

AffinityWater

ICG Meeting Minutes 15 April 2025



Minutes of the Meeting of the Independent Challenge Group

15th April 2025 14:00am – 15:00pm

ICG members in attendance		
Caroline Warner	<i>Chair</i>	CW
Louise Mills	<i>CCW</i>	LM
Unette Spencer	<i>Independent</i>	US
Anthony Smith	<i>Independent</i>	AS
Todd Holden	<i>Independent</i>	TH
Bob Winnington	<i>Independent</i>	BW
Catherine Silvester	<i>Environment Agency</i>	CS
Martin Coppack	<i>Independent</i>	
Affinity Water members		
LW	<i>Director of Regulation and Strategy</i>	LW
RF	<i>Director of Customer Experience</i>	RF
LH	<i>PR24 Project Manager</i>	LH
MH	<i>Head of Economic Regulation</i>	MH
BP	<i>Communications Planner</i>	BP
AM	<i>PW to LW and AG</i>	AM
Apologies		
David Holden	<i>Independent</i>	DH

Item	Minute	Action
1.0	Welcome and Introduction	
	<p>The ICG held a members meeting from 14:00 – 14:30</p> <p>LW provided a brief update regarding the Cunliffe Commission. Call for evidence closes at the end of April and a draft report will be produced in June with a Government response expected in the following couple of months.</p>	

	<p>The ICG agreed that minutes would be included at each meeting for formal approval. An ICG action tracker will also be produced and circulated to the group.</p> <p>Once received CW will share draft minutes of the meeting with the ICG for their feedback.</p> <p>Minutes of the ICG meeting on the 23rd of January were approved as an accurate record of the meeting.</p> <p>Actions from 23rd January were reviewed and updated. A new action tracker has been introduced what as a log of all actions arising.</p> <p>Copy of ICG Action Tracker Master.xlsx</p>	<p>AM</p> <p>CW/ICG</p>
2.0	Tariff and Charges Update	
	<p>MH and LH joined the meeting (detailed slides included in the meeting pack). Positive results and affordability improvements have led to the decision to upscale the trial and proposals to expand the trial will be shared with the Affinity Executive Team next month.</p> <p>The next phase will retain the principles of fairness and affordability and will continue with the rising block tariff structure. The next phase of design will need to be scalable and therefore a key difference will be that the trial needs to also work with dumb, AMR and Smart meters as there is a number of dumb meters within the Affinity area. This will need to be considered as part of the customer communication as it would not be possible to provide the same frequency of data due to the restrictions in availability of meter reads. The aim is to go live with phase 1 of the expansion in April 2026.</p> <p>US asked with the expansion of the trial to include dumb meters - how will the issue of customers lack of visibility of readings etc be mitigated? MH confirmed that the mix of meters is roughly two thirds dumb meters, one third AMR. With the customers who have any AMR meter Affinity will be able to do a more personalised communication, those with dumb meters will receive a less frequent communication. One of the options is to try and encourage customers to self-read which could potentially include some kind of reward to those customers who provide self-readings. LW added that whilst the company does have an ambitious smart metering programme in place this expansion of the tariff trial would enable customers, that could potentially have to wait for a few years to get a smart meter, to manage their water usage through a different pricing structure.</p>	

	<p>TH asked that if a customer wants a smart meter, is it something they can request or is it subject to availability in a given area? RF confirmed that it is dependent on where the communication masts are. However, the caveat would be that rather than excluding requests, if it is possible to get a data read, based on a Wi-Fi signal in that area picking up from other suppliers, then it could be done. It is still in the early stages to see where that demand is.</p> <p>RF explained that for every smart meter there is a chip inserted which then links itself to the Affinity Wi-Fi Network. Masts that are installed are dedicated to Affinity so that there is one data governance GDPR. All of the information is held in a compliant regulated way and is then consumed by Affinity and the customer. The aim is, where Affinity can, it will partner with an energy company to save costs and also the number of masts that have to be installed and to piggyback off of some of the infrastructure that's already in place, whilst being mindful of the data protocols.</p> <p>RF agreed to provide a deeper insight into the smart metering programme as a session outside of the ICG to include pathfinder review which can link into the tariff trial, what's happening in the demand management space for behavioural change and how data can be used to reduce consumption further.</p> <p>AS asked about the price rises and to what degree this could blur the consumer sentiment regarding the tariff trial. MH confirmed that within the trial that is underway the tariff was frozen so that customers in Stevenage on the trial did not see the price increase that happened in April. Customers in the control group that are being measured against have seen the price increase. This will be kept in mind when looking at the results and, of the 18th month trial, it's only the last 6 months that might suffer from the price increases.</p> <p>Decisions are still to be made on how the future block tariffs will be designed and where the free block will be positioned.</p> <p>CW asked what is the process of getting to the point where, for Affinity, this would be BAU across the piece as the new way of billing? LW explained that whilst this trial is attracting a lot of very positive interest, it is still a trial and therefore there could be other alternative methods for charging that are more successful in terms of helping with demand management and alternative customer tariff models.</p> <p>MC joined the meeting and CW introduced and welcomed him as a new member of the ICG.</p>	RF
3.0	Update on Annual Billing for 24/25 (price increases and meter requests)	

	<p>RB provided an update (detailed slides included in the meeting pack).</p> <p>This year measured water prices increased by 19% and 29% for unmeasured customers. Unmeasured bills are produced first as these are completed on an annual basis. As a result, it was anticipated that there would be a 20% increase in customer contact. Plans were put in place to stretch resources, splitting contact agents between a customer water call e.g. leak, versus a billing query e.g. needing help to understand bill or to make a payment. All advisors were trained in readiness with additional scripting and decision flows introduced. In addition, the front end IVR's were changed radically.</p> <p>Bill inserts on how to understand your bill were produced that also included links for customers to click onto to take them to the right place on the website to get assistance.</p> <p>There was a 29% increase in web usage during this billing period compared to last year, enabling customers to self-serve rather than calling the contact centre. Dedicated bill inserts were produced for customers that had struggled with their repayment plans</p> <p>Call queue transparency really improved. The average queue time last year was 18 minutes and with all the interventions introduced this year the average wait time across the whole piece was 3 minutes with an average answered rate of 98% of all calls that were presented.</p> <p>Care schemes were introduced for advisors where they could take different break times and downtime from the phones, this also included providing individual team members favourite sweets, coffee etc. All teams were amazing and really pulled together as one team.</p> <p>Results to date show 76,550 calls were received and 23,283 live chats took place. TH asked about the data showing customers being more satisfied on a live chat than a call, is it possible that could be related to when the query is simpler customers would go on a live chat and more complex queries would be via a telephone call? RF agreed and explained that priority service customers will always call but that are Affinity are also learning that some of customers do want a different way of interacting offered to them which, in turn, does help to reduce telephone contact.</p> <p>BW asked with the increased pressure in terms of customer finances with all utility charges and living costs in general going up, are Affinity seeing a rise in customers saying they need financial advice and are there any discussions going on, in terms of support for the funding of debt advice within the water industry? RF confirmed that Affinity haven't currently seen a degradation of the volume of people who are willing to pay on time and in in a structured way. However, Affinity have seen, for this price review, a higher percentage of calls which require more specialist treatment and Affinity have introduced a specialist area that can handle those calls and have access to Citizens Advice and other debt related support functions. There is an industry wide cost of living Debt collection Conference taking</p>	
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	<p>place soon to share what others are doing in this space for their customers. RF also explained that currently Affinity direct debits work in quite a one dimensional way and that some customers struggling to pay their bill are paid on a weekly basis. Therefore, having the ability to pay via direct debit on a weekly basis could help customers to manage their payment plans. There are drivers in place to try and introduce this to customers to provide more choice.</p> <p>MC asked about the introduction of self-serve. RF reiterated that if a customer chooses to use a certain contact method it's important for Affinity to be consistent in the application across all channels and that it should be by customers design and not by company push. Some of the new self-serve channels being built for customer transformation will include customer panel groups across a range of demographics</p> <p>MC asked if there is monitoring in place of social tariff enquiries and if Affinity also looks at the outcomes of those inquiries, how many people then result in taking out a social tariff? RF that a dedicated extra care dashboard has been introduced that looks at the number of calls taken related to the number of social tariffs and that for every single call there is a follow up survey 10 days later to ask the customer if the outcome met their expectations. With customer insights coming in July the survey data can be reviewed to see what needs to be adapted.</p> <p>MC asked about meter requests and if Affinity monitor them and have figures relating to how many, perhaps then have an appointment, how many appointments are met? RF confirmed that this is monitored, and that Affinity has also introduced the facility for customers to book their own appointment and timeslot</p> <p>Payment flexibility, could Affinity operate something a bit similar to Octopus, e.g. a flexible direct debit? RF confirmed that they are looking at the possibility of introducing the option of weekly direct debit but one thing that has already been introduced is the pre direct debit text message to customers. This sets out the date and value of upcoming debit and if the customer would like to rearrange they can make contact. This helps customers to be in control of their payments and means they don't get affected by any unpaid charges.</p> <p>CW suggested that MC meets with some members of the Customer Experience team ahead of the ICG meeting in July to gain a deeper insight.</p> <p>AS felt that it would be useful for the ICG to see the whole suite of payment options available and the conversion rate on the statistics. RF confirmed that comparison on last year could also be produced as a dashboard and circulated.</p> <p>CW asked if the contacts are recorded as measured v's unmeasured? RF explained that the contact content contained in todays pack is based on unmeasured customers whose bills are produced in February, measured</p>	<p>RF/MC</p> <p>RF</p>
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	customers are just being processed now and RF will include the results in the dashboard mentioned above.	RF
5.0	End of Year Performance (Communicating with Customers)	
	<p>BP joined the meeting. (detailed slides included in the meeting pack).</p> <p>31st of March is the end of the financial year and it's at that point that everything is closed down for the year and performance documents are produced, including the financial position/statutory accounts for the company. This takes approximately 3 months to complete. There is a requirement to publish the annual performance report and the normal corporate annual report by the 15th of July. The final reports will be shared with the ICG in July.</p> <p>Affinity are undertaking a new approach this year to improve how they engage with customers regarding performance to make it as accessible and engaging as possible.</p> <p>The web page is currently very geared towards investors and not so much for consumers who may be interested in viewing the reports. The aim is to move away from being single uploaded PDF documents into a more engaging web page.</p> <p>AH asked how this is going to be pitched in the narrative about the price rises and the sentiment about the water industry in general? LW agreed that there is a lot of negative sentiment around wastewater in particular, but that this is an opportunity to provide an alternative narrative in that Affinity are a high performing water only company and to also promote the achievements in operational performance, the good provision to customers and the strong financing position.</p> <p>BW asked if Affinity plan to scope out a straw man for the report. LW agreed that something could be shared with the ICG via email for their feedback prior to publication.</p> <p>TH asked how many people understand what a water only company is e.g. that it doesn't include wastewater collection? It may be useful to include some narrative around what Affinity do and what they don't. TD asked how Affinity are going to develop a communications package around this to start driving traffic? LW confirmed that there is a regulatory obligation around publication and availability of reports but that this stream of work is purely focusing on the customer accessibility and will include social media drip feeds.</p> <p>BP explained that there is also a piece of work underway around brand perception and how to drive good news stories.</p>	<p>LW</p> <p>LW/BP</p>

7.0	AOB	
	Reminder that the deep dive meeting on the 16 th July will be taking place in person at the Hatfield office.	

I confirm that the Minutes of the ICG April 2025 Meeting are a true and accurate record of the business discussed and agreed.

ICG Chair


Signature:



Date: 12th May 2025

AWL Director of Regulation and Strategy

Signature



Date: 3rd May 2025