

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

The Royal Oak Hotel, Welshpool

23rd January 2018

Present:

<i>Chair</i>	Clare Evans
<i>Wrexham County Borough Council</i>	Cllr Marc Jones
<i>CCWater</i>	Tom Taylor
<i>Powys County Council</i>	Cllr Joy Jones
<i>Independent Member</i>	David Oxley
<i>Natural Resources Wales</i>	Moira Reynolds
<i>Independent Member</i>	Paul Roberts

In attendance:

<i>Dee Valley/Severn Trent</i>	Heather Thompson (Outcomes Manager) Kay Orsi (PR19 DVW Programme Manager) Ed Eaton (DVW PMO lead) Louise Moir (PR19 Retail DVW Plan Lead) Shane Anderson (Head of Economic Regulation) Faye Arnold (PMO Retail)
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These minutes are a redacted version that were taken at the meeting

Item 1: Welcome and review of minutes and actions and the focus of the meeting:

The Chair welcomed all attendees and all attendees introduced themselves.

The CCG reviewed the minutes from the meeting on the 29th November 2017. Updates and amendments were provided to the previous minutes.

Recap of the CCG Checklist and Purpose and Focus of the Day

The Chair clarified that the role of the CCG was to ask the questions on the company's plans and propositions, and for the company to provide the detail and evidence to support them. The CCG is required by Ofwat to write a report to accompany the company's Business Plan to Ofwat. The company received **a challenge** to the wording of the Ofwat ask on reflecting customer views into the plan "Is the company's longer term strategy and business plan an appropriate response to customer's views" as the CCG expect the company to evidence how they have come to the conclusions in the customer research.

A discussion was held around mentioned that Severn Trent's vision for Dee Valley could be better explained and this was something he has also raised in the CCWater quarterly meetings with the company.

A question was asked around if there was anything that Ofwat has specified is needed but is not included in the meeting agenda. The company confirmed that some items are excluded because it is not the appropriate time to discuss them and not all items can be discussed in one meeting. The items will be included at the appropriate meetings.

Item 2: Regulator Updates

DWI

No response had been received from the DWI. The company is to continue to offer the DWI an opportunity to provide updates at future CCG meetings.

CCWater

A member gave an update on CCWater's position on the NAV licence application. Extensive conversation was held around the changes the NAV licence may have on the differing areas of the companies involved. This included discussions around the Non-household business.

The Chair asked CCWater what were the highlights of the letter CCWater sent to Ofwat.

In summary:

- Border realignment should outline the benefits to customers
- Plainer language in plan
- Customer Engagement to be taken on the Brand
- Ensure continuous margin for Non Household customers
- Price changes should not be due to the licence change
- STW to submit two plans for PR19

A member asked, when billing customers in Powys and Wrexham will the % increase/decrease be the same for both as the investments will not be the same in each area. The company and CCWater confirmed it could be but this is a charging issue not a PR19 issue, which is based on total expenditure and average bills. There is an established annual review process in which CCWater will comment on any price changes. If the member would like further discussion on the annual charging process and rules, the company offered to discuss this issue in greater details with the member outside of the CCG meeting.

A discussion took place on affordability, with CCG members pointing out that there was potential for the company to work more closely with Dwr Cymru to ensure that eligible customers get support with both their water and waste water bill and services. The company responded that they will be consulting with customers to understand how much-help and support other customers want to provide through their bills. The CCG made the point that the company should use its resources to support customers this is in relation to looking for synergies in research and customer engagement activity in general but also specifically referring to the joining up on social tariffs, e.g. if a customer was on a social tariff for sewerage with DCWW, there ought to be a mechanism to ensure that he/she was placed on the equivalent the company scheme.

NRW

NRW are currently at NEP version 2.1 and this will be developed into version 3 by March.

Overall NRW are happy with the progress being made, the relationship between NRW and the company is building, pleased with the company's flexibility and no contentions so far with the plan.

Item 3: Update on Ofwat PR19 Final Methodology

One of the changes in the Ofwat methodology involved strengthening the power of ODIs. The Chair **challenged** the company to provide the evidence that customers support ODIs and reminded the company that separate ODI research was expected.

The company gave an update on the Ofwat PR19 Methodology and a summary of the Ofwat final methodology was made available.

Item 4: Customer Engagement Update

An update on customer engagement undertaken by Severn Trent was given and discussed in extensive detail. This looked into the engagement that has taken place so far, and how conclusions have been drawn up. A number of follow up actions were taken by the company to develop this further.

The Chair suggested a separate session to be held to review the customer engagement undertaken by Severn Trent before the meeting in March.

The Chair asked where some of the conclusions/findings have come from if not all the research has been concluded. The company was **challenged** to present the detail and make clearer the links between the research, the findings and resultant proposals.

The Chair asked the group if they had any comments on the current research with feedback taken on board by the company.

This led to a discussion on customer engagement. A member confirmed that Local Resilience forums take place in Wales and cover a variety of topics and incidents. It was agreed that it would be good for NRW and the company to work together on customer engagement and with the sub-groups of the Public Service Boards.

Item 5: Emerging Retail Plan

The company gave an overview of the main parts of the pack and the importance in supporting customers that are struggling with their bills. The company will share their proposed performance commitments at the next CCG meeting in March.

Affordability

Out of the six levers identified to improve affordability for customers this session will focus on lever 5 “We support customers who are struggling to pay in an effective and efficient way”.

The Chair asked for more information on the Expert Workshop in February on Social Tariffs. The company extended the invite to the group for the workshop being held on the 14th February and explained there will be a session with experts and one with customers.

The Chair raised the point that you need to understand the outcomes/impact of bespoke measures/Social Tariffs and welcomed the company’s proposals to go beyond the Ofwat suggestion of the number of people on tariffs/PSRs. The importance to look for PCs that were wider than inputs/numbers to show the impact of the measure on the customer was favoured.

A discussion was held on the impact that Universal Credit is also having on Customers. A member stated it was already have a negative impact on his constituents and that rent arrears are already increasing. A member also had concerns: the trial in Powys also showed that people are struggling, people that received sanctions could not receive a payment for many weeks and any missed payments in that period would not be backdated. Joy asked what would happen to those people who were sanctioned, offering a “payment holiday” to

customers would not resolve the issue as they would then be expected to pay more after the break.

A member felt that more joined up thinking between utilities companies to aid people that are struggling would be beneficial for all. The group agreed but a member (Tom) and Louise stated that this is becoming increasingly difficult to do with data protection and with more stringent rules with GDPR later this year. The Chair reminded the meeting of the work being undertaken across water companies and co-ordinated by WaterUK in this area. Julia Cherrett of DCWW is on the group and would be worth consulting to get further advice as to how water companies can move forward.

A member stated that the company have historically been flexible with bad debt, for example they would allow a customer to pay less than that needed to cover their current debt as long as some regular payment was being received.

The company recognised that there are some gaps with Social Tariffs and that these gaps are being worked through. The company also mentioned that they bill on behalf of Dwr Cymru for the waste water, it could be the case that a customer is on a Social Tariff for the company but not Dwr Cymru and would look to work together to passport details across. The Chair raised **a challenge** to ensure that reciprocal social tariff matching was taking place between companies as the CCG had previously been told this is already happening.

The company gave an overview of vulnerable customers and stated that for some people they might fall into vulnerability in a couple of different ways. The company to present analysis of findings on the number of customers in water poverty at the next CCG.

A discussion was held around how any bad debt written off would be funded. Would the other customers in effect be paying for other people's debt? The CCG therefore issued **a challenge** to the company to advise how any bad debt to be written off is handled. There was concern that a matching scheme could be a social tariff by the back door. For example, other customers would have to pay for the written off bad debt.

The company asked the group if they had any suggestions that have not been proposed by the company to help those that cannot pay. The CCG responded whether the company had a mechanism on identifying those that can't vs won't pay. The company stated it would be shared in March

The Chair proposed that the company speak to Wessex Water and refer back to the Ofwat report from 2016 to test our offerings against recognised good practice. Then come back to the forum with the references used/evidence to close the actions down for supporting customers.

Service Vulnerability

The company gave a brief overview of what this means, and what may trigger someone being put into a vulnerable circumstance.

The CCG **challenged** the company to speak to local authorities to obtain information to help the company more proactively identify people who should be on their Priority Services Register and if it is not possible bring the reasons to the next meeting. The company replied that data protection is a challenge and whilst the company do work with groups such as local resilience forums, they are only allowed to share information in a live incident.

Item 7: AOB

The Chair commented that they feel the company is definitely going in the right direction and invited the CCG members to stay for a closed session.

A member said that they liked the approach of the session and the variety of topics covered.

Future meeting dates were agreed:

13th March Wrexham

23rd May Welshpool

6th June Wrexham

10th July Welshpool

15th August Wrexham

The company will consider the benefit of an additional session to be held (by phone) to go through customer research data before March.