

1.4 Minutes of the Meeting of the Customer Challenge Group

Monday 20 Jan 2020, 10:00

held at

Affinity Water Limited, Tamblin Way, Hatfield AL10 9EZ

CCG MEMBERS IN ATTENDANCE		
Teresa Perchard	<i>Chair</i>	TP
Gill Taylor	<i>Groundwork East</i>	GT
Richard Tunnicliffe	<i>CBI</i>	RT
David Cheek	<i>Friends of Mimram</i>	DC
James Jenkins	<i>University of Hertfordshire</i>	JJ
Tom Perry	<i>Environment Agency</i>	TPy
Simon Morrison	<i>Nesta</i>	SM
Bob Winnington	<i>Money Advice Liaison Group</i>	BW
Karen Gibbs	<i>CCWater</i>	KG
Unette Spencer	<i>Mastercard</i>	US
Tina Barnard	<i>Watford Community Housing</i>	TB
Observing		
Caroline Warner	<i>Chair designate</i>	CW
APOLOGIES		
Richard Haynes	<i>Up on the Downs</i>	RH
AFFINITY WATER ATTENDEES		
Anne Scutt Webber	<i>CCG Manager</i>	ASW
Jake Rigg	<i>Director of Communications and Corporate Affairs</i>	JR
Stève Hervouet	<i>Director of Regulation and Strategy</i>	SH
Lauren Schogger	<i>Programme Manager PR19</i>	LS
Clare Carlaw	<i>Consultation Lead (WRMP)</i>	CC
Keith Gardner	<i>Director of Asset Strategy</i>	KGa
Alan Shaw	<i>Head of audit risk and compliance</i>	AS
Patrick Campbell	<i>Head of Infrastructure Strategy</i>	PTC

AGENDA ITEM	MINUTE	ACTIONS	OWNER
1.	HOUSEKEEPING AND GOVERNANCE		
1.1	TP announced that as Caroline Warner had been appointed as new Chair of the CCG from 1 st April 2020 she had therefore stepped down from her role as the CCW Local Consumer Advocate for Affinity Water. TP had invited CW to attend this meeting as chair designate. She would also attend the meeting in March.		
1.2	Apologies were noted as listed above.		
1.3	No conflicts of interest were declared.		

1.4	The minutes of 13 Nov 2019 were APPROVED . TP to sign, ASW to publish on the website.	<i>Upload signed minutes to website</i>	ASW
1.5	<p>Actions were noted.</p> <ul style="list-style-type: none"> • KG confirmed that CCW's report on bill acceptability across the water companies will be published next month (Feb) • JR advised that a summary of the stakeholder assembly will be circulated. • JR advised that the AWL annual performance report for 2018/19 would be published by the end Feb. • TP advised that the revised ToR for the environmental innovation projects sub group should now be presented for agreement at the March meeting. 	<i>See action log</i>	
1.6	The Chair's report was noted.		
1.7	GT had attended the WRE stakeholder event		
	KG reported that as part of a UK Regulators Network (UKRN) initiative, CCW had worked with Ofwat to develop a water company performance comparison scorecard looking at areas such as value for money, complaints, customer satisfaction. This had been published recently.	<i>Share UKRN performance scorecard and report</i>	ASW
	Following the note in the Chair's report, KG advised that CCW had completed a survey with CCGs on their PR19 experience. The responses showed similar successes and concerns, in particular around the remoteness of Ofwat during and after the business Plan submission and the requirement for CCGs to submit an assurance report at the same time as the Business Plan. KG will share the summary report of the findings.	<i>KG to share report on CCG survey of the PR19 experience</i>	KG
	CCW would be producing a report in Spring 2020 "Water Mark" reviewing and comparing the common PCs across the industry. KG confirmed that data for the first report would be based on 19/20 performance (shadow report).	<i>KG to circulate first draft of Water Mark report</i>	KG
2.0	FINAL DETERMINATION		
	A briefing and presentation from the company had been circulated giving an overview of Ofwat's final PR19 determination. LS indicated that overall the Company was pleased that some changes had been made by Ofwat between the draft and Final Determination (FD). Discussions were ongoing with the Board on whether to accept the FD, a final response needed to be provided to Ofwat by mid February.		
	TP asked if the company could provide information which showed a comparison of the AMP7 performance commitment targets to the current level of performance being achieved so that the Group could see clearly where the company had furthest to go to achieve the level of performance expected by the price review.. The CCG would also like to understand how the rewards and	<i>Share table of current performance levels against AMP 7 targets with implications of ODIs to customers</i>	LS

	penalties could affect customers/impact on bill – ie what the potential value of any rewards and penalties in the final determination are.		
	SH confirmed that the company had started to prepare for the delivery of AMP7 in November. An AMP7 readiness group had been set up to ensure the programme starts well in April 20.		
	TP also asked if the Company could compile a list of the “soft” commitments which are written in the Business Plan narrative. TP also intended do this as a briefing for members and would share.	<i>Provide a list of non PC related commitments from the BP</i>	LS/TP
	In response to questions about customer facing communications on the final determination LS indicated that the Company is producing a customer friendly guide to the Business Plan. TP asked that a draft is reviewed by the CCG members. CCW indicated they would also like to review the text.	<i>Share draft of customer brochure on FD with CCG and CCW</i>	LS
	TB asked how lessons learnt from the PR19 process would be integrated into the AMP7 delivery plan. The Company will carry out a further lessons learnt exercise and will seek feedback from the CCG. Findings will be shared.	<i>PR19 survey to be shared with CCG members and findings reported</i>	LS
	RT asked if Ofwat will review the role of the CCGs for the next price review. TP responded that whilst Ofwat was expected to review all aspects of the price review over the next 18 months it was not thought likely by the CCG Chairs that Ofwat will use CCGs as such at the next price review. However, the trend in other sectors was to extend such arrangements – for example for the price review of monopoly electricity and gas networks Ofgem had established a sector challenge group in addition to company specific groups and would be holding public hearings to examine business plans		
	3.0 WATER RESOURCES MANAGEMENT PLAN		
	Water Resources Regional Plans		
	AWL briefed the group on the work going on across South East England to develop a regional water resources plan for the future. The water resources regional plan would be developed using a common approach to customer and stakeholder engagement across the region enabling comparable research and consultation results.		
	The approach had been agreed with the Ofwat Regulatory Alliance for Progressing Infrastructure Development working group meeting (RAPID) where a common language for this area of work across all regions was advocated.		
	CC confirmed that AWL is part of both WRSE and WRE but also participates in other regional groups to ensure consistency. KGa confirmed that all regional groups are working to a national framework.		
	The group was currently collating and evaluating the material from the PR19 customer and stakeholder engagement undertaken across the regions, developing a common language, looking for common themes and		

	also gaps in the data. The companies wished to involve the CCGs across the region. CW suggested that customer and stakeholder responses may be different now following the wide coverage of environmental issues in the media.		
	GT noted that the approach seemed to be more stakeholder than customer focussed. CC confirmed that there were plans for customer engagement through regional focus groups, consultation on regional plans and the WRMP consultation.		
	DC raised a concern on the potential dilution of the AWL customer views when set against the evidence base from larger companies. CC confirmed that this issue had been raised and steps will be taken to ensure that the research is proportionate and local area insight is taken into account.		
	It was agreed that CW and DC will represent the AWL CCG at the regional events and future meetings.	<i>CC to invite CW and DC to the Water Resources Forum on 26 February</i>	CC
	It was agreed that a CCG sub group on the regional WRMP was not required at this point whilst the programme was being developed. This would be kept under review.		
	WRMP		
	CC reported that the publication of the statement of response, along with the WRMP had been delayed. The application for a 6Mld abstraction from Runley Wood greensand source has been declined by the EA. AWL are looking at other potential sources and options to bring forward schemes from future plans.		
4.0	EA Consultation on Environmental Performance Assessment (EPA) Methodology		
	TPy provided some background to the EPA that has been in place for WASCs since 2011, focussing mainly on sewage related pollution incidents. The EA wish to widen this to cover water only companies and therefore all pollutions incidents and also report on other areas of EA focus, WINEP, abstraction and supply demand balance.		
	The EA is proposing to start gathering the data and review how it is compared and evaluated over the next 2 years. The consultation asks for views on bringing this forward and also views on the four star performance rating.		
	The report would be published annually in July aligning it to Company reporting. The report will also include a narrative.		
	TPy confirmed that pollution measures were currently measured on a calendar year basis, all other measures were regulatory year.		
	JJ suggested that it would be useful to draw out the leakage performance from the supply demand balance.		
	CW proposed that there should be a report on other environmental initiatives that were being undertaken by the companies. TPy confirmed that there would also be a narrative and this could be covered within this.		

	The view on the star ratings was that these should encourage and incentivise companies to perform well.		
	It was also suggested that best practice should be shared as an outcome from the reports.		
	TP requested that AWL shares the 19/20 data with the CCG.	<i>AWL to share 19/20 data against measures where possible</i>	ASW
	It was agreed that TP would provide a formal response to the consultation welcoming the move, urging alignment of reporting and publication cycles with other regulatory and performance information so that customers and stakeholders can get a complete picture of how a company is performance and encourage the EA to publish data more quickly than proposed. A brief letter from the CCG was suggested rather than complete the questionnaire as not all the questions seemed capable of answer by the CCG at this point without sight of performance results or in depth knowledge of the measurement framework	<i>TP to share draft response to consultation</i>	TP
5.0	ASSURANCE PLAN		
	AS presented the company consultation on the Assurance Plan for 2019/20 and the Risks, Strengths and Weaknesses Statement. Feedback was particularly sought on the performance information provided to customers. Members had a number of suggestions and comments: <ul style="list-style-type: none"> • Make the presentation of performance data more dynamic and accessible; • Move away from resource zone based presentation of data as this is not recognised by customers (commitment on this is given in the Business Plan) • Review/research what customers and stakeholders are interested in and what level. • Water quality results can be obtained by postcode can this be developed for other measures? 		
	JR confirmed that the performance data (monthly) report received a good level of “hits” on the website. He agreed to provide to feedback on dwell time.	<i>Confirm “hits” and dwell time on performance webpage</i>	JR
	Members were asked to submit any additional comments on how AWL could improve the information it publishes by end February.	<i>Members to comment on AWL reporting by end Feb</i>	CCG
6.0	COMPANY UPDATE		
	Metering		
	The group would like to understand more detail around the impact of metering as it believed a higher than expected percentage of customers were worse off with a meter. This may be picked up in the behaviour change sub group.	<i>Discuss at behaviour change sub group</i>	ASW
	AWL was asked to share the research which had been carried out into the impact of metering on customers in different social settings.	<i>Share customer research on impact of meter installation on bills</i>	ASW
	Drought		
	JR confirmed that the ground water level has now reached drought zone 1. DC asked if the communications around drought would continue.		

	The communication programme around water saving will continue and will focus on the visible environmental aspects of drought. This was welcomed by members.		
	The updated statement of Company Purpose will be shared with the CCG in early Feb.	<i>Share Company Purpose</i>	JR
	Sub Groups		
	The ToR for the customer strategy sub group were agreed and members confirmed as CW, US and DC.	<i>Initial meeting to be held prior to March CCG</i>	ASW
	The ToR for the environmental innovation projects sub group will be discussed at the March meeting.		
7.1	Leakage – recovery plan		
	The company provided a briefing and presentation on the action being taken to ‘catch up’ on delivery of the leakage reductions required by end March 2020. The company made a number of points. Leakage levels had reduced considerably over the last year. Leaks were becoming harder to find, therefore the leakage policy was changed to reflect this. Focus was on areas where known high leakage has been difficult to find and investigations are being carried out using flow measurement down to street level to detect the leaks. Response to any break outs are improved through the introduction of new technology. A change in recruitment has been made with a focus on increasing the skills and competency of the leakage technician resource.		
	Policy had also changed on customer side leaks to focus on those leaks that measurably reduce leakage in a zone. Customer side leaks make up 25% of the total leakage reported. A significant supply pipe leak will now be repaired at no cost to the customer by the leakage team.		
	It was noted that the process now in place for reporting leaks was effective and members had seen evidence of a more rapid and effective response from the company. DC mentioned an example of a satisfied customer, a leak repair had required several follow up visits by the technicians before being finally being fixed, the customer was impressed that the job had been reviewed and not left after the first repair. PTC confirmed that was now part of the policy to return to jobs to ensure leaks are fixed.		
	The group asked for further information on how customers are supported in the case of significant or costly customer side leak.	<i>AWL to provide details of customer support package for customers with customer side leaks</i>	PTC
7.2	AIM		
	TP thanked the company for their responses to the questions raised on the suspension of AIM under drought conditions. She asked members for views on whether and how the CCG should respond to the proposal.		
	The group considered that a view could be taken that it would seem unfair to penalise the Company for external factors outside of their control if all other		

	targets had been met to reduce the demand as set out in its Business Plan when the company was obliged to supply water to customers.		
	It was considered that the penalty of 11p per year on a customer's bill would not be a significant factor for consumers, although they might prefer that the overall £385k penalty would be better used to invest in alternative resources.		
	Members noted there seemed to be high customer support for the AIM scheme during the Business Plan engagement and simply on this basis it would not seem to be appropriate to remove the incentive to reduce abstraction from the vulnerable sources.		
	TP agreed to write a draft summary of the groups discussion and share with both members and AWL for comment before providing a response from the Group.	<i>TP to draft a summary response on the CCG's views on suspension of AIM and share with members and AWL</i>	TP
8.1	Forward Plan		
	TP confirmed that Stephen StPier from Ofwat would attend the March meeting.		
	AWL to meet with CW to agree the forward plan for 2020/21		JR/ASW
	TP will produce a draft annual report for members to review at the arch meeting with a view to finalising the text and submitting it to the Board by the end of March.	<i>Complete CCG draft annual report</i>	TP
8.2	Challenge Log		
	It was agreed to close challenge 20a.		
	TP will propose challenges around leakage and reporting.	<i>TP to provide additional challenges</i>	TP
	ASW to update challenge log and publish	<i>Update challenge log and publish</i>	ASW
8.0	AOB		
	The Company proposed that the next meeting is held off site and as it is TPs last meeting as Chair would like to invite all members to a dinner afterwards. Members to confirm their availability for a 2pm start and dinner.	<i>Members to confirm availability. AWL to confirm venue</i>	CCG ASW
	The meeting closed at 13:00		

I confirm that the Minutes of 20 Jan 2020 are a true and accurate record of the business discussed and agreed.



Signature: Date: 16th March 2020

Chair