

Minutes of the meeting of the Dee Valley Water Customer Challenge Group

Ramada Hotel, Wrexham

29 November 2017

Present:

<i>Chair</i>	Clare Evans
<i>Independent Member</i>	David Oxley
<i>CCWater</i>	Angela Davies-Jones
<i>Natural Resources Wales</i>	Moira Reynolds
<i>Independent Member</i>	Paul Roberts
<i>Wrexham County Borough Council</i>	Cllr Marc Jones

In attendance:

<i>Dee Valley/Severn Trent</i>	Heather Thompson (Outcomes Manager) Kay Orsi (PR19 DVW Programme Manager) Ed Eaton (PR19 DVW PMO lead) Louise Moir (PR19 Retail DVW Plan lead)
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Apologies for absence:

Cllr Joy Jones (Powys County Council), Lia Moutselou (CCWater), Rhianne Jones (County Land and Business Association); Dr Liz Lewis-Reddy (Montgomeryshire Wildlife Trust); Paul Southall (National Trust).

Members not in attendance:

Joe Mault (National Farmers Union).

These minutes are a redacted version that were taken at the meeting.

Item 1: Welcome and review of minutes and actions

The Chair welcomed all attendees to the meeting, particularly the new members. All attendees introduced themselves, their role and background.

The CCG reviewed the minutes from the meeting on 13 September 2017.

The CCG reviewed the minutes from the meeting on the 1st November 2017.

September minutes

Members approved the accuracy of the minutes.

November minutes

Discussion held on the November minutes, a number questions were asked and updates were made to help improve the accuracy of the minutes.

A member clarified that when the company refers to outperformance they mean spending less than the final determination, and that underperformance means spending more.

A member asked what happens to the 51% of any outperformance which is returned to customers. The company clarified that the customer share goes directly back to customers as a bill reduction, whereas the company can choose whether to return their share to shareholders or reinvest.

A member challenged that they were told, by the previous management team, that the savings would go back to customers in this 5 year period, even though Kay clarified that there is no regulatory mechanism for this to happen. It was suggested that CCWater would pick this up with the company as part of the quarterly liaison meetings.

An inaccuracy was noted on the feedback that a member gave on the Wrexham research workshop – the age profile of the customers in the workshop should have been noted as a **challenge**, but also a member had suggested that a particular younger participant could be a valuable asset to the CCG.

A lack of clarity was raised over action 5.05. The minutes appear to be confusing because a number of themes were bundled into this action (the combined action was to add the challenges to the log). The company to make the minutes clearer in terms of what the challenges were and to clarify that the action is to record these challenges on the log. There followed a discussion on the challenge log and the need for it to be tabled at a future session. The chair discussed the need for the members to review the existing challenges and consider how members can focus on strategic challenges.

Review of actions

A review of all current actions were made by the CCG with updates provided by both members and the company.

Item 2: Regulator updates

DWI

There was no submission from the DWI for this meeting.

The Chair noted that Sue Pennison will be facilitating DWI input into CCG meetings in the future. At a recent CCG chairs meeting Sue gave a presentation on aspects that CCG chairs should be looking out for. The Chair noted that there was pushback to the DWI to provide simple information – or to highlight areas of concern – so that CCGs could challenge their companies rather than expecting the CCGs to go through complex data.

It was accepted that the CCG did not have the necessary expertise to independently verify whether the company are meeting DWI requirements. Given this, the Chair noted she wants to see assurance from the Board that the company are meeting DWI requirements. A request to the DWI will be at least 2 weeks before future meetings to request briefing on any red flag issues they wish to raise.

CCWater

It was noted that the members should challenge themselves to adhere to their expectations of the company (e.g. not tabling items on the day). It was also noted that when circulating material such as the research reports it was important to pull out the key points. This expectation should apply equally to the company and the members.

CCWater had asked members to consider the slides and send any questions. Responses would then be circulated to the group.

As an aside there was a discussion over making conference call facilities available when required and on acceptable meeting locations when the CCG meets in Wrexham. The group agreed that they would be happy to meet at the company offices and wouldn't feel that this would compromise their independence. To keep costs down members offered to assist in transporting those arriving by public transport. Considering CCWater's performance slides, a member queried the sudden rise in the number of customers on social tariffs. It was noted that the company started from scratch and that, although numbers had gone up, they were still low. CCWater commented that it was hard to benchmark the companies as each has different social tariff schemes.

A member queried whether numbers are duplicated when water only companies report theirs (e.g. a customer could be on a social tariff for the waste part of their bill with Welsh Water and for the water part with the company). It was accepted that there could be some (legitimate) double counting.

A **challenge** was raised to consider the number of customers in Powys on the social tariff scheme and how they can increase this. This was raised particularly in the context of the current research and co-creation events, and the future research. A member noted that Ofwat expects companies to develop performance commitments for affordability and vulnerability, and that so far there is disappointment with their creativity in this space. For example the number of customers on a tariff is not necessarily the best measure of the impact. The CCG's **challenged** the company to consider how it could develop impact/outcome based PCs as opposed to input/output ones.

It was noted that the company performed well on the CCWater complaints league table.

The Chair summarised the note that CCWater had sent out about measuring the satisfaction of non-household customers in Wales. This will be considered further when the CCG discuss emerging performance commitments in 2018.

NRW

NRW gave an update. NRW produce an Environmental Performance Assessment (EPA) for Welsh Water, following the same guidelines that the Environment Agency use for companies in England. The EPA is discussed each year at executive level with companies. NRW clarified that there is no EPA process for water only companies, and that NRW were still considering how they will address reporting after the license change. This will be picked up at future CCG meetings.

NRW explained they have a role of enforcement, advice and guidance. In order to discharge these duties there are distinct teams within NRW, e.g. the policy team is distinct from the day to day enforcement and operations team.

NRW outlined the PR19 process between NRW and companies and explained that it is an evolving and collaborative approach. NRW confirmed that the NEP is really a water industry document, in that it will outline what actions are needed to meet statutory environmental obligations, what outcomes will result and what costs will be incurred. The obligations are largely set out in environmental directives such as the Waste Water Treatment Directive, Water Framework Directive, species requirements and so on. The NEP is developing at the same time as the company business plans. They commenced in the summer and will conclude at the end of March with a snapshot available by mid-December. The Chair sought to understand NRW's role in providing assurance that the company is delivering all of its statutory obligations. NRW confirmed that they will have a view on this, but the onus should be on the company to demonstrate compliance.

Item 3: Waste Quality Investment Plan Update

The company provided an overview of the waste water services and assets provided in Powys and pointed out some areas where the Ofwat approach to modelling and comparability with other regions may create difficulties, primarily due to the fact that the Powys area is very rural. The company also clarified that the sludge from Powys is treated in England (and that the customers in Wales pay for this), and that in the future we will be considering whether there are any more efficient ways to deal with the sludge.

It was noted that in 2017 there was one serious pollution which has resulted in a caution. NRW commented they were happy with the response from the company.

An overview was provided with discussion held on the waste quality investment plans. Several queries were raised which the company will look into in greater detail.

A member **challenged** if the benefits would be felt downstream (in England) and whether there would be an apportionment of costs between England and Wales.

NRW asked whether, on the subject of improving biodiversity, the company had had any suggestions from stakeholders as to potential schemes / partnerships. Kay responded that there is a lot of enthusiasm from stakeholders but there is a need for this to move to action.

A member questioned the definition of a “general” customer. The company clarified that this would have been a participant from the workshops rather than the in-depth interviews (which targeted those in vulnerable circumstances), however it agreed that the nomenclature was not particularly helpful.

A member asked whether the treatment works at Llanidloes was at risk of flooding and whether this is a factor that should be considered when designing any biodiversity enhancements.

Item 4: Customer engagement

The company gave an overview of the progress made on the customer engagement to date. The members reviewed the recruitment profile for and the customer engagement and were satisfied that the representation was reflective of the quota targets, which were based on Census data and therefore reflective of the customer base.

The members noted the summaries but considered that there was insufficient evidence to help them form a view about how well we had listened and understood the research.

Challenge - The group challenged the current decision not to hold a co-creation event in Powys, for the following reasons:

1. The customer needs deliberative event in Powys was a much smaller (fewer customers) and shorter (less time) event, so the views and issues for Powys customers are likely to have been under represented.
2. The tariffs in Powys, Wrexham are different and the issues that this may create cannot be understood if we don't reach out to all customer groups. One important specific difference is debt management given the different bill levels and currently different scheme offerings.
3. In general the members feel that rural poverty is a hidden problem more generally and this exasperates it.
4. Members were concerned that the views of Powys customers, which had been assessed as part of an England and Wales meeting did not respect the difference in approach that the licence change would require.

Challenge - The members challenged the company to show how the research done to date has shaped the topics for the social tariffs co-creation event.

The company responded that it has identified a short list of topics to ensure quality time can be spent but also that they are suitable topics for co-creation. There may be other findings from the research that they include in the service offerings and in fact they may start them sooner than 2020 (or they may already be in train), but not all of them are suitable or necessary for co-creation. For example Heather reported that the research showed that customers often have misperceptions that the phone number on an arrears letter was a premium rate number. This could be clarified and could be a simple business as usual improvement. Members reminded the company of previous research from Wrexham customers do like the ‘local’ nature of the company and it was suggested the company may wish to retain an ‘01978’ number.

One member urged us to consider how we are ensuring that we help customers who are trying hard not to fall into arrears and don't inadvertently reward customers who aren't trying to pay their bill.

Initial ideas were shared with the members and there was a discussion about expectations.

The members supported the use of wider engagement, but urged the company to include a comprehensive list to include the traditional sources such NEP and NRW area statements and to check whether more up to date research was available (specifically for the Visit Wales survey) and also check the relevance of the Monmouthshire well-being of future generations risk assessments and plans.

Item 5: Assurance

The group welcomed the fact that the company are bringing best practice from England into the assurance plans for Wales. Also urged the company not to lose the good practice that was existing in the previous company. The CCGs view was that it was for the Board to provide assurance to Ofwat and the CCG regarding their procedures. This was not a remit for the CCG.

Item 6: Remuneration

The company to respond to the Chair's proposal.

Item 7: AOB

The Chair commented that the company still needs to come back to the group explaining the potential differential bill impacts for Wrexham and Powys customers and whether the company were considering options for equalisation or otherwise following the license change.

Future meeting dates were agreed.

23rd Jan Welshpool

13th March Wrexham (at Dee Valley Packsaddle office)

May date tbc

Provisional dates suggested, members to consider and confirm availability:

6th June

10th July

15th August