

Minutes of the meeting of the Dee Valley/ STW Customer Challenge Group (CCG)

The Royal Oak, Welshpool

23rd May 2018

Members present:

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

In attendance:

<i>Severn Trent Water (STW)</i>	Heather Thompson (Outcomes Manager) Kay Orsi (PR19 Wales Programme Manager) Ed Eaton (Wales PMO lead) Katherine Harris (PR19 Administrative Assistant) Malcolm Horne (Head of Asset Management) Louise Moir (Wales Business Lead) Katie Wood (External relationships co-ordinator) Olly Twydell (Water Quality Improvement Lead)
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Apologies for absence:

Cllr Marc Jones (Wrexham County Borough Council), Paul Southall (National Trust), Philip Marshall (CCWater), Lia Moutselou (CCWater), Joe Mault (National Farms Union), Chris Radford (Montgomeryshire Wildlife Trust)

DVW/STW: Shane Anderson and Vanessa Mallinson.

Item 1: Welcome and review of minutes from the previous meeting:

Updated Non-Disclosure agreements were circulated so that the CCG had adequate time for review before discussion at the end of the meeting.

The Chair gave an update that the CCG chairs had met the Chief Executive of Ofwat, Rachel Fletcher, and had a robust discussion about the process moving forward and Ofwat expectations of the CCG.

The Chair also attended the STW Board meeting at Lake Vyrnwy where there was a discussion of the CCG process. It also validated the role of the new company. It was good to commence a dialogue with the Board as the lack of communication while the acquisition was taking place would need to be mentioned in the CCG report to Ofwat. John Coghlan (STW Board member) has attended two customer research events, and Anne Beynon (new member of the HD Board) attended that last customer workshop in Newtown. The announcement of the interim Chief executive of Powys County Council, Mohammed Mehmet, was seen as a good opportunity to strengthen the links with Powys.

The PR19 meeting for the Welsh Government and Dee Valley Water/HD on Thursday 24th May has been postponed until 2nd July. WG is keen to have more interaction at Board level.

Review of previous actions:

A review of previous actions took place with amendments, updates and closed actions being taken away by the company.

The purpose of the CCG meeting today was discussed. The Chair shared that the PCs, ODIs and investment choices research results had not yet been circulated to the CCG members as the fieldwork was still ongoing. However, a number of members did attend the research events and so can comment as they go through the pack.

The Chair raised the question that, in her view, the PCs, ODIs and investment choices research is not actually ODI research because the targets on which these were discussed were the stretch targets not outperformance targets. The company would consider this.

Item 2: Regulator Updates

DWI

The company shared the update from the DWI as the CCG is still trying to get them to engage with the meetings. Sue Penniston was unable to make this meeting and has said that she will send her information to the company which can then be circulated to the CCG.

The Chair agreed with the varied response from the DWI and shared that it had been raised again with Ofwat as some CCG groups do receive a very good DWI response.

The Chair asked if there were any specific sessions which the DWI could offer the CCG. The company explained that by 31st May they must send the DWI a statement which sets out the long term plan for drinking water quality and how this factors into the business plan.

NRW

The NRW commented that there has been an ongoing relationship developing with the new company and the company agreed that there have been no changes since the March version of the NEP and that the company are now working on the costings and developing the detail of the plan.

CCWater

Lia was to provide the CCGWater update but was unable to attend this meeting and so the update will be shared and added to the minutes post-meeting.

Item 3: Customer Research Update

An update was given on the research taking place, with discussion held around the ongoing projects and the findings.

The acceptability research plan for mid-June was shared. A draft questionnaire was circulated as part of the pre-reading material to give plenty of time to take into account the views of the CCG. The objective is to determine the percentage of customers who find the future bill profile acceptable and affordable. This will include future ODI scenarios. The company discussed how Ofwat want to see the percentage of customers finding the bill acceptable when presented in real terms whereas CCGWater want to see the percentage when presenting the bill in nominal terms.

There was a discussion around the geographical split of participants and whether this is accounted for within the research. The company confirmed that there will be quotas for the socio-economic groups so that the sample is representative. The company were **challenged** to ensure the acceptability research is representative of its customer base.

CCWater and the Chair **challenged** that in their view, as stated in previous CCG meetings, Willingness to Pay research should not be used to inform ODI rates.

There was a discussion around the length of the questionnaire and a member expressed concern that the length would encourage customers to give answers which they felt the company would want to hear in order to complete this quicker. The company explained that the questionnaire which customers would see would be electronic and would include images, and be guided by an interviewer.

There was a discussion around giving customers something back for their time with the suggestion of free water efficiency packs for this.

A member noted that he did not wish for the company to exceed in one area and therefore get an outperformance payment and then underachieve elsewhere. The company explained that gated ODIs would result in the areas being linked together which balances the risk.

The CCG asked for further information on how the targets put forward as part of the base plan – as well as those that would trigger ODI payments/penalties – had been developed.

Item 4: Overview of Performance Commitments

The Chair referred to the Ofwat aide memoire as there are a lot of areas which will require CCG comment. It was expressed that ODIs are an area to get right and some examples of where the CCG need to consider ODIs were where customers have not been asked specifically about their views on ODI design underperformance, reputational only, in period ODIs etc. It was suggested that the CCG have another meeting to discuss this to assure themselves that the company has done all that it can as not all of these questions can be asked to customers. The company acknowledged the point from the Chair.

The company explained that the targets are not final yet as the research is still ongoing and this will highlight any PC changes. The company wanted to share current progress. It was shared that the 'Thriving communities' outcome has been renamed to 'Making a positive difference.' For 'Corporate Stewardship' there is still an ongoing discussion internally as it is an outcome for Ofwat and not customers.

It was explained that the company now need to start shadow reporting to Ofwat from July - they are still working through the exact measurement methodology to ensure that it is an auditable process.

A member **challenged** the company to say when the company expects the methodology for assuring the PC targets to be completed. The company responded that the next meeting is only three weeks away and so it might not be completed as there is still a lot of work to take the methodology through the three lines of assurance process.

Item 5: Water PC Targets

The company introduced the Compliance Risk Index and Water Quality Complaints as the two which are being focused on today. The Compliance Risk Index is the new overall measure for drinking water quality, replacing the old measure of mean zonal compliance.

The output then drives companies to deal with the biggest impact on customers first and so drives the correct behaviour. The charts on slide 68 showed the range of the scores for the measure. The range was explained as due to the small size of the company.

The Chair checked their understanding that there is no financial incentive for this and this was confirmed. The proposal is still being discussed between Ofwat and the DWI.

A member asked if there was a potential penalty. It was confirmed that if there was a breach of the deadband then there would be.

Looking at the water quality complaints measure, the Company shared that in four years discolouration 1200 complaints have been reduced to 230. These complaints no longer stand out but have been stabilised and standardisation is now needed. Paul noted that this is a success story for the company.

A member questioned the target percentage decrease of the water supply interruptions when it has been raised as an issue by customers. The Chair asked how the company has taken account of customer voice in making these decisions.

Item 6: Retail PC Targets

As mentioned earlier in the meeting, there are no targets yet as the research is still ongoing. If customers miss instalments then their plan is cancelled and they are given the phone number for the social tariff in case they need support in paying.

CCWater questioned the use of an online survey for customers once they come off a scheme as not all customers will have online access. The company responded that the survey was proposed to find out how the scheme made a difference to customers using the SIMscoring but it does not specifically have to be online.

Item 7: Service Vulnerability PC

The company explained that the purpose of the service vulnerability PC is to get the right help to customers when they need it. There was a discussion around the definition of vulnerable as only some medical conditions are being captured currently, including the short standing/incident customers who need help for now.

It was highlighted by the company that awareness of the PSR is low and so the company is holding events in Wales to increase this. Water health checks also offer support so it is not simply financial. From 1st July, there will be a care and assistance team in Powys with training from Samaritans so that they can follow up on customers' needs.

The company raised the point that some information cannot be held after an event but this could be a good opportunity to hand out Priority Services Register leaflets so that customers can get in touch afterwards if further support is needed and this would also help to raise awareness.

Item 8: Affordability – Struggling to Pay PC

The company circulated a hand out which showed the current performance and explained that forms are being completed at events like food banks. The Personal Payment Concessions from 1st July will incorporate a call back after a few months to check and update individual circumstances.

The CCG **challenged** the company to explain why its affordability PC is set as a percentage of the customers who are struggling to pay and how that ensured there was an incentive to continue to identify all of the customers who need support.

A member commented that the key issue is determining the percentage of customers struggling to pay otherwise the target could lead to de-incentivisation for the company. The Chair agreed with the premise that the more stretching the target the better. The company acknowledged this and explained that the right number needs to be determined. The Chair repeated the case for tracking the number of people coming off the schemes in order to measure their success.

Item 9: Affordability – Voids and Gaps sites PC

The company shared the Voids PC target. Genuine meter readings are one way of getting accurate data for voids but it is very difficult to obtain accurately.

The company was **challenged** to provide the evidence for customer support for voids being reward only.

Item 10: Customer Measure of Experience PC

A CMEx pilot is underway.

The company highlighted the non-household customers experience as this was raised in the January CCG meeting and from 1st July there will be a dedicated non-household team in Wrexham with a dedicated phone number, local knowledge so that leaks can be fixed quickly, water efficiency products and audits for businesses as well as hints and tips for saving money.

Item 11: Welsh Languages Services PC

There has been CCWater input so hopefully this PC will be signed off next month. The Chair asked why it was reputational but a cost adjustment had also been raised for Welsh language so this is a customer protection measure.

Item 12: Wastewater PC Targets

CCWater **challenged** the company as to why external sewer flooding is not a PC when it is known to be an issue across Wales. The Chair agreed that the CCG was aware that it is an issue for customers and therefore it needs tracking. The challenge for external sewer flooding is that it is difficult to identify whose fault it is. The company responded that DWMP will track external sewer flooding and a catchment approach would be broader. The models for sewerage mapping and hydraulics for areas is a much more effective way of targeting this issue.

Item 13: Stakeholder Engagement

The company explained that the company is in the process of creating a stakeholder compendium in which it has summarised the expectations from stakeholders.

On the 9/10th October there will be a drop in session so that Welsh Assembly members can learn about the new company.

Item 14: Outcome Delivery Incentives

The company reiterated that their approach with ODIs is for industry frontier shifts only. The Chair questioned if penalties will occur if the company do not meet the baseline targets and the company

confirmed that this is the case. The research seen to date was not asking when penalties/rewards would be applied (in period vs end of period).

The company explained that deadbands are needed for volatility i.e. the weather and that each PC will have a diagram drawn to show these. The company explained that for the quantitative data the company need to wait and see if a clearer theme emerges.

A member questioned if sewer blockages would have an effect on flooding? The company responded that it was looking possible but the correlation between blockages, pollution and leakage affecting customers' needs investigating more.

The Chair **challenged** the company to justify why the PC on education should be linked to a reward if customers reduce their water usage following education. They should also provide the rationale for applying rewards and penalties for each ODI. The company had agreed to provide this information at a future meeting.

AOB

The Non-disclosure agreement was discussed and points to raise with the legal team were noted. This is to be re-circulated after legal review.

CCG members closed session held.