vulnerability, resilience and environment			
24	Briefing on dWRMP	AWL	Confidential		Update on plan and development of dWRMP			
25	Water Quality update for PR19	AWL	Confidential		Water quality in PR19 and challenges for future, including lead replacement			
26	Inclusive customer service programme	AWL	Confidential	4 th Oct 17	An update on AWL's programme of work to develop its Inclusive Customer Service programme for the remainder of AMP6 and in to AMP7	Discussed at working group meeting on 6 th Oct 17	Minutes of meeting	Not included
27	Water Industry Strategic Environmental Report (WISER)	EA	Public	9 th Nov 17		Link provided in October Edition of the Loop		Not included
28	V&A working group briefing paper	AWL	Confidential	14 th Nov 17	Paper describing the work AWL is currently doing to understand its vulnerable customers through working with partners, current customer engagement and discussion on bespoke commitments	Discussed at working group meeting on 17 th Nov	Minutes of meeting	Not included
29	Resilience and environment working group paper	AWL	Confidential	16 th Nov 17		Discussed at working group	Minutes of meeting	Not included

						meeting on 20 th Nov			
30	Customer engagement – interim phase 1 update	AWL	Confidential	24 th Nov 17	Approach for phase 1 – objectives and engagement activities	Shared with CCG via e-mail	Response to comments	Not included	
31	DWI presentation to CCG	DWI	Confidential	7 th Dec 17	Customer contact, CRI and water quality issues for PR19	CCG meeting on 14 th Dec 17	Minutes of Meeting [AWL website]	Annex 8 CCG2	
32	Update on PR19 schedule	AWL	Confidential		Update from working groups on bespoke PCs, impact of Ofwat’s expectation for upper quartile targets for mandatory PCs, approach to outcomes				
33	Update on bespoke and mandatory commitments and outcomes	AWL	Confidential						
34	Engagement on ODIs	AWL	Confidential						Discussion on approach to willingness to pay
35	Update on dWRMP, draft of non technical summary	AWL	Confidential						Public consultation and engagement strategy
							AWL tabulated responses to comments – see Item 55		
36	Phase 1 Triangulation report	Ipsos Mori	Confidential	19 th Dec 17		Discussed at Phase 1 triangulation meeting on 11 th Jan 18	Minutes of meeting	Yes Annex 4 Phase 1 Ph1.1	
37	Social tariff cross subsidy draft questionnaire	Ipsos Mori	Confidential	20 th Dec 17	Review of questions for online survey	Shared by e-mail		Not included	
38	Ipsos Mori report on in depth interviews with vulnerable customers. +	Ipsos Mori	Confidential	20 th Dec 17	Reports on interviews with vulnerable customers and outcome from	Shared by e-mail		Yes Annex 4 Phase 1 Ph1.2	

	note of partner focus group				discussion with partners			
39	Phase 1 triangulation paper	AWL	Confidential	5 th Jan 18		Discussed at Phase 1 triangulation meeting on 11 th Jan 18	Minutes of meeting	Annex 4 Phase 1 Ph1.1
40	Phase 1 Triangulation presentation	AWL	Confidential	12 th Jan 18		Presented at Phase 1 triangulation meeting on 11 th Jan 18	Minutes of meeting	Annex 4 Phase 1 Ph1.2
41	Annex B – evidence per performance commitment	AWL	Confidential	12 th Jan 18		Presented at Phase 1 triangulation meeting on 11 th Jan 18	Minutes of meeting	Yes Annex 1 Overarching Over 2
42	Working with Partners report	AWL	Confidential	9 th Feb 18		Findings from the meetings with Partners (vulnerable customers)		Not included
43	Future customers – online survey questionnaire	AWL	Confidential	21 st Feb 18		Shared via e-mail	Response to comments	Survey Report Annex 5 Phase 2 Ph2.7
44	Future customers – school focus group brief	AWL	Confidential	21 st Feb 18		Shared via e-mail		Focus group report Annex 5 Phase 2 Ph2.8
45	Proposal for bespoke commitment – vulnerability	AWL	Confidential	27 th Feb 18	Output from working groups – proposal to	Shared via e-mail		Not included

					AWL reg working group			
46	Proposal for bespoke commitment – resilience & environment	AWL	Confidential	27 th Feb 18	Output from working groups – proposal to AWL reg working group	Shared via e-mail	Response to comments	Not included
47	Report of findings from Social Tariff survey	Ipsos Mori	Confidential	1 st March 18		Shared via e-mail	Response and updated report	Annex 4 Phase 1 Ph 1.4
48	AWL approach to PR19 customer engagement – presentation to Ofwat	AWL	Confidential	2 nd March 18		Shared with TP	TP attended meeting	Not included
49	WRSE briefing	WRSE	Confidential	10 th March 18	WRSE achievement aims and future ambitions	Posted on sharepoint for information		Not included
50	Method statement for dWRMP on line survey and focus groups	Ipsos Mori	Confidential	12 th March 18		Shared via e-mail	Discussed at CCG meeting on	Not included
51	Method statement for business plan quantitative survey (face to face) and focus groups	Ipsos Mori	Confidential	12 th March 18		Shared via e-mail	Discussed at CCG meeting on 19 th March	Not included
52	What our customers are telling us and how this is informing the Business Plan	AWL	Confidential	13 th March 18	Update on findings from operational data form the customer service team	CCG Meeting 19 th March 18	Minutes from meeting [AWL website]	Annex 8 CCG2
53	Draft High Level Narrative	AWL	Confidential		Draft executive summary narrative for Business Plan			
54	Update to annex B, customer engagement against PC	AWL	Confidential					
55	Table of responses to comments on dWRMP non technical summary	AWL	Confidential		AWL responses following CCG review			

56	dWRMP on line questionnaire	Ipsos Mori	Confidential		Review questions for the on-line survey		AWL table of responses to CCG comments (see Item 61)	
57	dWRMP focus group discussion guide	Ipsos Mori	Confidential		Review guide and showcards for the preferred and alternative plans			
58	Business Plan questionnaire for face to face interviews and showcards	Ipsos Mori	Confidential	29 th March 18	Review of questions and showcards	Shared via e-mail	AWL responses to CCG comments on BP engagement material (see item 61)	Not included
59	Business Plan consultation document	AWL	Confidential	5 th April 18	For review	Shared via e-mail		Not included
60	Discussion guide and showcards for Business Plan focus groups	Ipsos Mori	Confidential	11 th April 18	For review	Shared via e-mail		Not included
61	Response to CCG comments on the dWRMP on line survey questionnaire and focus groups	AWL	Confidential	23 rd April	AWL responses following CCG review	Shared via e-mail		CCG Appendix 4
62	Business Plan consultation document and stakeholder letter	AWL	Public	26 th April 18	Public consultation	Shared via e-mail [AWL website]		Not included
63	Response to CCG comments on the BP face to face interview questionnaire for acceptability testing and the focus groups	AWL	Confidential	3 rd May 18	AWL responses following CCG review	Shared via e-mail		CCG Appendix 4
64	Early submission to Ofwat – Performance commitments and cost adjustment claims	AWL	Confidential	9 th May 18		Shared via e-mail		Not included
65	Long term potential for deep reductions in household water demand	Artesia	Public	9 th May 18	For information	Link shared via e-mail [ofwat website]		Not included

66	PR19 community strategy	AWL	Confidential	11 th May 18	Proposed strategy for PR19	CCG Briefing session 17 th May	Minutes of meeting	Notes from website will be included in Annex 8 CCG2
67	Abstraction Incentive Mechanism	AWL	Confidential		PC proposal and stakeholder engagement			
68	Meeting expectations & challenges of other organisations	AWL	Confidential		Working with stakeholders (environment/water resources)			
69	Long term issues & risks	AWL	Confidential	17 th May 18	Stakeholder engagement on dWRMP and DMP			
70	Vulnerability & Affordability Paper	AWL	Confidential	1 st June 18	Update on proposals for PR19 for vulnerable customers (including payment methods/debt)	CCG Briefing session 5 th June 18	Minutes of meeting	Not included
71	DWI letter of support for lead replacement pilot projects	DWI	Confidential	6 th June 18		Shared via e-mail & included in June CCG pack		Not included
72	Report from school focus groups and future customer online survey	AWL	Confidential	6 th June 18	Report of findings	Shared via e-mail		Yes Survey Report Annex 5 Phase 2 Ph2.7
73	Report of findings from the Business Plan focus groups	Ipsos Mori	Confidential	7 th June 18	Report of findings	Shared via e-mail		Yes Survey Report Annex 5 Phase 2 Ph2.8
74	Report of findings from online survey and focus groups on the dWRMP	Ipsos Mori	Confidential	8 th June 18	Report of findings	Shared via e-mail		Yes Annex 5 Phase 2 Ph2.5
75	Triangulation method statement	Ipsos Mori	Confidential	8 th June 18	For review	Shared via e-mail	Response from KG	Yes Annex 5

								Phase 2 Ph2.2
76	Business Plan Acceptability testing survey – topline results	Ipsos Mori	Confidential	11 th June 18	Raw data results	Shared via e-mail & discussed at June CCG meeting	Minutes of meeting [AWL website]	Annex 8 CCG2
77	Report from stakeholder events on dWRMP and Business Plan	Traverse (OPM)	Confidential	12 th June 18	Report of findings	Shared via e-mail & Discussed at June CCG meeting		BP Acceptability Phase 2
78	Briefing Note on PCs and ODIs	AWL	Confidential	12 th June 18	Background information to support discussions on PCs and ODIs	Shared via e-mail & Discussed at June CCG meeting		Annex 5 Ph2.4
79	Ofwat response to dWRMP consultation	Ofwat	Public	14 th June 18	Ofwat response to dWRMP consultation	Circulated at June CCG meeting and shared via e-mail		Stakeholder events dWRMP Annex 5 Ph2.6
80	dWRMP PCC risks and headroom	AWL	Confidential	14 th June 18	Response to query raised at May Briefing session	Circulated at June CCG meeting and shared via e-mail		
81	Response to David Cheek’s challenge on PCC	AWL	Confidential	14 th June 18	Response to DC queries	Circulated at June CCG meeting and shared via e-mail		
82	Draft Business Plan presentation slides (CCG)	AWL	Confidential	14 th June 18	Update to the BP proposal – outcomes, PCs and ODIs	Circulated and discussed at June CCG meeting		
83	Draft Business Plan presentation slides (Board)	AWL	Confidential	22 nd June 18	Update to slides following board review	Shared via e-mail	Table of responses to comments (see item 103)	Not included
84	Business Plan Acceptability Testing Report	Ipsos Mori	Confidential	27 th June 18	Report of findings	Shared via e-mail	Table of responses to Comments (see item 103)	Phase 2 Annex 5 Ph2.4

85	Draft Questionnaire for Phase 3 final bill plan survey	Ipsos Mori	Confidential	27 th June 18	Draft questionnaire for comment	Shared via e-mail	Table of responses to comments (see item 88)	Not included
86	Feedback received from the dWRMP consultation	AWL	Confidential	2 nd July 18	Summary of findings and detailed responses received	Shared via e-mail		Report on dWRMP Annex 5 Phase 2 Ph2.5
87	Questionnaire for Phase 3 core bill plan survey	Ipsos Mori	Confidential	11 th July 18	Final questionnaire following challenges and business updates	Shared via e-mail	Discussed at July CCG meeting	Not included
88	Table of responses to CCG comments on the original proposed questionnaire for Phase 3 survey	AWL	Confidential	11 th July 18	Response to CCG queries on first draft of phase 3 survey	Shared via e-mail	Discussed at July CCG meeting	CCG Appendix 4
89	Briefing Note on Phase 3 customer engagement programme	AWL	Confidential	13 th July 18	Plan for phase 3 engagement	Shared via e-mail	Discussed at July CCG meeting	Not included
90	Road Map to 3 rd Sept	AWL	Confidential	15 th July 18	Plan for engagement and compilation of BP	CCG meeting 18 th July 18	Minutes of Meeting [AWL website]	Annex 8 CCG2
91	Triangulation - What customers want through PC lens	AWL/Arup	Confidential		Summary of findings following triangulation against PCs			
92	Triangulation – what customers want by theme	AWL/Arup	Confidential		Summary of findings following triangulation against customer theme			
93	Business Plan Bill Level Briefing	AWL	Confidential		Review of Bill proposal			
94	First draft WRMP chapter of BP	AWL	Confidential		Early draft of WRMP chapter providing update on status			
95	PC target and stretch	AWL	Confidential		Briefing note on PC targets and their level of stretch			

96	Triangulation tool	AWL/Arup	Confidential		Details of all customer engagement findings, PR14, pre SDS, phases 0-2, operational, commercial			Annex 1 Overarching Over 2
97	Draft questionnaire for Phase 3 “additional resilience plan” survey	Blue Marble	Confidential	17 th July	Draft questionnaire for comment	Shared via- e-mail	Direct feedback and Discussed at July CCG meeting	Not included
98	Paper on PC stretch	AWL	Confidential	18 th July 18	Detailed paper on PC stretch	Circulated at July CCG meeting	Feedback session TP/CO and paper (see item 104)	Not included
99	Pre draft Business Plan report (version 2)	AWL	Highly Confidential	24 th July	Draft BP before Board review	Shared with TP only (hard copy)	Table of responses to comments	Not included
100	Final Report on Inclusive Service for Vulnerable customers	AWL	Confidential	24 th July	Final paper to provide conclusion to working group	Shared via e-mail	comments	Not included
101	Top line findings from the Phase 3 Core Bill Plan quantitative survey	Ipsos Mori	Confidential	31 st July 18	High level findings and raw data	Shared via -e-mail		Full report Annex 6 Phase3 Ph 3.2
102	Draft Business Plan (version 3)	AWL	Highly Confidential	1 st Aug 18	Draft Business Plan	Available on sharepoint - Hard copies to those members requesting	Table of responses to comments (see item 106)	Not included
103	AWL table of responses to CCG queries on the Acceptability Survey	AWL	Confidential	1 st Aug 18	Table of responses to CCG comments	Shared via e-mail		Not included

	report and the draft BP slides							
104	Response to CCG challenges on PC stretch and ODIs	AWL	Confidential	10 th Aug 18	Responses to challenges raised following July CCG	Discussion with TP, papers shared by e-mail		Queries listed in Appendix 4
105	Resilience - evidence of customer engagement	AWL	Confidential	10 th Aug 18	Evidence to support the assessment framework questions 8 and 18.			Report included in Triangulation Annex 6 Phase 3 Ph3.1
106	Table of responses to BP comments on Business Plan draft versions 2 and 3	AWL	Confidential	13 th Aug 18	AWL response to comments raised	Shared with TP via e-mail		Queries listed in Appendix 4
107	Draft Business plan – version 4	AWL	Highly Confidential	15 th Aug 18	Version 4	Available on sharepoint - Hard copies to those members requesting	Table of responses to comments	Not included
108	Findings from customer insight groups on long term resilience and risk	Blue Marble	Confidential	16 th Aug 18	Report of findings	Shared via e-mail		Annex 6 Phase 3 Ph3.1
109	Report on Phase 3 Core Bill plan quantitative survey	Ipsos Mori	Confidential		Detailed report of findings			Annex 6 Phase 3 Ph3.2
110	Report of Phase 3 additional resilience investment plan – quantitative survey	Blue Marble	Confidential		Detailed report of findings			Annex 6 Phase 3 Ph3.1
111	Paper on Final Bill plan	AWL	Confidential		Response to queries raised on customer engagement on bills + details of final bill plan			Not included
112	Breakdown of number of customers consulted with	AWL	Confidential		Spreadsheet showing the breakdown of the number of customers			Annex 1 Overarching Over 3

	as part of the customer engagement analysis				consulted with during all phases of the customer engagement programme			
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Appendix 6

CCG PR19 Business Plan Assessment Framework (agreed March 2018)

1. Has AWL developed a genuine understanding of customers priorities, needs and requirements, drawing on a robust, balanced and proportionate evidence base
2. Has AWL engaged with customers on the issues that matter to them?
3. Has evidence from customers genuinely driven and informed the development of the business plan?
4. Has the company used multiple data sources and triangulated those effectively to develop its proposals, and carry out customer engagement?
5. Has the company presented its customers with realistic options?
6. Has the customer engagement process been ongoing two way and transparent with the company informing customers as well as soliciting feedback from them?
7. Has the engagement with customers been sufficiently diverse, involving the using of methods appropriate and effective for engaging with a diverse range of customers. Does this include customers in circumstances that make them vulnerable? Has the company considered the most effective methods for engaging different customers, including those that are hard to reach?
8. Has the company engaged effectively with customers on future and long term issues, including trade offs and risks, in a way customers could be expected to understand?
9. Where appropriate, has the company considered how customers could help co-create and co-deliver solutions to underlying challenges?

10. Has the company effectively informed and engaged customers about its current performance and how this compares with other companies in a way customers could be expected to understand?
11. Is the proposed plan affordable for current customers, future customers and those struggling or at risk of struggling to pay? How well does the company understand what affordability looks like for its customers, and do customers support the approach they have taken?
12. Vulnerability - Is the company's approach to vulnerability targeted, efficient and effective? CCG view on the quality of planned support for customers in vulnerable circumstances, taking into account Ofwat's February 2016 Vulnerability Focus report.
13. Performance commitment framework – including Outcomes and ODIs – how have we reviewed and challenged
14. Opinion on proposed outcomes, performance commitments – both common and bespoke - and outcome delivery incentive in terms of level of stretch, customer engagement and support
15. AIM – has Affinity engaged with local stakeholders to propose its AIM incentives? Has it identified suitable sites in liaison with the Environment Agency? (Aim is also a PC see Q14 above)
16. Leakage – has Affinity taken customer views into account in its proposed five year PC levels? (see also response to Q14 above)
17. Transparency – are the company plans for reporting on performance 2020 – 25 suitable
18. Resilience – has the company's assessment of resilience been informed by engagement with customers so as to understand their expectations on levels of service, their appetite for risk and how customer behaviour might influence resilience
19. Cost efficiency – if there are cost adjustment claims is there evidence that customers support the project? Does the proposal deliver outcomes that reflect customers' priorities identified from customer engagement? Has the company taken account of customers' views and is there evidence that the proposed solution represents best value for customers in the long term, including evidence from customer engagement

Appendix 7

Correspondence to the CCG from the Drinking Water Inspectorate supporting AWL's lead pipe replacement programme including the proposals in its PR19 Business Plan submission

Drinking Water Inspectorate statement

**PR19 Drinking Water Inspectorate statement for
Affinity Water Customer Challenge Group report to Ofwat**

1 Introduction

- 1.1 The Drinking Water Inspectorate (DWI) is the independent regulator of drinking water quality in England and Wales. We protect public health and maintain confidence in public water supplies by ensuring water companies supply safe clean drinking water that is wholesome, and that they meet all related statutory requirements. Where standards or other requirements are not met, we have statutory powers to require water supply arrangements to be improved.
- 1.2 We publish information about drinking water quality and provide technical advice to the Secretary of State for the Environment, Food & Rural Affairs, and to Welsh Ministers.
- 1.3 For PR19, water companies are expected to ensure that their business plans make provision to meet all their statutory obligations, including the need for public water supplies to be safe, clean and wholesome, and that provision is made for a sustainable level of asset maintenance to maintain public confidence in drinking water quality in the long-term. Ministers summarised these requirements in "The government's strategic priorities and objectives for Ofwat¹ (Sept 2017)".
- 1.4 In addition, the Inspectorate set out in our "Guidance Note: Long term planning for the quality of drinking water supplies (September 2017)"². This includes guidance to companies on the regulatory framework for drinking water quality, statutory requirements, the Inspectorate's role in the Price Review process and our requirements for companies seeking technical support.
- 1.5 It is worth noting the particular emphasis that Ministers placed in their Guidance on the resilience of supply systems, and that the Inspectorate placed on existing duties to manage the introduction of new sources and to plan supply arrangements to protect consumers and ensure no deterioration in the quality of their supplies.
- 1.6 The Inspectorate have supported the Company's CCG process throughout the PR19 process being available to discuss any matters relating to drinking water quality.

2 Formal drinking water proposals requiring DWI technical support

- 2.1 As with previous periodic reviews, water companies seeking technical support from the Inspectorate must demonstrate the need for each proposal. The case for justification must be accompanied by evidence of the company's options appraisal process to identify the most robust, sustainable and cost-effective solution, with evidence that the preferred solution will adequately address the risk and deliver the required outcome within an appropriate timescale.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661803/sps-Ofwat-2017.pdf

² <http://www.dwi.gov.uk/stakeholders/guidance-and-codes-of-practice/ltpg.pdf>

Drinking Water Inspectorate statement

- 2.2 Affinity Water submitted 1 formal proposal for drinking water quality to the Inspectorate, listed in the table in Annex A.
- 2.3 The Company submitted its proposals to the Inspectorate by the published deadline of 31 December 2017. Some further follow up information was requested from the Company and responses received as required.
- 2.4 The Inspectorate has formally supported the Company's proposal and we will put a legal instrument in place to make the proposals legally binding programmes of work. Our final decision letter was sent to the Company on 30 May 2018.
- 2.5 The Company's proposal relates to facilitating compliance with the lead standard. The Inspectorate expects that the Company will have a strategy in place for managing lead in drinking water that should form part of a risk-based programme of work that includes a range of measures to address lead in identified high risk areas, and target high risk properties and vulnerable consumers. In AMP7 the Company proposes an extensive programme of lead pipe replacement/refurbishment in a high risk area with a view to reducing or removing orthophosphate treatment in this area as a pilot for the Company's long term lead strategy.
- 2.6 Additionally with regard to metaldehyde, we are currently awaiting Ministerial guidance about future use restriction for metaldehyde and will look to revise the existing undertakings once this guidance has been received.
- 2.7 It should be noted that this improvement scheme will make only a small contribution to enabling the Company to meet its legal obligations in respect of drinking water quality. These obligations are met overwhelmingly by the Company making sufficient provision for operational and maintenance requirements in its business plan, and by its use of those resources. These are matters for the Company to determine and deliver. For its part, the Inspectorate will continue to keep under review, and report on, the performance of the Company in meeting its legal obligations.
- 2.8 The summary of the improvement scheme above reflects the position at the time of writing this note. Further discussions are needed with the Company to finalise details. We will advise the Customer Challenge Group of any material changes.
- 2.9 This note will be copied to Ms Pauline Walsh of Affinity Water. Any queries arising should be directed to Sue Pennison, Principal Inspector, Drinking Water Inspectorate, at Sue.Pennison@defra.gsi.gov.uk.

Milo Purcell

Milo Purcell
Deputy Chief Inspector

Drinking Water Inspectorate statement

Drinking Water Inspectorate
Area 1A Nobel House
17 Smith Square
London
SW1P 3JR

29 June 2018

Drinking Water Inspectorate statement

Annex A: Drinking Water Quality schemes and DWI decisions

PR19 DWI ref	Scheme Name	Quality parameter	Scheme type	Preferred option	DWI final decision
ATW 1	Distribution system Z075 Underground Zone 1	Lead	Distribution	Lead service pipe replacement	Support - Regulation 28 notice



guardians of drinking water quality

DRINKING WATER INSPECTORATE

Area 1A
Nobel House
17 Smith Square
London
SW1P 3JR

Enquiries: 030 0068 6400

E-mail: milo.purcell@defra.gsi.gov.uk
DWI Website: <http://www.dwi.gov.uk>

30 May 2018

Ms Pauline Walsh
CEO
Affinity Water
Tamblin Way
Hatfield
Hertfordshire
AL10 9EZ

Dear Ms Walsh

PERIODIC REVIEW 2019: Affinity Water Ltd
DWI Scheme reference: AFW 1 – Underground zone 1 - Lead

FINAL DECISION LETTER

The Inspectorate has completed its detailed assessment of the scheme proposed by Affinity Water to provide a piloted trial to secure or facilitate compliance with the lead standard for drinking water quality reasons in the distribution system of Z075 Underground Zone 1.

The detailed assessment also took in to consideration the outcome of the risk assessment report submitted to the Inspectorate as required by regulation 28(1) of the Water Supply (Water Quality) Regulations 2016 for a piloted trial in Horsley Cross WTW connected supply system.

A summary of the outcome of our assessment of this scheme is attached. Based on the information submitted by the Company, the Inspectorate supports the need for a scheme to reduce lead concentrations in treated water for water quality reasons, and the supported scheme shall be included by the Company in its Final Business Plan, subject to the caveats listed in the attachment.

In this instance the Inspectorate intends to issue a Notice under Regulation 28(4) of the Water Supply (Water Quality) Regulations 2016, as amended, that requires the Company to mitigate the risk of lead that has been identified as a potential danger to human health from the water supplied from Horsley Cross WTW.

It is expected that the Company will continue to monitor treated water lead concentrations, and that it will take all reasonable steps to prevent contraventions of the lead standard.

Department for Environment,
Food and Rural Affairs

Home Page: www.dwi.gov.uk
E-mail: dwi.enquiries@defra.gsi.gov.uk

Llywodraeth Cymru
Welsh Government

I am copying this letter to:

- Jon Ashley and Kevin Ridout at Ofwat;
- Elinor Smith and John Collins at the Environment Agency;
- Tony Redmond (CCW Chair, London and South East)
- Teresa Perchard (Chair of Customer Challenge Group)

Please contact Sue Pennison (Sue.Pennison@defra.gsi.gov.uk) with any queries relating to this letter.

Yours sincerely

Milo Purcell
Deputy Chief Inspector

Department for Environment,
Food and Rural Affairs

Home Page: www.dwi.gov.uk
E-mail: dwi.enquiries@defra.gsi.gov.uk

Llywodraeth Cymru
Welsh Government

PERIODIC REVIEW 2019

SUMMARY OF DWI ASSESSMENT – LETTER OF SUPPORT

	Comment
Water company:	Affinity Water Ltd
DWI scheme reference(s):	AFW 1
Scheme name:	Underground Zone 1 - Lead
Proposal:	Provision of a piloted trial at Underground Zone 1 to secure or facilitate compliance with the lead standard for drinking water quality reasons.
Supporting evidence:	Risk assessment report for Z075 Horsley Cross dated 06 November 2017, submitted on 31 December 2017 Letter reference – DWI PR19 Annex A Lead Final 311217.
Conclusion:	Subject to the caveats listed below, the Inspectorate supports the need for the following scheme: A piloted trial of communication and supply lead pipe replacement in the in the distribution system of Z075 Underground Zone 1 where lead is the highest water quality risk in the Horsley Cross WTW supply system
Timescale:	Completion date: March 2025
Estimated cost:	Estimated capital costs: £12,965,289 Estimated net additional operating costs: NA
Legal Instrument Required:	Notice under Regulation 28 (4)*
Caveats:	None
Comment:	DWI has no role in determining proportional allocation of expenditure. Where DWI technical support is given, this should not be taken by the company to imply that the scheme will be partially or wholly funded as a Quality item Schemes that require a legal instrument are considered necessary to meet statutory drinking water quality requirements. These schemes will be transposed to formal programmes of work by DWI as soon as possible and their implementation and completion will be monitored, audited and closure confirmed by DWI.