

Customer Challenge Group
 Minutes of a meeting held on
 15 March 2017
 at
 Affinity Water, Tamblin Way, Hatfield AL10 9EZ
 at 10.00 am

Members Present	Teresa Perchard (TP) Caroline Warner (CW) Gill Taylor (GT) Karen Gibbs (KG) Kelth Cane (KC) by video conf Tina Barnard (TB) David Cheek (DC) John Ludlow (JL) John Rumble (JR) Tom Perry (TRP)	Chair Consumer Council for Water <i>*until 2.30 pm</i> Groundwork Consumer Council for Water Town and Country Housing Group Town & Country Housing Watford Community Housing Trust Friends of the Mimram Hertfordshire County Council Environment Agency (for Jon Sellars) <i>*until 3pm</i>
Attendees	Emma Grigson (EG) Chris Offer (CO) Sarah Clark (SC) Adam Warner (AW) Siân Woods (SW)	Affinity Water Affinity Water Affinity Water Affinity Water Affinity Water - Secretary
Apologies	Gary Clinton Scott Oram	Age UK Glaxo Smith Kline

1.	HOUSEKEEPING & GOVERNANCE	ACTION
1.1	Welcome & Chair's introduction The Chair welcomed everyone to the meeting and introduced John Ludlow who had been invited to join the group	
1.2	Apologies Apologies were received from Gary Clinton and Scott Oram	
1.3	Conflicts of Interests There were no conflicts of Interests identified by the members not already logged on the Register for declaration of interests	
1.4	Minutes of the previous meeting The minutes of the meeting of 7 December 2016 were agreed as a true and accurate record and were signed by the Chair. . ACTION Publish the signed minutes onto the CCG website	AW
1.5	Action points and matters arising It was noted the action for Amanda Reynolds to circulate numbers of customer complaints made by different methods was outstanding. There were no other matters arising.	

1.6	<p>Challenge Log updates The Group agreed the record of the challenges that had been raised at the 7 December 2017 meeting were to be added to the Challenge Log and published.</p>	
2.	COMPANY UPDATE	
2.1	<p>Strategic Business Review (Chris Offer) The Group noted that an announcement had been made that AWL's current investors are carrying out a strategic review of the business. Chris Offer assured the Group that while the process was running, it was business as usual for everyone.</p>	
2.2	<p>PR19 Governance Arrangements (Chris Offer) CO presented the PR19 Governance paper that was recently approved by the Executive Management Team. A copy had been circulated to the Group in advance. The governance arrangements for PR19 formalise AWL's approach to developing the Business Plan ("BP") and ensure the governance arrangements support its delivery by facilitating efficient and timely processes.</p> <p>The Chair thanked CO for sharing the governance arrangements in full with the Group. She observed that the information reassures the CCG the project is up and running, the decision-making framework has been established, the CCG is clearly identified within the project and that customer engagement activities are a key work package of the programme. The CCG appreciated that it is a complex project, and expected that to acquire timely contributions to the plan from people across the business with different disciplines would be a challenge requiring clear governance. TP noted that the Company Business Plan and CCG's report are due for submission to Ofwat by 3 September 2018.</p> <p>Referencing the diagram showing the governance framework, KG asked if there should be a dotted line directly to the Board from the CCG as it is an important relationship. CO agreed this was helpful since a formal reporting line to the Board exists within the Terms of Reference of the CCG.</p> <p>TP highlighted to the group that at PR14, members of the Chair and some members of the AWL Board had attended meetings with the CCG to engage in dialogue. She expected the CCG would be keen to have the same level of interaction going forward as the PR19 project picks up momentum, and would raise it when attending the AWL board meeting on 27 April.</p> <p>ACTION TP to attend the 27 April AWL Board meeting and will discuss liaison between the Board and the CCG over PR19.</p> <p>ACTION CO will bring these points to the attention of the Working Group at the inaugural meeting in March</p>	<p>TP</p> <p>CO</p>

<p>2.3</p>	<p>AMP6 Update The Business Performance Table had been circulated showing results to the end of February 2017. Members were asked to note that this showed the achievement on leakage as at amber, however, it was a complex process to obtain a final number for the end of the year. The most challenging result for AWL was in relation to supply interruptions for >12 hours. The company assured the CCG that there was a lot of pressure on the Wholesale Operations team from AWL CEO Simon Cocks to improve performance in this area to ensure we deliver on the performance commitments AWL made in its AMP6 Business Plan.</p> <p>JR asked AWL why the business is having the unplanned supply interruptions significantly in excess of its performance target and if there is any analysis happening relating to this. CO confirmed that a lot of work is taking place in this area to inform both the customer performance report 'Our Performance Update' and the Annual Report and Accounts. AWL has been investing to remove network 'hot spots' where customer supply is dependent on a single source and so vulnerable to interruption if an incident such as a pipe burst occurs. AWL also carries out extensive modelling to predict overall numbers, however, it is difficult to predict the exact location of and timing of events and the 'hotspot' programme will take time to be fully delivered.</p> <p>TP asked that the end of year performance report be made available for the June CCG meeting as this would enable a fuller review of performance achieved by AWL with finalised end of year figures. (NB this agenda item was proposed in the CCG Work Plan circulated at Item 7).</p> <p>ACTION add to the forward CCG agenda a briefing from Asset Strategy around supply interruptions and network 'hotspot' investment programme.</p> <p>ACTION confirm that the end of year performance report will be available for review at the June CCG meeting</p> <p>AWL Company Report (Emma Grigson)</p> <p><i>Arkley Incident:</i> EG highlighted key information contained in the Company Report circulated in advance relating to the Arkley Incident which took place on 20 February 2017. This affected 6,000 customers who experienced low pressure or lost water supply. She highlighted that the document circulated was not a full incident report, but was intended to provide an overview of how AWL managed the incident and contacts with customers. The company was happy to share the full incident report with the CCG in due course.</p> <p>CW reported that CCWater had received contact from affected customers who said that the information from AWL was not clear enough. Customer feedback was they wanted to know what to expect to enable them to make plans and make decisions. An update on the website of 'no further information' was not helpful to customers.</p>	<p>SW</p> <p>CO</p>
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	<p>CHALLENGE The CCG asked to hear more from the company about how it manages significant incidents like Arkley especially how AWL engages with customers during and after the incident, including vulnerable customers and how it reviews and learns from incidents to improve customer contact in future.</p> <p>ACTION EG asked CCWater for any examples of best practice from other companies.</p> <p>AWL AGREED to distribute the Arkley incident report to the CCG</p> <p>It was AGREED to feed back CCG comments to the Comms team and the Emergency Response Team ("ERT")</p> <p>It was AGREED that AWL would report to the CCG at the next meeting about how it had engaged with customers during and following incidents and what it was like from a customer perspective, including vulnerable customers.</p> <p><i>Drought Management:</i> AWL reported that rainfall for 2016 had been below average characterised by a small number of short, intense periods of rainfall across the year; as a result, there has been very little groundwater recharge due to run-off and evaporation. The current prediction based on average rainfall was that AWL may enter Drought Zone 3 (when the company may enact temporary use bans, often called 'hosepipe bans') in its Central region by May/June 2017 with the East and Southeast regions predicted to be July 2017. A Drought Management Group had been established to monitor the situation. AWL offered to provide further briefing on this to the CCG.</p> <p>ACTION Distribute the graphs from the Leadership Forum with a covering note, *subject to Mike Pocock's approval</p> <p>ACTION Distribute a briefing note to the CCG on drought management position</p> <p><i>Impact of IT outages:</i> CCWater reported that it attends a quarterly meeting with the company and noted that AWL has recently experienced a third major IT outage in 8 months. Although CCWater understood that the CEO has agreed to input additional funds to help make the system more resilient it was suggested the CCG might review the impact on customers. The CCG agreed it would like to understand the impact of these outages on customers, for example, those customers attempting to use online systems or transactions, or even to find information.</p> <p>ACTION Schedule an agenda item on the customer impact of IT outages on the CCG work plan.</p> <p><i>Engaging with landlords:</i> In response to a matter previously discussed by the CCG EG confirmed that AWL had approached a group of social landlords to hopefully enable us to have conversations and get a common approach. A meeting date has not yet been set.</p>	<p>CCWater</p> <p>MP</p> <p>tbc</p> <p>TP/SW</p> <p>tbc</p>
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	<p>ACTION AWL to report back at the June meeting</p> <p>CCG members suggested that there remained a lack of knowledge in the community in general regarding metering and social water tariffs and charges. KC confirmed that he would be interested to hear about metering and social tariffs.</p> <p>ACTION AWL to provide a briefing note on communication of and awareness of metering, social tariffs and charging issues amongst customers and stakeholders.</p> <p>The Chair informed members that EG will be leaving AWL and this was her final CCG meeting. The Chair thanked her for her contribution and hard work on behalf of the CCG.</p>	<p>AWL</p> <p>AWL</p>
3.	CHAIR AND MEMBERS' REPORTS	
<p>3.1</p> <p>3.2</p>	<p>Chair's Report</p> <p>The Chair's report covering the Chair's activities and observations was noted. The Chair thanked members who had reviewed the billing booklet, attended scheduled AWL community events and the recent CCG induction.</p> <p>Member's Reports</p> <p>CW: CCWater reminded members that in their Delving Into Water report they had asked some companies to explain why their complaints had increased and to provide interim reports on complaints in 2016/17. It was encouraging that there had been an 18% decrease in AWL customer complaints. A third report was due in April 2017. CCW had posed some challenges to AWL for more evidence to explain the action taken to increase in customer satisfaction and reduce complaints.</p> <p>DC: Asked AWL if planned sustainability reductions will happen in April giving the potential drought risk that that may arise. CO confirmed that the abstraction reduction will go ahead but there is on-going discussion regarding a possible operating agreement to help manage any potential drought risk.</p> <p>KG: explained that CCWater have undertaken some research regarding customer willingness to pay. The report should be available to share end of May/June 2017. CCWater extended an offer to CCG members for training on good practice for customer engagement.</p> <p>JR: highlighted that Hertfordshire County Council have been doing an infrastructure assessment and have been talking to water companies, including AWL. The report is being finalised and hope that it will be available in the public domain.</p> <p>ACTION Adam Warner to send the County Council's report to the CCG when it is available</p> <p>TRP: Defra will soon release their 25 year environment plan. River based local liaison panels are being disbanded and Defra is now considering how to replace them.</p>	<p>AWL</p> <p>AW</p>

4.	PR19 ENGAGEMENT STRATEGY	
4.1	<p>Create 51 recommendations & Affinity Water's Proposed Plan (Sarah Clark & Chris Offer)</p> <p>The Chair thanked SC for the papers and a clear covering note explaining what input was sought from the CCG at this time. The CCG appreciated that in arriving at a proposed plan for PR19 customer engagement the company had evaluated what worked/didn't work at the previous price review and had reviewed Ofwat's expectations and the role of the CCG in the process. The transparency of the plan at this stage was also appreciated. The CCG noted that the further development of the plan depended critically on the appointment of a delivery partner, and this process was underway. CO confirmed that this meeting will not be the last opportunity for the CCG to inform/ influence the scope of work.</p> <p>SC explained that AWL had taken note of the challenges and observations made by the CCG at its December 2016 meeting, reflected on the company's ability to deliver the programme and concluded that it was essential AWL obtain input from an engagement specialist. SC confirmed that AWL had already taken on a junior member of staff who is helping with research by looking at all PR14 customer engagement evidence to provide a solid base and breadth of research prior to developing the detail of the PR19 engagement plan.</p> <p>A discussion took place regarding the <i>Create 51</i> Report and SC's paper and highlighted proposals, and invited the CCG's observations and challenges.</p> <p>The CCG were asked for their views on the engagement objectives and approach proposed and made the following points in discussion:</p> <ul style="list-style-type: none"> • <i>The customer engagement plan seemed good but overly complex – did AWL need to do as much as this? Was there a need for proportionality?;</i> • <i>The objectives and approach did not seem to incorporate the 'community' approach to customer engagement that the present Business Plan had adopted;</i> • <i>AWL should clarify in the engagement what the role/purpose of the water company is vs. the role of wider society and public policy;</i> • <i>Engagement materials for customers should clearly set out 'Where are we now' so that they are able to evaluate any change/improvement proposed;</i> • <i>Environment seems to be 'hidden' – do customers have a view/understand the environmental stewardship and responsibility that AWL has;</i> • <i>The 'specific objective' "We achieve the right outcomes at the right time and at the right price for customers (including those with affordability issues) taking into account the wider pressures on customers' water bills to specifically include the cost of their separate sewerage service" is a strategic objective for AWL in</i> 	

- *delivering their BP and not an **engagement** objective;*
- *Affordability should be a clearly defined objective;*
- *It was not clear what AWL intended to do to draw on data and information about customer preferences that it already has from other research, rolling research and operational 'day to day' contacts with customers; and*
- *The CCG members were clear the company must manage and own the customer engagement programme.*

The CCG were asked to discuss and challenge on the balance of quantitative and qualitative engagement

CCG members were not able to tell the company precisely how much qualitative versus quantitative research they should undertake. That would depend on knowing more clearly the questions that were to be asked. Members considered that undertaking qualitative research before large scale quantitative research is a sensible approach to market research IF the qualitative research is needed to test and refine questions – either the range of questions to be asked and/or the way they are expressed.

The CCG were asked to provide a view on AWL's proposed approach to engaging with different customer groups

CHALLENGES/OBSERVATIONS

CCG members felt that the proposed approach did not provide a clear picture of how the company will engage with the existing customer-base. AWL needed to have a good and clear picture of and understanding of their present customer base. SC confirmed day-to-day, operational customer contact was a key part of the strategy, and would be triangulated with bespoke research. Turning to the question of different customer groups CCG members suggested the following:

- *Engage with groups aged 55–75 and 75+, not just over 65;*
- *Engage with single people, in particular women bringing up children with no partner and widowers;*
- *Engage with vulnerable customers and those on benefits;*
- *Approach the engagement from a segmentation (lifestyle instead of traditional socio economic/age/income segments for example) perspective and the way customers need to use their water supply.*

The CCG was invited to discuss and provide their views on the proposals for branding and revamp of 'Let's Talk Water for the PR19 engagement

The CCG recognised the merits of the proposal for consistent branding and saw no reason for the company not to re-use the 'Let's Talk Water' brand from PR14 if it had worked effectively. The review of PR14 engagement had commented most on the effectiveness of different methods of engagement that had been used rather than the brand 'Let's Talk Water' per se.

4.2	<p>The CCG welcomed the proposed development of a micro-site for PR19 so that customers and stakeholders could retrieve information quickly and easily, and provide responses.</p> <p>ACTION CCG invited to provide comments on the paper's Annex B to be emailed to SC</p> <p>Process: The company shared with the CCG a high level plan for the PR19 project which showed all the CCG meeting dates and other key decision points. The company was asked to populate the CCG forward work plan for the scheduled CCG meetings indicating which issues they would be asked to consider relating to PR19 at different meetings.</p> <p>In response to a request from the company the CCG indicated that in principle and with good notice they were happy to take some PR19 issues in sub-groups between main CCG meetings or hold workshop sessions with the company at different times from main CCG meetings. However, the company needed to provide a clear ask on the topics and timings for any sub-groups or workshop sessions in order to secure sufficient availability of CCG members and well informed engagement with the CCG member and make the best use of their time.</p> <p>ACTION AWL to populate the PR19 'slots' of the forward work programme of the CCG meetings; to brief <i>the CCG well in advance of meetings what they will be assessing and if seeking to set up sub-groups on any issues to outline the issues and any proposed timing so that member interest and availability can be canvassed.</i></p> <p>ACTION – AWL to include the CCG Chair in circulation of any updates to and revisions to the PR19 plan.</p> <p>It was noted that the company has made a lot of progress which received good feedback from the CCG. It was further noted that it is a complex project that has clear governance in place which also clearly show the involvement of the CCG.</p>	<p>ALL</p> <p>SC</p> <p>CO</p>
5.	VALUE FOR MONEY SURVEY	
5.1	<p>Response to challenges & proposals for future strategy (Adam Warner)</p> <p>AW provided the background for the Value for Money survey ("VFM"). The VFM survey had continued to be under review since its introduction in 2014 and it was proposed to vary the methodology in response to internal stakeholder and CCG feedback in 2016.</p> <p>The CCG were asked to consider and comment on the proposed changes to the methodology for the VFM survey and the data presented in the report.</p> <p>5 options for change to the methodology were presented in the report. and after a full discussion the CCG indicated that Option 4 appeared to be the most sensible way forward. The CCG continued to challenge the company that it was using the Value for Money survey as important insight to help drive the business as had been implied by the Business Plan. It was noted that results showed that 68% of customers surveyed</p>	

	know the value of their bill and feel they are receiving value for money. ACTION AWL to keep the CCG briefed at least annually on results from the VFM Survey unless AWL require specific comment from the CCG	AW
6.	CCG ANNUAL REPORT & MEMBER'S ONLY SESSION	
6.1	Draft Annual Report Closed session – no minutes recorded	
7.	CCG WORK PROGRAMME 2017/18	
7.1	Work programme for review Closed session – no minutes recorded	
8.	AOB	
8.1	AOB There was no other business reported from the members The Chair closed the meeting at 15:35	

I confirm that the minutes above reflect and true and accurate record of the business discussed at the CCG meeting

Signature.....
CHAIR

Tom Fenn

Date.....

14/06/2017

