

1.4 Minutes of the Meeting of the Customer Challenge Group

Monday 23 Sept 2019, 13:00

held at

Affinity Water Limited, Tamblin Way, Hatfield AL10 9EZ

MEMBERS IN ATTENDANCE		
Teresa Perchard	<i>Chair</i>	TP
Karen Gibbs	<i>CCWater</i>	KG
Tina Barnard	<i>Watford Community Housing</i>	TB
John Ludlow		JL
James Jenkins	<i>University of Hertfordshire</i>	JJ
Tom Perry	<i>Environment Agency</i>	TPe
Caroline Warner	<i>CCWater</i>	CW
Richard Tunnicliffe	<i>CBI</i>	RT
Simon Morrison	<i>Nesta</i>	SM
Bob Winnington	<i>Money Advice Liaison Group</i>	BW
Unette Spencer	<i>Mastercard</i>	US
APOLOGIES		
Gill Taylor	<i>Groundwork East</i>	GT
Richard Haynes	<i>Up on the Downs</i>	RH
David Cheek	<i>Friends of Mimram</i>	DC
AFFINITY WATER ATTENDEES		
Anne Scutt Webber	<i>CCG Manager</i>	ASW
Jake Rigg	<i>Director of Communications and Corporate Affairs</i>	JR
Joe Brownless	<i>Director of Customer Experience</i>	JB
Graham Turk	<i>Director of Production and Supply</i>	GT
Marie Whaley	<i>Director of Regulation</i>	MW
Lauren Schogger	<i>PR19 programme manager</i>	LS

AGENDA ITEM	MINUTE	ACTIONS	OWNER
1.	HOUSEKEEPING AND GOVERNANCE		
1.1	TP welcomed the new members, Richard Tunnicliffe, Simon Morrison, Bob Winnington and Unette Spencer to the group and introductions were made around the table. An induction day had been held on the 18 th September which the new members had found very informative.		
1.2	Apologies were noted as listed above.		
1.3	No conflicts of interest were declared.		
1.4	The minutes of 11 July 2019 were APPROVED . A couple of minor amendments were identified, and the minutes updated. These were signed by the Chair and will be published on the website.	<i>Upload signed minutes to website</i>	ASW

1.5	Actions were noted. There were no comments.		
1.6	The Chair's report provided a note on the ISO standard on accountability and stakeholder engagement. JR confirmed that the Company would share its Statement of Purpose once confirmed. The CCG had raised a challenge on how the purpose was going to be delivered and aligned to the business and its external stakeholders and customers.	<i>Share final statement of Company purpose with CCG.</i>	JR
	KG reflected on the Ofwat meeting with CCG chairs on the 12 th Sept. Ofwat were asked to undertake an independent evaluation of the CCG input to the price review. There was no commitment to carry this out, nor to their views on the role of the CCG (if any) at the next price review.		
	WRSE are holding a stakeholder event on 27 th sept. Karen Gibbs will be attending. TP/ASW to confirm opportunity for a member of WRSE to provide a briefing at the November CCG meeting	<i>Confirm WRSE attendance at Nov meeting</i>	TP/ASW
1.7	There are currently two sub groups, Behaviour Change – next meeting 6 th Nov and Value for Money/Customer Insight – meeting to be confirmed (Oct/Nov). Additional sub groups have been proposed for <ul style="list-style-type: none"> • PR19 environmental projects • inclusive services • company purpose. TP to hold further discussion with JR to confirm.	<i>Further discussions to agree sub groups</i>	TP/JR
2.0	COMPANY REPORT		
	Members were invited to ask questions on the paper.		
	Preparations for a No Deal Brexit GT confirmed the increase in stocks for chemicals and critical parts. Bottled water stocks have also been increased from 3000 to 10,000. This provides increased management to ensure rotation of stock. AWL is working collaboratively within the industry and with regulators,		
	Debt Management Customer research done by the company on debt management had shown the need for improvement in written communications so that they were more helpful. JL asked if the Company was taking any advice on managing debt and supporting the work of not for profit debt advice agencies. JB confirmed that AWL is working with Water UK on options for increasing funding and also in touch with the money advice liaison group (MALG). JL briefed the company about meetings that were being held presently between parliamentarians, utility organisations and debt advice agencies to discuss how utilities could support debt advice agencies – to whom many customers were referred - more effectively in future. He agreed to share material on this with the Company.	<i>JL to share information about on utilities and support for debt advice agencies</i>	JL

3.0	PR19 – SUMMARY OF CHANGES TO BUSINESS PLAN AND AFFORDABILITY RESEARCH		
	<p>Draft Determination The Company will be presenting their response to Ofwat’s Draft Determination (DD) via a face to face meeting with senior Ofwat representatives on 30th Sept. The Final Determination will be published on the 11th Dec. Companies then have two months until 11 February to decide if they will refer to the CMA.</p>		
	<p>LS confirmed that the 4 outcomes had been tested with customers as part of the business plan development process, and were presented in order of customer priority. The 28 performance commitments aligned to one or more of the high level business plan outcomes.</p>		
	<p>CW questioned whether “the environment” would be more important to customers now that there was clearly more awareness of the water shortage. She suggested that this raised awareness could also be a key route in to better engagement with the public on the challenge of water resources and personal consumption.</p>		
	<p>WINEP is the 5 year environmental programme agreed with the EA and delivering it was now a PC following Ofwat’s DD. There would be some overlap between this and the projects being undertaken for PCs 23,24,25</p>		
	<p>MW confirmed that the strategic resource development PC was removed as it is part of a collaborative strategic water resources programme with 8 companies (ofwat funded £450m) and will be reviewed by a new Regulator’s Alliance for Progressing Infrastructure Development (RAPID) team</p>		
	<p>MW identified the key performance commitments for the next AMP as</p> <ul style="list-style-type: none"> • per capita consumption (PCC), • leakage • abstraction reduction. <p>Representations to Ofwat had been made in the response to the DD on the following issues as these are seen to be very challenging:</p> <ul style="list-style-type: none"> • No. bursts - the company saw its ability to deliver the PC level proposed in the DD as dependent on the amount of ‘funding’ allowed within Ofwat’s determination for mains renewals • Interruptions >12 hrs – the level of penalties and risk was considered too high • DG2 (water pressure)– the company had recently installed a wider coverage of pressure loggers which had identified many areas for improvement and achieving the proposed improvement level of performance was extremely challenging. 		
	<p>The Company does not expect there to be any further changes to the Business Plan until Ofwat’s Final Determination. A detailed update on the delivery of the AMP7 plan will be presented at the March CCG meeting</p>		

	<p>Affordability 3 bill profiles over a 10 year period had been tested with customers during Summer 2019, as shown on the graphs. (average bill, no inflation) All had received high levels of acceptability with customers (71 – 74%), the bill profile associated with the 'revised plan' was the most acceptable with customers who appeared to prefer a gradual increase in their bills over time.</p>		
	<p>LS confirmed that as part of the research, customers were presented with some of the levels of service that were included in the bill price</p>		
	<p>The revised profile submitted to Ofwat in response to the DD was between the orange and grey profile lines shown in the chart/presentation – with a reduction of 2.3% during AMP7 (before inflation)</p>		
	<p>Further research was being done for acceptability and affordability of the latest proposed bill (ie post Ofwat's DD) with and without inflation. Early results show a high level of acceptability. A report on this would be shared with members.</p>	<p><i>Share acceptability and affordability research report on proposed bill with members</i></p>	<p>LS</p>
	<p>It was also proposed to carry out customer research in November on the customer value of meeting the performance commitment targets.</p>		
4.0	<p>AWL'S PERFORMANCE FOR CUSTOMERS AND FUTURE PLANS – Consumer Council for Water viewpoint</p>		
	<p>KG gave a presentation and briefing on the CCW view of AWLs performance for customers.</p> <p>Although the number of complaints had much improved/reduced, CCW considered that AWL had a lot to do to improve the response process. The measure for days to respond was now calendar days not working days making the target tighter. JB agreed that this was recognised and would require a behaviour change internally.</p>		
	<p>CCW will be sharing good practice on complaint processing alongside Water UK.</p>		
	<p>CCW had 3 observations from the draft determinations issued by Ofwat:</p> <ul style="list-style-type: none"> • Disappointment that there are no PCs covering complaints • Bills quoted do not include inflation or the impact of the ODIs • No views on longer term bill impacts 		
	<p>CCW had also carried out research on the acceptability of the AWL bill (post Ofwat DD), the results of which were higher than those achieved by the Company in its research. A full report will be available in early October. The same survey methodology had been adopted across all companies therefore the results are comparable.</p>	<p><i>KG to share CCW report on acceptability research with members and AWL</i></p>	<p>KG</p>
	<p>KG suggested that the top 3 issues for AWL to address in future are:</p> <ul style="list-style-type: none"> • Improvement to customer service processes • Water resources resilience (leakage, PCC and metering) • Vulnerability and affordability services 		

5.0	DROUGHT MANAGEMENT		
	GT confirmed that AWL's current water supply comes from 60% groundwater, 40% surface water. As it moves in to drought zone 3 the Company is moving to a 50:50 split with increased imports of water from Thames and Anglian.		
	As ground water levels drop, borehole yields reduce, either through turbidity or level trimming to protect the aquifers. This results in pump inefficiency and increased costs.		
	Schemes to improve water transfer have been brought forward from AMP7		
	The test for a Temporary Use Ban (TUB) is that the water undertaker does not believe it has/will have enough water to supply all customers. There is a statutory list of what would be banned from use, however the Company can make exceptions to this list.		
	The Company does not currently meet the TUB test requirements, however the current low groundwater levels have not been previously experienced, therefore it has committed to start talking to customers about the potential of a ban from Spring 2020 so that there is time for preparations to be put in place. It was agreed that messages should be adapted to the diversity and demographics of the areas. Messages should also be clear (no jargon/acronyms) CW was very supportive of this approach.		
	As part of the drought communications AWL plan to consult with customers/stakeholders on a temporary use ban (TUB). Feedback from customers will inform the company of their concerns and will enable the Company to reflect these in its design preparations for TUB. AWL will share the comms plan with CCG members.	<i>Share draft drought comms plan</i>	JR
	CCG members were keen to ensure that the communications about water scarcity do not put fear into those consumers that are vulnerable, and assurance should be given to those who need additional support.		
	The Company said it was working with river groups on communications through partnering arrangements.		
	The #why not water campaign had a reach of 72m. It was reported that the impact of the campaign has resulted in a reduction in a 3% demand.		
	Abstraction Incentive Mechanism (AIM) Members were asked if they would support AWL's proposal to suspend the operation of the AIM commitment if a drought order/permit application has been granted by the EA. In view of the interests of members not able to attend this meeting TP undertook to send a note to all members seeking their views.	<i>TP to circulate a note on AIM suspension under drought order to all members seeking their views</i>	TP
6.1	FORWARD PLAN		
	TP will continue to request a DWi attendance at the November meeting. (ASW also following up with the WQ team)	<i>TP to contact DWi</i>	TP

	A discussion on meeting frequency and dates for 2020/21 will be held at the next meeting.		
	No additional items were requested to be added to the forward plan.		
6.2	CHALLENGE LOG		
	TP agreed to write to the Company regarding Challenge 39 first registered August 2018, to notify them that whilst the requested report on the changes between the draft and final business plan submission had not been provided this was no longer useful to or required by the Group. The members agreed that this challenge could therefore be closed.	<i>TP to write a note to Company regarding closure of Challenge 39</i>	TP
	The new challenges on company purpose and accountability were agreed		
	ASW to update challenge log and publish	<i>Update challenge log and publish</i>	ASW
7.0	AOB		
	ASW asked for feedback on the Loop. The members confirmed that they found this regular update useful and liked the new format.		
	The meeting closed at 16:40.		

I confirm that the Minutes of 23 Sept 2019 are a true and accurate record of the business discussed and agreed.

Signature: Taron Fern Date: 13/11/2019

Chair