

## Customer Scrutiny Group

<b>Purpose of Meeting</b>	<b>Customer Challenge Group – Meeting 11</b>		
<b>Location</b>	The Board Room, Affinity Water, Tamblin Way, Hatfield		
<b>Date of Meeting</b>	<b>14 September 2016, 10:00 am</b>		
<b>Members Present</b>	Teresa Perchard (Chair) Gill Taylor David Cheek Karen Gibbs Jonathan Sellars	(TP) (GT) (DC) (KG) (JS)	Groundwork Friends of the Mimram Consumer Council for Water Environment Agency
<b>Apologies Received</b>	Keith Cane Caroline Warner John Rumble		
<b>Affinity Water Attendees</b>	Siân Woods (Secretary) Emma Grigson Amanda Reynolds Chris Offer Adam Warner Nigel Beaven Andrew McIlwraith Sarah Clark Ellie Powers Anneka Johnson-Marshall	(SW) (EG) (AR) (CO) (AW) (NB) (AM) (SC) (EP) (AJM)	Assistant Company Secretary Head of Corporate Affairs Director of Customer Relations <i>(Item 4)</i> Director of Regulation Community Stakeholder Manager Head of External Communications <i>(Item 6)</i> Programme Manager <i>(Item 6)</i> Regulation, Strategy/Price Review Manager <i>(Item 8)</i> Asset Scientist <i>(Item 9)</i> Senior Asset Manager <i>(Item 9)</i>
<b>Observers</b>	Tina Barnard	(TB)	Watford Community Housing Trust
<b>Minutes of the Meeting</b>			<b>Action</b>
<b>Agenda Items Section 1 &amp; 2 (Standing Administration Items)</b>			
<b>1</b>	<p><b>1.1</b> The Chair welcomed the members to the meeting. Tina Barnard was attending to observe and consider joining the Group;</p> <p><b>1.2</b> Apologies had been received from Keith Cane, Caroline Warner and John Rumble and were confirmed;</p> <p><b>1.3</b> The Chair <b>NOTED</b> that members had received a new Confidentiality Agreement for completion. A Conflict of Interest declaration form had also been sent to Members. Members were asked to declare any conflicts and update this at least annually. It was <b>NOTED</b> that the Secretary will maintain the Register of members' declared conflicts of interests and would update this with any new declarations following each meeting.</p> <p><b>1.4</b> It was <b>NOTED</b> that there were no new or revised conflict of interests at the time of the meeting; the Chair reported that approaches had been made to a number of possible new members, with the aim of securing their membership and attendance commencing at the next meeting on 7 December 2016.</p>		

## Customer Scrutiny Group

<p><b>2.2.1</b></p> <p><b>2.2</b></p> <p><b>2.3</b></p>	<p>The Minutes of the previous meeting held on 22 June 2016 were <b>APPROVED</b> and signed by the Chair;</p> <p>Progress on the actions from the previous meeting not otherwise on the agenda was highlighted to the Members. Outstanding items were noted as:</p> <ul style="list-style-type: none"> <li>a) <b>1.2 CC Water Value for Money Survey:</b> KG agreed to provide a link to the relevant items on CCWater's website. The CC Water offer to present their research remained;</li> <li>b) <b>2. Introductions:</b> DC advised he had not received the CCWater email about training for CCG members. KG to forward to DC;</li> <li>c) <b>5. AIM:</b> AW to provide a presentation on first 6 months of practical experience of AIM. A paper requested for this meeting but was outstanding;</li> </ul> <p><b>ACTION</b> Although LIFT Tariffs were not on the Agenda, it was agreed that TB would be introduced to Jackie Welsh of AW with reference to partnership discussions regarding social tariffs</p> <p>The Group <b>NOTED</b> that the Affinity Water Board had now considered the revised Terms of Reference for the Group. They had suggested one amendment. This was <b>AGREED</b> and AWL was asked to publish these on the CCG area of the AW website.</p> <p><b>ACTION</b> ToR to be uploaded to the CCG website</p>	<p><b>EG</b></p> <p><b>AW</b></p>
---	---	-----------------------------------

Customer Scrutiny Group

Agenda Item 3 (Chair's Report)	
<p><b>3.</b></p>	<p><b>3.1</b> The Chair's Report had been circulated to members. The following areas were highlighted to members:</p>
	<p>a) <b>Ofwat's policy work:</b> in particular, the residential competition review, with the key points included for information within the annex of the report;</p> <p>b) <b>New membership for the CCG:</b> this was on-going – as noted at 1.4 above;</p> <p>c) <b>Transparency:</b> it was <b>AGREED</b> that in addition to CCG Minutes of meetings and reports a targeted approach would be taken to publishing other material the Group received in the course of its work as not all material was intended for publication;</p> <p>It was <b>AGREED</b> only documents appropriate for publication that 'add value' should be published on CCG website;</p> <p>It was <b>AGREED</b> to adopt the practice of having a 'Challenge Log' a process that South East's CCG developed which was highlighted as good practice by the UKWIR review of the work of CCGs in PR14. This would facilitate transparency of the work and impact of the CCG; and</p> <p><b>ACTION</b> A log of all challenges posed by the CCG will be maintained by the Secretariat and agreed by the Chair, and will be included with CCG meeting papers. This will be updated after each meeting and published on the website</p> <p>d) <b>7 December Meeting:</b> the Chair outlined a proposal for a different format with the meeting commencing with a working lunch, followed by dinner in the early evening. The session will focus mainly on looking forward to the next price review and the company's plans for customer engagement.</p> <p>A member of CCWater had been invited to present on its view of what excellence looks in consumer engagement to help inform the Group's thinking on the standard/approach that Affinity could be expected to aspire to. The Chair hoped that Simon Cocks and one or two directors from Affinity would then join the evening meal to discuss the company's current performance.</p>

**SW**

## Customer Scrutiny Group

<p><b>3.2</b></p>	<p><b>Member's Updates:</b></p> <p>KG: the CCW annual complaints report would be published on 21 September for the financial year 2015/16. Affinity Water had reported a significant increase in complaints and would be identified as the worst performing water only company out of 18, on the basis of rate of complaints per 10,000 connections in 2015/16. Affinity Water and other companies with significant rates of complaint had been asked to provide an interim report in November to show progress within 2016/17. This will be published by CCW highlighting key themes underlying the growth in complaints i.e. charging, staffing issues, the metering programme and contact from customers not being dealt with immediately or very well;</p> <p>JS: following the EU referendum business as usual had resumed for the EA with announcements of £12.5m investment in temporary flood defences. Looking forward the EA was expecting water companies to commit to £2.5 billion on flood defences</p> <p>GT: Attended a DEFRA consultation on its '25 year plan' looking at targets but had not seen any promised feedback</p>	
<p><b>Agenda Item – Customer Relations</b></p>		
<p><b>4</b></p>	<p><b>4.1</b></p> <p>Amanda Reynolds, Director of Customer Relations, joined the meeting to present on the customer experience improvement programme.</p> <p><b>ACTION</b> Presentation to be circulated to the group</p> <p>Amanda reported that the latest Ofwat Service Incentive Mechanism ("SIM") results were disappointing with regards to Affinity Water's Customer Service which had declined by comparison with other companies regulated by Ofwat. The presentation explained that the SIM results are based on 200 interviews conducted each quarter with customers who had had recent contact with the company, selected at random. The percentage difference between the companies on the Ofwat league table is very small. Potentially, Ofwat could financially penalise poor performance however, it had not yet decided what the financial penalty, if any, should be. This meant that the financial impact of a poor performance across a year, or in any one quarter, was currently unknown.</p> <p>The company was working hard to understand the drivers of the outcome. The proportion of customers who said they were 'Very satisfied' had remained fairly constant but there had been an increase in those customers who are 'very dissatisfied'.</p> <p>The dip was a combination of things and the Company has already begun to respond and take action:</p>	<p><b>AW</b></p>

## Customer Scrutiny Group

- ✓ 35% of those who were 'very dissatisfied' had an issue related to leakage. The company had taken on an extra 20 people specifically to manage customer contact on these issues;
- ✓ The metering programme has also caused some customer contacts; and
- ✓ Detailed analysis was finding that the company had weaknesses in its key systems to enable it to handle billing and other transactions/contacts with customers.

TP asked AR to outline what AWL considered the key problems were from a customer perspective potentially driving the SIM results. These were summarised as:

- ✓ Not keeping the customer informed enough, in particular regarding home moves;
- ✓ Speed in providing a resolution is too slow; and
- ✓ Billing and charging issues.

### CHALLENGES

- 1) How is Affinity Water listening to customer feedback and insight from customers in its diagnosis and analysis of the problems and its judgements as to what needs to be done to improve customer satisfaction?
- 2) When is the company aiming to have made changes which would improve performance and customer satisfaction – and the SIM score?
- 3) What are Affinity Water's next steps?

**ACTION** The CCG asked to receive a report covering the challenges posed above and indicating the targets and outcomes the company aimed to achieve in this area by mid-2017

**AR**

## Customer Scrutiny Group

<b>Agenda Item 5 – Community Engagement</b>			
<b>5</b>	<b>5.1</b>	<p>AW provided an update on community engagement events that had formed part of its Business Plan commitments. Events in 2015/16 had taken place in Folkestone (Dour), St Albans (Colne) and Harlow (Stort), with forthcoming events in Stevenage (Lee) in October and Clacton (Brett) in November.</p> <p>At each event the company had sought to present its performance to local customers and hear their views on how well the company was performing. Different approaches had been used for each event as lessons had been learnt about what works. Key learning points from these events included:</p> <ul style="list-style-type: none"> <li>✓ The need for the company to use less technical language and regulatory speak (i.e. terminology like 'SIM');</li> <li>✓ The need for more community specific information and data, e.g. bursts per property/per area;</li> <li>✓ make it clear how the company has set the targets it has</li> </ul> <p><b>ACTION</b> The CCG asked AW to provide a report on the feedback it had received from customers when the round of meetings had been completed including an indication of how that feedback was being used by the business.</p> <p><b>CHALLENGE</b></p> <p>AW should show not only that it has held the community engagement events promised in its business plan but that it has recorded, considered and where appropriate acted on the feedback received from customers through this channel.</p>	<b>AW</b>
<b>Agenda Item – Water Saving Programme</b>			
<b>6</b>	<b>6.1</b>	<p>Andrew McIlwraith and Nigel Beavan joined the meeting to present an update on the Water Saving Programme and Customer Communications update:</p> <p>The CCG were reminded that AWL's goal is to save 29,230m<sup>3</sup> per day by 2020 the equivalent of 51 million pints of water per day. The project started in May 2016 and is in 3 elements:</p> <ol style="list-style-type: none"> <li>1) <b>Reducing losses of water through customer side leaks:</b> once an external meter is fitted Affinity Water can detect a leak on the customer's supply side pipe or internally. Customers are notified in writing of any identified leak and proposals to repair;</li> <li>2) <b>Home Water Efficiency Checks:</b> this is a free service offered where a meter has been or is being installed. AWL audits fittings at the property and installs water saving devices where appropriate, identifies and advises on ways to save the customer water and energy by analysing usage, checking for leaks and undertaking simple repairs to taps and toilets and promote water saving via</li> </ol>	<b>AM &amp; NB</b>

## Customer Scrutiny Group

	<p>metering communications and door-to-door activity; and</p> <p>3) <b>Universal Metering:</b> metered customers are charged for the water they use and evidence shows a sustained reduction in water usage once a meter is installed.</p> <p>Managing the customer journey was the current focus of the project and some challenges so far have been:</p> <ol style="list-style-type: none"> <li>1) Uploading meter fits onto the systems;</li> <li>2) Reading meters;</li> <li>3) Finding leaks and generating comparison bills; and</li> <li>4) Dealing with the 'no access' issues with 30% of all customers approached about the installation of a meter (circa 24,000 customers) not responding to the initial survey. AWL have set up a specialised team who are currently receiving training to make calls to this group of customers. The company has the power to impose a penalty tariff if it is unable to install a meter or one is refused.</li> </ol> <p>KG reported that CCWater had been undertaking research with Southern Water on the 'no access' and 'no contact' issue. A report was expected in October and was expected to highlight the need for more personalised approaches to gain customer responses.</p> <p>TB observed that stakeholder communication is crucial, in particular with regard to the housing association tenants, as no access as a housing provider is a problem for both parties, and there is a need for AWL to proactively engage with these providers and work together. Fining low income and vulnerable customers should be a last resort.</p> <p><b>ACTION</b> Arrange a meeting with TB to discuss the universal metering programme in relation to housing association tenants.</p> <p><b>CHALLENGE</b></p> <p>The CCG noted that the process of AWL is undertaking home visits, surveys and water efficiency checks involved the capture of a lot of information about customers, including the number of people in the household, their circumstances – including whether they were vulnerable in some way - and lifestyle. AWL was asked to outline how it was using this information to improve its service to these customers in future – for example, was the information gathered recorded and shared and useable by the customer service team?</p>	<p><b>NB &amp; AM</b></p>
--	--	---------------------------

Customer Scrutiny Group

	<p><b>ACTION</b> AM will look into how to make more use of the data currently being obtained from home visits/metering, and clarify this at the next CCG</p> <p><b>CHALLENGE</b></p> <p>The CCG observed that the communication channels used seemed very paper based. AWL were asked to consider whether they were using a sufficient variety and range of channels as part of this project, including social media, email, and messaging on the side of the Affinity Water's commercial vehicles</p> <p><b>CHALLENGE</b></p> <p>The CCG asked if the company had undertaken any analysis regarding the 'no contacts', for example looking at socio-demographic data – or known data about landlords/tenure that might identify any patterns.</p>	<p><b>AM</b></p>
<p><b>Agenda Item – Non-Household Engagement</b></p>		
<p><b>7</b>      <b>7.1</b></p>	<p>CO provided a short update on non-household engagement, confirming that 'shadow operations' will commence 1 October 2016. Part of getting ready outside the current Affinity area requires a separate licence and the need to meet regulatory requirements regarding communications with current customers. This will happen before December 2016 so that there will still be a 3 month period before market opening in April 2017.</p> <p>The approach had been complicated by changes relating to licences and how the business is structured, however, AWL was in a good position for the launch of shadow operations.</p> <p><b>ACTION</b> CCG members to receive a briefing on the communications plan/approach for non-household competition.</p>	<p><b>NB</b></p>
<p><b>Agenda Item – Longer Term Planning</b></p>		
<p><b>8</b>      <b>8.1 &amp; 8.2</b></p>	<p>Sarah Clark joined the meeting to update the CCG on Key Milestones &amp; PR19:</p> <p>SC confirmed that preparations have commenced for the next Business Plan ("BP"), and highlighted the key milestones in the regulatory process including Ofwat publications and timelines for the BP, the Water Resources Management Plan ("WRMP") and the Drought Management Plan ("DMP").</p> <p>AW were in the process of preparing a pre-strategic direction statement ("SDS") and intended to use the pre-SDS in discussions with stakeholders.. The intention is to invite customers to provide their views in order to help instruct and inform the BP and the CCG were invited to give their views on how best to share and communicate the Signpost themes provided at Appendices A &amp; B of the report submitted.</p>	



## Customer Scrutiny Group

	<p>AWL was also planning research into customer segmentations to enable its engagement on the next business plan (for PR19) to be tailored to meet the Ofwat expectations that the needs of customers in vulnerable circumstances are met. This programme would include qualitative and quantitative research and would include AWL employees, many of whom are customers.</p> <p>The CCG asked if there was enough in the Signpost 'discussion themes' to cover the issue of safeguarding the environment and whether Water Quality was prominent enough as a topic. SC considered that there was and the SDS process was intended to engage stakeholders via forums to ensure the themes fully cover how customers think and feel about these areas, and this information will then help to fully inform the next business plan.</p> <p><b>CHALLENGE</b></p> <p>AWL was asked to brief the CCG on how it will engage with customers in the process of developing its next business plan, including when the activity will be undertaken or any research commissioned, how the findings will be used, which customers will be reached and how AWL will seek contact the range of different customers it has and how it will make us of live operational information</p> <p><b>ACTION</b> provide briefing on how AWL will engage with customers to develop its next business plan at the 7 December 2016 CCG meeting</p>	<b>SC</b>
<b>Agenda Item – Consultation</b>		
<p><b>9</b>      <b>9.1</b></p>	<p>Anneka Johnson-Marshall and Ellie Powers joined the meeting and to the CCG on Water Resources Management Plan (WRMP) &amp; Drought Management Plan(DMP):</p> <p>The WRMP and DMP are interlinked and Affinity Water will need to consider the new guidance, especially reference sustainability. Water UK's publication shows that Affinity Water's area is seriously susceptible to drought in the future</p> <p><b>CHALLENGE</b></p> <p>AWL was asked to outline how customers would come to know about and be able to give their views on any issues affecting them in the WRMP or the DMP.</p> <p><b>ACTION</b> Engagement plans for the WRMP and DMP to be produced and shared with the CCG to show who AWL intends to talk to and how</p>	<b>SC</b>

## Customer Scrutiny Group

	communication to customers and the community will take place on these plans.	
<b>Agenda Item - AOB</b>		
<b>10</b>	<b>10.1</b>	<p>Concern was raised about the European Data Protection Regulations regarding compliance implications with reference to the company taking photographs during the meter installation process at customers' properties, and information taken by the technicians that may then be shared across the business.</p> <p>SW confirmed that the business is in the process of appointing a Data Compliance Officer and assured the CCG that their concerns would be brought to the attention of the legal department.</p> <p><b>ACTION</b> Notify the Company Secretary of AWL of the concerns raised relating to Data Protection <b>SW</b></p> <p><b>ACTION</b> New Members will have a full Induction <b>AW &amp; SW</b></p> <p><b>ACTION</b> revised structure of the Affinity Water organisation to go to all members <b>SW</b></p> <p>There was no further business and the Chair declared the meeting closed at 4 pm</p>

The Minutes of the Eleventh Customer Challenge Group held on 14 September 2016 were approved and duly signed as an accurate reflection of the business discussed.

Signature: Taren Plm

(The Chair)

Date of Formal Approval: 7 December 2016

Date of Signature: 24/01/2017