

Customer Scrutiny Group

Purpose of Meeting:	Customer Scrutiny Group																							
Location:	Hub																							
Date of Meeting:	17 th June 2015																							
Present:	Chair Robin Dahlberg <table border="0"> <tr> <td>Keith Cane</td> <td>Town and Country Housing Group (video conference Folkestone)</td> </tr> <tr> <td>David Cheek</td> <td>Friends of the Mimram</td> </tr> <tr> <td>Hazel Smith</td> <td>GlaxoSmithKline</td> </tr> <tr> <td>Gill Taylor</td> <td>Groundwork</td> </tr> <tr> <td>Jill Thomas</td> <td>Independent Consumer Advocate</td> </tr> <tr> <td>John Rumble</td> <td>Environment, Herts County Council</td> </tr> <tr> <td>Karen Gibbs</td> <td>Consumer Council for Water</td> </tr> <tr> <td>Yolanda Rugg</td> <td>Herts Chamber of Commerce</td> </tr> <tr> <td>Simon Cocks</td> <td>Chief Executive Officer</td> </tr> <tr> <td>Adam Warner</td> <td>Community Stakeholder Manager</td> </tr> <tr> <td>Margaret Griffiths</td> <td>Regulation Team Administrator</td> </tr> </table>		Keith Cane	Town and Country Housing Group (video conference Folkestone)	David Cheek	Friends of the Mimram	Hazel Smith	GlaxoSmithKline	Gill Taylor	Groundwork	Jill Thomas	Independent Consumer Advocate	John Rumble	Environment, Herts County Council	Karen Gibbs	Consumer Council for Water	Yolanda Rugg	Herts Chamber of Commerce	Simon Cocks	Chief Executive Officer	Adam Warner	Community Stakeholder Manager	Margaret Griffiths	Regulation Team Administrator
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Distribution:	As above and web site																							
Originator:	Adam Warner																							

No	Notes of Meeting	Action
1	<p><u>Introductions and Apologies</u></p> <p>The Chair noted apologies for absence.</p> <p>The Chair welcomed Laura Willoughby from CCWater as a new member of the Customer Scrutiny Group (CSG).</p> <p>The Chair also welcomed and introduced Simon Cocks as the new CEO of Affinity Water (AWL).</p> <p>Simon Cocks provided CSG members with a brief personal biography and an overview of his approach and reflections on the company after two weeks in post. He shared his view that the business has the potential to achieve what we need to be a brilliantly run company. He also explained that as a water only company we do not have waste or subsidiary company distractions and have the scale and size to be nimble and dynamic.</p>	

	<p><u>Chairs Report</u></p> <p>The Chair provided a brief introduction and asked members whether there were any items in the Chair's Report that they wished to discuss. No issues were raised.</p> <p><u>Actions Log</u></p> <p>It was agreed that a forward programme would be developed for future meetings setting out the key activities the company will be undertaking and how the currently scheduled CSG meetings can be used to maximise their value in scrutinising the company's future customer communication and engagement activities.</p> <p><u>Regulator Updates</u></p> <p>Karen Gibbs, CCWater CCWater provided an update on the organisation's restructuring, noting the centralisation of regional offices, the appointment of Alan Lovell as the National Chair and the filling of Regional Chair vacancies.</p> <p>CCWater reported that they are currently undertaking research on the customer engagement carried out in PR14 to understand how future customer representation can be improved. A report will be published in mid July.</p> <p><u>Minutes</u></p> <p>The minutes from the meeting 11th March 2015 were approved and signed.</p>	AW
2	<p><u>Regulation Update</u></p> <p>Regulatory developments, Chris Offer, Acting Director of Regulation The CSG were updated on Ofwat's PR14 Reconciliation Rulebook consultation. This provides the crucial regulatory link between AMP5 and AMP6 and will be useful in providing clarity at the next price review in 2019. AWL's response to Ofwat's consultation was submitted on 07 May. We expect Ofwat's decision document to be issued by mid July 2015.</p> <p>An update was given on the Bristol Water Competition Markets Authority (CMA) review of its PR14 Final Determination. The CMA findings could be important for the industry given that the focus of the review is on the approach Ofwat has taken to the assessment of an efficiency level of costs. If the CMA rules on the side of Bristol Water, this will have implications for future regulatory approaches to cost comparisons and efficiency assessments that are significant elements of any price review process.</p> <p>Open Water and Ofwat remain committed to market opening on the 01 April 2017. Ofwat are also taking a more proactive role in the process as Open Water Market Ltd (OWML) winds down and responsibilities are passed to both Market Operator Services Ltd (MOSL) and Ofwat. Debate remains over funding but all parties remain confident that the 'Go Live' date of April 2017 will be achieved.</p>	

Eligibility criteria for the new market remains a subject for debate, particularly in relation to mixed household and commercial premises, such as a shop with a flat above. Ofwat have launched a consultation on eligibility and have included a proposed dispute resolution process where there is disagreement about the status of a site/premise. The starting assumption is that all 'mixed' status premises are eligible for retail non-household competition.

DEFRA will soon publish its charging guidance to Ofwat. Early indications are that primary concerns of affordability, stability and predictability will be of greatest importance as companies seek to develop more cost reflective tariffs. Clarification was provided around the respective roles of DEFRA, Ofwat and the Companies.

The Water Act 2014 requires that the Minister issue guidance about the principles to be applied by Ofwat in setting charges. Ofwat must have regard to any guidance issued by the Secretary of State (under section 144ZE of the Water Industry Act 1991 as inserted by section 38 of the Water Act 2014) when making Charges Rules that apply to companies. Companies are responsible for developing their own charges and Charges Schemes and are required to consult with CCWater prior to submission to Ofwat. Ofwat no longer approves Companies charges submissions but have the ability to challenge charges at any point during the year. The responsibility now sits firmly with Companies and their Boards to develop charges that meet Ofwat's Charging Rules and comply with the revenue controls put in place by the Final Determination for AMP6.

CCWater representatives questioned whether any further changes to the social tariff would have to go through CCWater and Ofwat. Chris Offer explained that existing charges, such as the social tariff, do not need to be consulted on where the level of the tariff changes. Full consultation was carried out the previous year as the social tariff was being introduced for the first time. A similar consultation process would be followed if a new tariff was introduced in future.

A PR14 'lessons learned' survey has been issued by Ofwat. The Chair asked members who were formerly in the CCG to fill in the questionnaire, if they felt it appropriate. This is to be forwarded by AWL when it is available. Members authorised AWL to provide their personal email addresses to Ofwat to enable them to conduct the survey.

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Over the next 18 months, AWL will be carrying out work to investigate the scope and impact of making tariffs more cost reflective.

Community engagement and dashboard reporting, Emma Grigson, Head of Corporate Affairs

Emma Grigson updated the CSG on community engagement planning and confirmed that AWL would be embedding its approach to engagement for the PR14 price review as ongoing business as usual. The CSG were introduced to Adam Warner, the newly appointed Stakeholder Manager responsible for ongoing stakeholder related activities.

Emma reiterated AWL's business plan commitments. The Chair asked that this approach be linked to the CSG meetings in the long term via the forward programme (see Actions Log above). A summary engagement activity was provided to the CSG showing the range of planned activity over the coming year split between evidence, communication, engagement and CSG review activity. The activity template will be populated over time but is provided to

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	<p>the AWL Executive Management Team (EMT) each month to provide visibility of planned activity. A key part of the plan is the delivering of three test community events as part of a transition year. The chair requested that the CSG be provided with the dates for these meetings as soon as they are fixed in the hope that some CSG members might attend as observers. The transition year and test events would be used to develop eight community events and a national event the following year.</p> <p>A brief update on the Value For Money (VfM) survey was provided. The first quarterly report is expected in July and an interim report in September but statistically robust data will not be ready until the programme has run for a regulatory year. An update will be provided in April 2016 when a full year's data will be available.</p> <p>A further update on community dashboard reporting was provided. Reporting will be split into phases with the first phase focusing on the business plan Performance Commitments (PCs) and associated Outcome Delivery Incentives (ODIs). In September, AWL will share an initial draft version of the community dashboard with the CSG. The CSG were requested to provide input to help the development of the dashboard. The CSG requested that there be a focus on simple visuals and the use of info-graphics.</p>	
<p>3</p>	<p><u>ODI Measurement for AMP Leakage and Network Strategy</u></p> <p>Region by region leakage report, Joe Sanders, Leakage and Network Strategy Manager A summary of leakage in both AMP5 and AMP6 was provided to the CSG. The presentation showed that AWL have improved in logging leakage data and have increased our accuracy in previously unmeasured areas.</p> <p>Leakage by 1000km of main was shown against leakage per 100,000 population. This community approach enables the company to see which areas traditionally perform better than others.</p> <p>The CSG asked whether this data can be compared against other companies in the industry. Currently, this is not the case due to methods of leakage measurement varying across the industry. Water UK is currently working on a project to standardise this across the industry.</p> <p>The CSG questioned why some areas are performing well and others were not. They recommended that the business look not only at age of assets and the teams involved in leakage detection, but also look at the age of properties in areas and the geology of an area.</p> <p>The Chair requested a six monthly update on leakage performance by community.</p>	<p>JS</p>
<p>4</p>	<p><u>Training</u></p> <p>Community operations training CSTs and Field Technicians, Jo-Ann Lee & Anton Gazzard,</p> <p>The CSG were taken through the training processes for Customer Service Technicians (CST), Leakage Technicians and Field Technicians.</p> <p>In all the roles, technicians are given formal training and qualifications as well as being supported by managers. The focus throughout the training is on the customer experience and monitoring tools which are both quantitative and qualitative. Where there are issues recognised, these are addressed through further training, work shadowing and inter-team</p>	

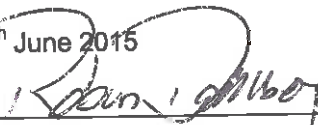
	<p>working.</p> <p>The CSG was interested in whether third party contractors were given equivalent training. This is the case and a member of the AWL team has been seconded on to the water saving programme. It was explained, in answer to questions raised, that on average field and leakage technicians take part in a six month programme of training. This training programme only contains one element of online training in relation 'bluecard' refresher training. All other training is undertaken in person with trainers and involve end of training assessments. It was noted that CST turnover is very low and often CST's are previously field or leakage technicians.</p> <p>The Chair requested that an update to this would be provided in 12 months time.</p>	<p>JL/AG</p>
<p>5</p>	<p><u>Water Saving Programme</u></p> <p>Progress update and cost comparison letters, Nigel Beaven, Head of External Communications</p> <p>The CSG was taken through the progress of the Water Saving Programme. It was made clear that the programme was about saving water, not simply metering people. Communications will also be sent to all customers, including those customers who already have meters to advise them on how to reduce their bill.</p> <p>Nigel Beaven presented his own experience of having a meter installed one year ago and noted that through water saving devices his family of four had reduced usage from 140 litres of water per person per day to 90 litres.</p> <p>The CSG were invited to comment on draft cost comparison letters which are to be sent to customers during the two year transition period, following meter installation. The CSG gave feedback on both the content and presentation. They recommended strengthening the links between saving water and saving money on heating related energy bills. The CSG also recommended that it was made clearer that the sewerage element was included in the predicted metered charge.</p> <p>On the whole, the CSG supported the approach, recognising the value of hard copy letters and leaflets personalised to individual customer circumstance. This view was consistent with feedback AWL had received from Southern Water on their compulsory metering programme. Some concern was expressed by Jill Thomas around the complexity of the personalisation and it was recognised that it was important to strike an appropriate balance between personalisation and complexity. Additional helpful feedback was received from the other CSG members regarding Disability and Discrimination Act (DDA) compliance.</p> <p>The Chair commended the progress made on the letters since the last review.</p>	
<p>6</p>	<p><u>Customer Update</u></p> <p>Overview of customer relations activities, Vincent Muldoon, Director of Customer Relations</p> <p>The presentation began by highlighting the key points from the business plan in relation to retail household and non-household customers, customer outcomes, community vision and the need to build trust and legitimacy with customers. The latest SIM results were presented and the negative impacts on this by the Thames Tideway Tunnel would not be itemised on customer bills and instead a separate leaflet had been produced for inclusion in billing literature.</p> <p>An update was provided in relation to support for vulnerable customers. AWL is working more</p>	

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	<p>closely with Thames Water on its social tariff and its charitable trust scheme. The Chair asked whether the AWL social tariff had helped reduce the levels of bad debt in the business. It was explained that while it is too early to say definitively, it does appear to be resulting in a reduction.</p> <p>Finally, the presentation covered off the Voice of the Customer programme and how this showed customers paying by direct debit were 2 to 3 times more satisfied than those paying annually. The company is improving its website to encourage more customers to move to paying by direct debit.</p> <p>The CSG was updated on AWL's continued commitment to seeking a purely volumetric tariff. Work continues to assess the viability of the tariff.</p>	
7	<p><u>Any Other Business</u></p> <p>Yolanda Rugg noted that AWL have been well represented at community events across Hertfordshire. Yolanda also commented on the potential for young staff members with sustainability qualifications to help improve the sustainability capability in organisations such as AWL. This was a key finding at a recent sustainability conference.</p> <p>CCWater to publish annual complaints report in September.</p>	
8	<p><u>Next meeting.</u></p> <p>Wednesday 16th September at the Hub, Hatfield.</p>	

Minutes of CSG 17th June 2015

Approved by



Date

16 September 2015