

Consumer Council for Water

**Customer Challenge Group process:
Review of lessons learned**

Qualitative Research Report



Prepared by Research by Design

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Section 1: Executive summary and recommendations

1.1. Overview of the process

- The chairpersons were keen to be involved in what was regarded as a ‘forward-thinking’ process and feel a sense of pride in being invited to take up their role.
- Group members feel they were given all available information at the start but recognise, on reflection, that the groups had to adapt and evolve over time as the processes bedded in and more information/guidance became available from Ofwat.
- It is recognised that group members had very different starting points in terms of their water industry knowledge, so care had to be taken to bring everyone up to a similar level of understanding during the early stages of the process. This was quite challenging for some groups to achieve.
- Overall, the CCG process is considered a success. The majority would be happy to be party to similar processes in the future, though external stakeholders would be hesitant to commit to participating in a group throughout the process and to be involved in deliberations that they find almost impossible to contribute to.
- The true ‘cost’ of running the CCG process is unknown, but assumed to be expensive when the time given by all members for the duration of the project is considered. A cost/benefit analysis is suggested.

1.2. Summary of the key successes

- Many feel the chairpersons were skilled in their management of the groups and that they engaged the different stakeholders effectively throughout the process.
- There is a general concern amongst members that the chairpersons were not as independent from the water companies as they might have been. Companies argued that they were independent and evidenced this by providing examples of ‘uncomfortable’ challenges.
- Some groups created ‘challenge logs’ in addition to minutes of meetings. Independent report writers were used by some groups. These were felt to be invaluable, and offered neutrality and an additional layer of objectivity to the process.
- Most CCGs formed subgroups; attendees of which were decided based on individuals’ areas of specialism and areas of interest. Subgroups are praised as a practical way of sharing the workload and being able to delve into areas of detail.
- Representation is generally felt to have been good, although some feel that the public sector was over-represented and greater presence of the private sector would have been beneficial. Others suggested that CCWater might have been over-represented, especially in groups where there was a CCWater chairperson.
- Independent consultants were welcomed where advice was required in technical areas, e.g. financial/econometrics, research, engineering.
- The meeting of chairpersons outside of the CCGs and sharing of learnings within the CCGs were useful and provided some reassurance that groups were progressing in similar directions.

- Private sessions of the CCGs without the water company provided a welcomed opportunity for group members to deliberate on issues before sharing their thoughts/challenges with the companies. They were also a good forum for strengthening trust between group members.

1.3. Summary of the key challenges

- Changing timelines have been one of the biggest frustrations for CCG members, especially towards the end of the process.
- The time required to read meeting materials and sometimes attend meetings was typically above what was initially expected. For those working outside of the water industry the commitment to a CCG was sometimes too challenging to accommodate alongside their paid employment.
- Interpreting technical information was challenging for those who did not have the required expertise; the use of complex language, acronyms and lengthy reports were cited as being most difficult to manage.
- There was uncertainty regarding the scope of the project and the specific remit of some members, especially those working outside of the water industry. Some members felt they did not have the technical knowledge to contribute to discussions and provide informed challenges.
- Lack of guidance from Ofwat left the CCGs feeling unsure of their remit and scope of work. It is felt that a greater level of guidance would have supported the process and ultimately resulted in less re-work.

1.4. Recommendations

- The CCG process is deemed a successful initiative and should be carried forward to future price reviews. The PR14 process has built on the learnings of the Quadripartite Groups from PR09 and has been an opportunity to fully test the concept of wider, more inclusive groups, which are able to reflect the views of consumers from a broad range of perspectives. With this in mind, the following recommendations are suggested to make this process even more effective if used again to support PR19. The recommendations have been derived specifically from the comments made by participants.

1.4.1. At the beginning of the CCG process

- Ideally groups would be chaired independently by a non-CCWater representative to ensure that the process is managed in a way that is (a) perceived to be completely neutral, and (b) not restrictive on CCWater's ability to share its views at the most senior level.
- Chairpersons should be responsible for no more than two CCGs.
- The water company and the chairperson should work together to build a list of possible candidates and make the selection together, ensuring they reach out to candidates that are not necessarily known to either party. Fifteen is generally felt to be the optimum number of group members.

- Group members should have a clear induction at the outset. They would also benefit from opportunities outside of meetings, such as field trips, to bond with peers within their CCG.
- The amount of time that members need to devote to the CCG should be clearly laid out. Underselling time requirements leads to frustrations, resentment and negativity in the groups.
- A 'glossary of key terms' should be created, helping members interpret water industry acronyms and technical terminology.
- Ofwat needs to clearly specify at the outset their criteria for evaluating business plans.

1.4.2. During the CCG process

- Use subgroups to make the workload more manageable and ensure that members' knowledge and interests are utilised most effectively.
- Bring in industry experts at appropriate times throughout the process, e.g. an independent financial expert when interpreting econometrics, an independent research expert when interpreting consumer research, and so on. These experts do not need to be present for all meetings prior to their involvement, but need to be inducted appropriately.
- Chairpersons should endeavour to meet with other chairpersons at intervals throughout the project to discuss and review progress.
- Chairpersons should aim to read and digest meeting information in advance of it being circulated to members. If possible, they should craft an executive summary, pulling out the key points. Additionally, where there is a significant amount of material, they should identify what is essential reading.

1.4.3. Towards the end of the CCG process

- An independent report writer should be commissioned to draw the findings together into the final CCG written report.
- Ofwat should set a clear deadline for submission of business plans and this should not change once the process is underway.
- To close the loop, Ofwat should feedback thoroughly to the CCG members on how they feel the process has been conducted.

Section 2: Background to the research

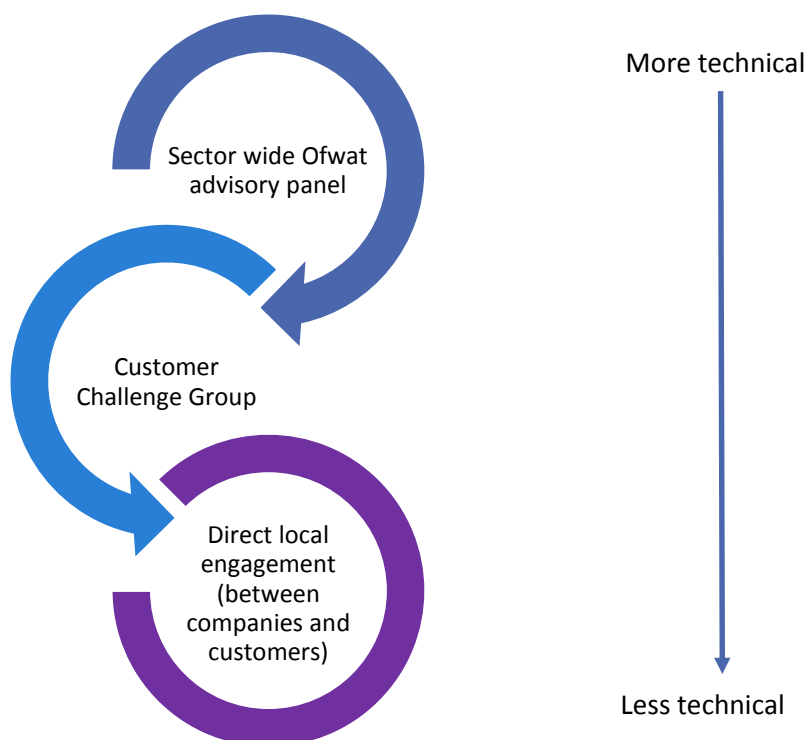
This section of the report provides a brief background as to the reasons for undertaking this study and provides the research objectives and details on the methodology.

2.1. Background to the study

During the 2009 Price Review, the Consumer Council for Water lobbied water companies and Ofwat to ensure that appropriate investments were made at prices which customers would accept. This approach used consumer research, and the 'Quadripartite Groups' (QGs) and Wales PR09 Forum¹ which negotiated with water companies on consumers' behalf.

The QGs/Forum were generally felt to be a success because they facilitated open discussion between water companies and their stakeholders. This resulted in companies generally asking for realistic price increases and Ofwat found it could accept companies' plans more easily and made fewer cuts to costs compared with some previous years.

With the PR14 process in mind, a new approach to customer engagement was carefully considered and consulted upon in 2010-11. One of the guiding principles was that customer engagement should be ongoing and not take place simply at price reviews. Engagement should also be appropriate according to the complexity of the issue at hand. Ofwat's customer engagement policy statement sets out the following three-tiered approach to customer engagement:



¹ In 2007 CCW wrote to water companies to suggest the establishment of QGs where the company would meet with the Drinking Water Inspectorate, the Environment Agency and the regional CCWater committee to discuss investment priorities. These groups were later expanded to include Natural England. In Wales, the Welsh Assembly Government convened a Forum for Wales to discuss similar issues, with Ofwat attending.

A core component of the approach described above is company-supported Customer Challenge Groups. The objectives of the CCGs have been to build upon the success of the QGs/Wales Water Industry Forum, and to:

- Review their company's engagement process and the evidence emerging from it. This is to ensure customers' views are considered as the company develops its business plan;
- Challenge the phasing, scope and scale of work required to deliver outcomes, including legally prescribed standards and the requirements of other regulators; and
- Advise Ofwat on the effectiveness of their company's engagement, and on the acceptability to customers or otherwise of its overall business plan and bill impacts.

Each water company was responsible for setting up and maintaining their CCG and expected to have the following representatives:

- Consumer representatives, such as the Consumer Council for Water (CCWater)
- Local businesses
- Local authorities and organisations representing customers with specific needs (for example Age UK, Citizens Advice)
- Environment Agency, Natural Resources Wales and Natural England
- Drinking Water Inspectorate (DWI)

Each group was expected to have an independent chairperson. Regulators were required to set out some early guidance which would set the parameters for the Group's work and formalise a joint input into the price review process. Ofwat stipulated that it may attend as occasional 'observers' of the CCGs.

The opportunity was thus identified to independently assess how the process has worked from the perspective of those involved in the CCGs.

2.2. Research Objectives

The objectives of this research were two-fold:

- To discover what went well in the CCG process to date, what went less well and any gaps in the process;
- To inform discussions with companies, Ofwat and other stakeholders about the future of CCGs and any successor model.

2.3. Research Methodology

Stakeholder interviews were conducted with a representative sample of CCG members across the companies. As it was not practical nor expedient to consult every single CCG member, a robust sample was selected which represented the makeup of CCG attendees at a national level.

For the purpose of reporting and to ensure anonymity, specific demographics have not been linked to quotations. However they have been labelled as one of the following three key groups:

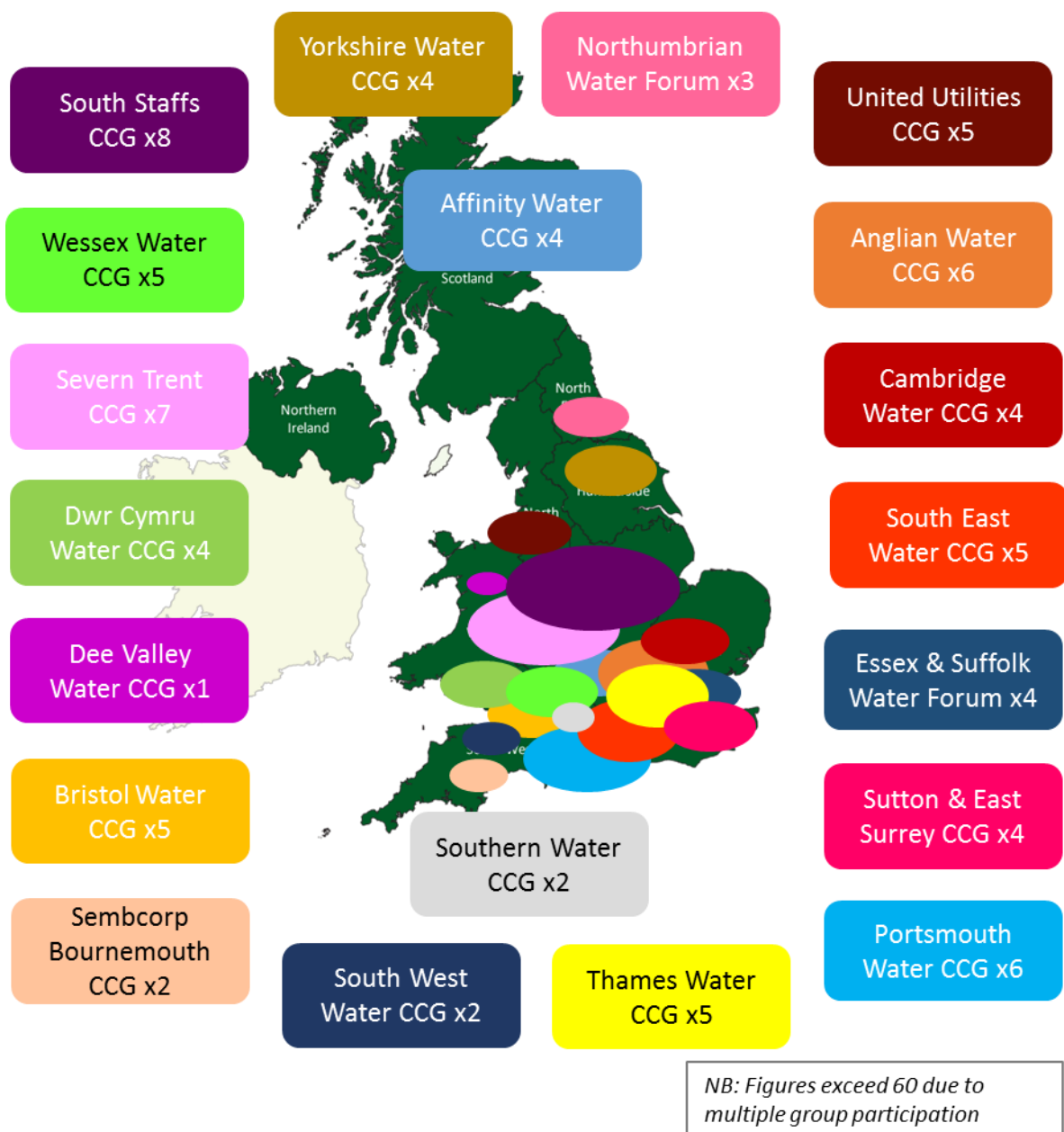


A detailed breakdown of the number of members recruited from the different sectors can be found in the [appendix](#). In total, 61 interviews were undertaken.

Recruitment of stakeholders was conducted by telephone from Research by Design’s dedicated in-house telephone facility in Birmingham. After reviewing and cleansing the database, participants were randomly selected to input into the study.

Stakeholders were principally interviewed face to face at their place of work. In-depth telephone interviews were undertaken where this was not possible or convenient. All interviews were semi-structured and took approximately one hour to complete.

Care was taken to ensure good representation from each of the different CCGs around the country. It was important to engage effectively with the different water companies as they were diverse in their operational make-up and displayed very different characteristics. Factors considered across the different water companies were primarily the size of the company, whether they were responsible for water-only or water and sewerage; and the different ownership models. The size of the oval in the map below broadly represents the number of participants from each CCG.



As part of the on-going evaluation of the CCG process, pilot interviews amongst six key stakeholders were conducted at the onset of the fieldwork in April 2014. The purpose of these was to test the effectiveness of the topic guide amongst key groups, to ensure that the flow of the interviews was coherent and comprehensive, and to ensure that all relevant topic areas were covered in sufficient depth.

Upon sharing and discussing satisfactory pilot results with CCWater, the remainder of the fieldwork commenced. Fieldwork was completed in June 2014.

2.4. Reporting

This report reflects the views of the sixty-one depth-interview discussions. Where views have differed due to differences in experiences and perceptions, size of organisation/company or circumstantial situations then these are mentioned in the report. Additionally, views held by a minority have been mentioned where it is felt appropriate.

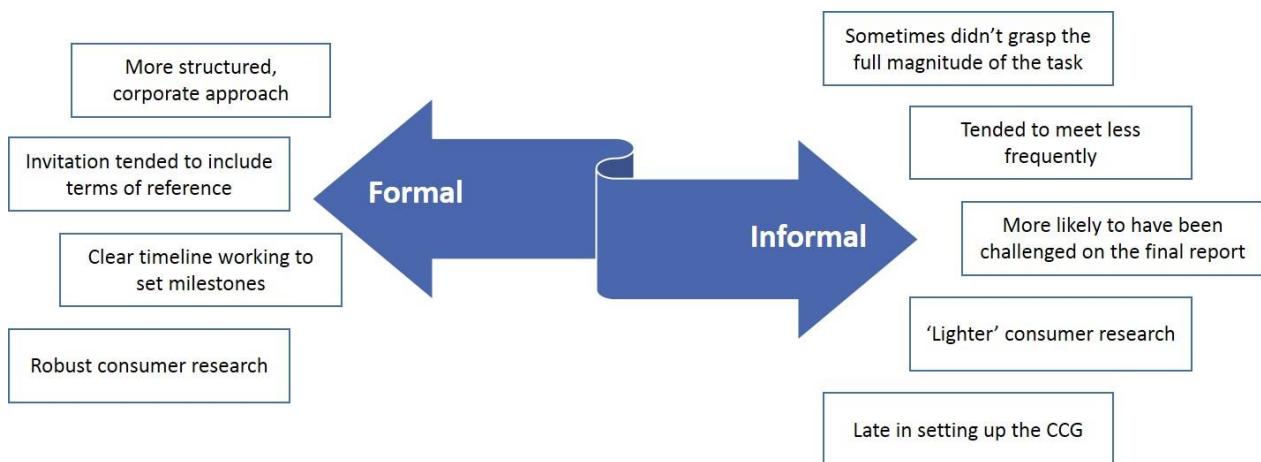
Verbatim comments have been provided to emphasise the strength of feeling and forms of expression where appropriate.

Section 3: The vision for CCGs

3.1. The different approaches taken by the water companies

Ofwat provided a broad steer on the types of organisations that the groups would need to contain, then the responsibility sat with the water company (often in collaboration with the chairperson) to interpret what this would look like.

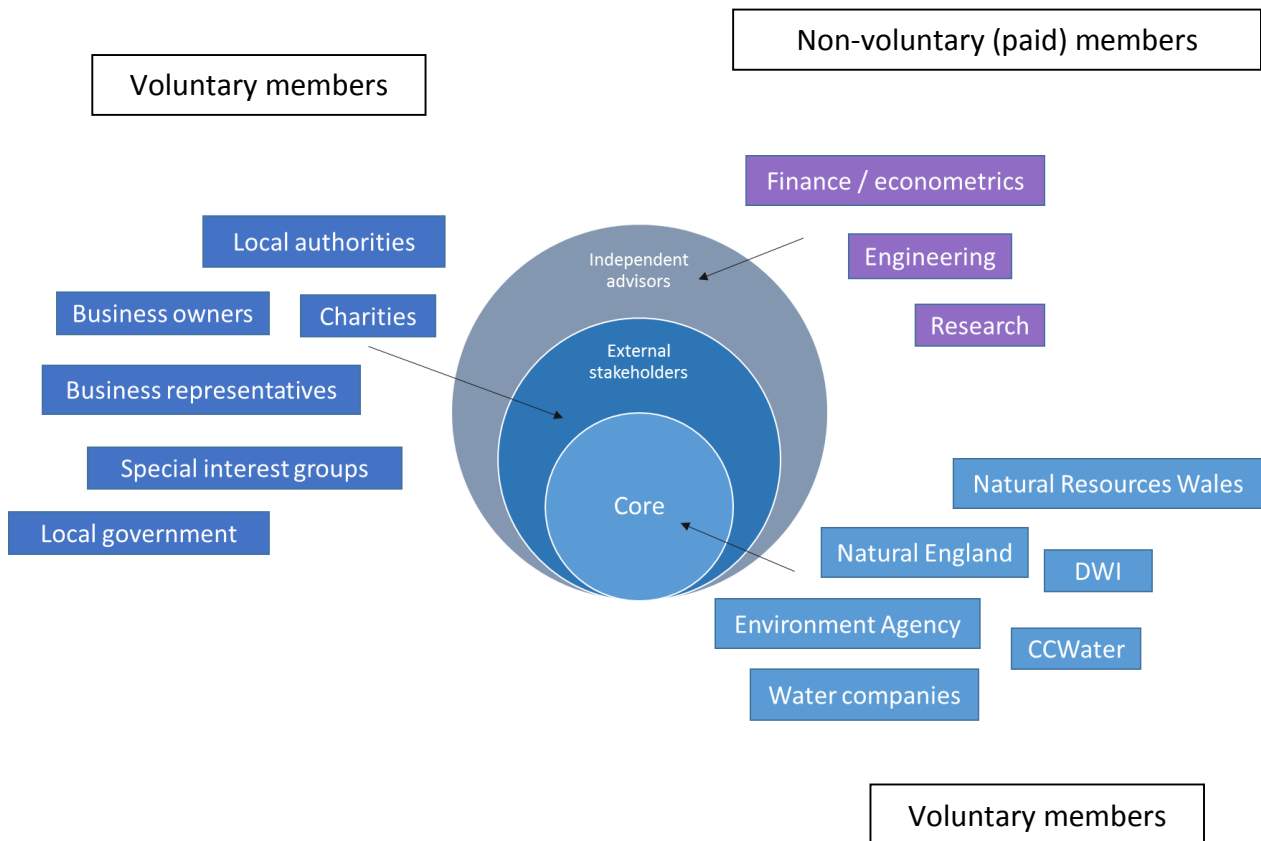
Different approaches to the design and set-up of the consumer engagement process were devised by the water companies. These varied depending on factors such as previous experience, size/scale of the water company and how the company interpreted the brief from Ofwat. Broadly, the approach to the CCG process followed one of two clear routes, demonstrating (some or all of) a number of consistent characteristics:



Given the complexity of the task assigned to CCGs, the more structured, formal approach to managing the group is generally felt to have yielded a better outcome overall.

The CCGs tended to reflect a clear model, with a solid core comprising of:

- Those representing bodies such as CCWater, the regulators, water companies and the environment. This group was largely reflective of the members of the PR09 Quadripartite Groups
- Those who were loosely connected to the water industry or able to represent the views of particular consumer or business interests. These included organisations such as the FSB, Chambers of Commerce, business owners, local authorities, charities and special interest groups
- Those who were brought in (and paid for) at strategic points in the process to address technical or complex subject matters



The sizes of the groups varied across the CCGs. Most were similar in their inclusion and involvement of the “core” members. However, the number of external stakeholders varied. For example, some CCGs invited a local authority representative from each of their District, City and Parish Councils, resulting in four or more attending at any one time. Others invited fewer.

CCG members are mixed in their views around whether such large representations from single interest groups, such as the local authority has been constructive. Some argue that it made the groups overly large and unwieldy while others suggested it brought a breadth of thinking and issues that has been of benefit.

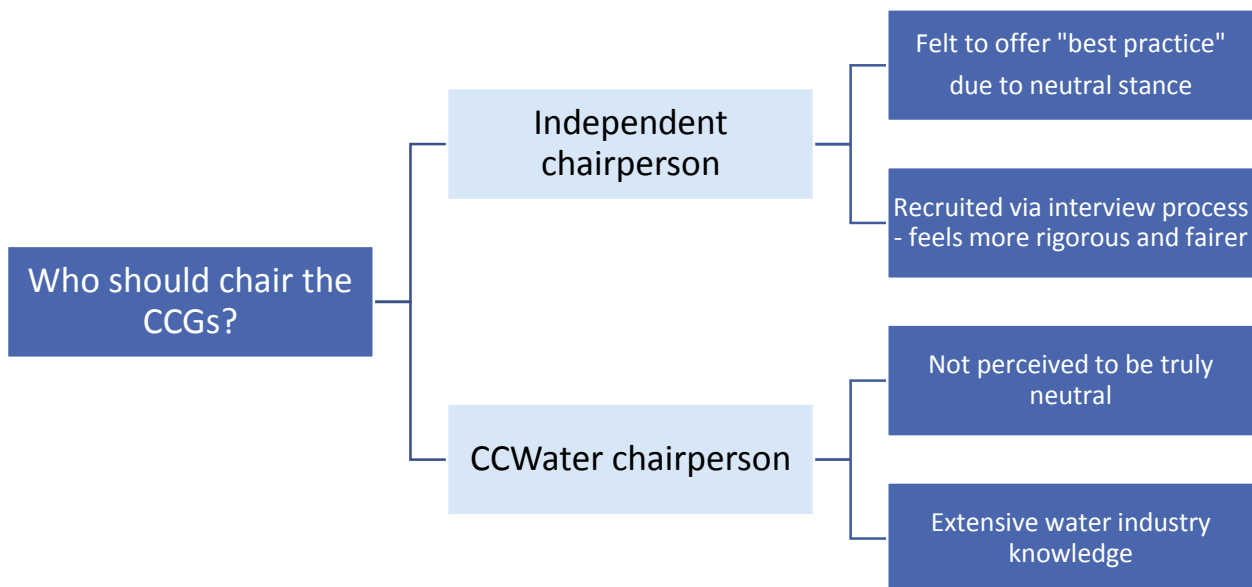
Section 4: Formation of the CCGs

4.1. Selection of chairpersons

One of the first significant early steps in establishing the CCG was appointing the chairperson.

Chairpersons of CCGs were most commonly either senior representatives of CCWater or recruited independently via advertisements, managed by recruitment agencies in some cases. Independent chairpersons were generally asked to attend an interview held by the water company prior to appointment.

Candidates sought for the role of chairperson were those who had formal and acknowledged experience of chairing meetings or forums of a similar nature.



Although there are some clearly recognisable benefits in having a CCWater chairperson (most notably the extensive water industry knowledge) the general feeling is that having a completely independent chair represents best practice. The chairperson can then maintain a truly neutral position throughout the process, an issue that was of particular concern to members.

The pros and cons, identified by members, of having a CCWater chairperson compared to an independent chairperson are as follows:

	CCWater chairperson	Independent chairperson
Benefits	<ul style="list-style-type: none"> - The in-depth industry knowledge brought to the table - Understanding of previous price review processes, including PR09 Quadripartite Groups 	<ul style="list-style-type: none"> - Offers complete neutrality - Hired via robust recruitment process, providing a clear audit trail and evidence of fair practice - Bring knowledge from other industry sectors
Disadvantages	<ul style="list-style-type: none"> - Absence of true neutrality - CCWater is unable to share the CCWater 'voice' and has to bring along other CCWater representatives to fill that void. This can result in CCWater being seen to have dominant presence within the groups - Some of the CCWater group members did not feel as free to challenge as they might have done if their chair was independent 	<ul style="list-style-type: none"> - Not necessarily holding water industry knowledge - Unlikely to have prior experience of previous price review processes such as PR09 Quadripartite Groups, thus unable to bring specific water industry learnings and experience to the role

"The chair was the regional CCWater chair - this made it difficult on occasion for CCWater reps to argue various points against the chair." (Group participant)

"Yes she was [a good chairperson] actually, she's also a chair of CCWater so you kind of expect her to be good. It was a benefit that she understood what all the key issues were, she was very good at remaining impartial which could have been a challenge but actually she was very good at it, she was very happy to deal with issues that members raised personally or she came to us about it, she was very inclusive in the way she managed the meetings." (Water Company)

"I think it was brilliant going for an independent chair...she didn't bring anything to the table in terms of baggage - she brought real focus of what her role as a CCG chair is." (Group participant)

"Sometimes it was difficult if it was CCWater focused and that may have been because we had a CCWater chair." (Group participant)

"There was a little controversy and friction around the appointment of chairs from CCWater and whether they were independent. The strength of the CCWater chairs is that they bring the knowledge of the sector. The independent chairs bring knowledge from other sectors and can draw comparisons. You also want someone who is going to be independent of the [Water] Company, the regulator, and generally to make judgments based on the evidence." (Chairperson)

Some were invited to chair multiple groups. Those that accepted more than one role have reflected that they found this challenging, mainly due to the time commitment.

- A particular benefit of chairing multiple groups was the opportunity to share knowledge, ideas and working practices
- One challenge was the time needed to do the job effectively for each group
- Some group members were concerned about maintaining confidentiality across the CCGs. Whilst the chairpersons were professional in their role and often ensured non-disclosure agreements were in place, this nevertheless did not always mitigate sufficiently against members holding these concerns

“I thought his [the chair’s] feedback from other CCG chairs was a very valuable aspect to our work. Knowing that other people were struggling and the issues they were having set the scene for us. Their issues were the same as ours. He networked very well and passed on what they were doing.” (Group participant)

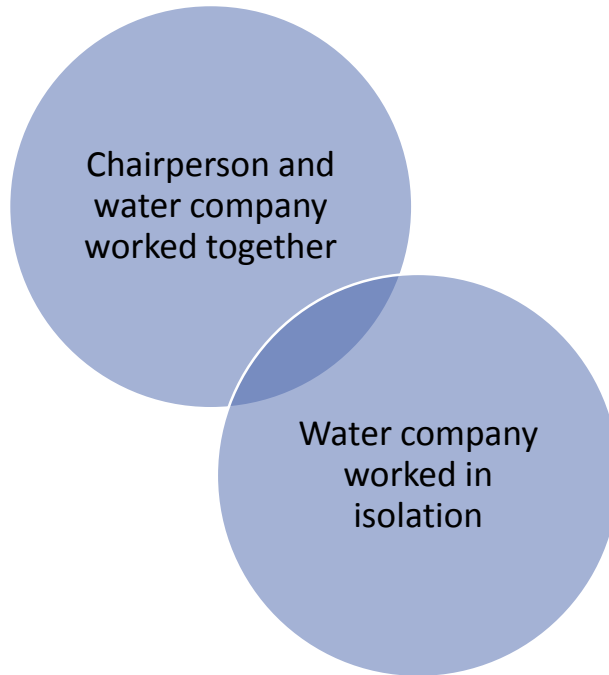
It was probably beneficial for chairpersons to have overseen more than one group for PR14, given the nature of the task and limited clarity that the CCGs had at the start of the process. The ideal mix appears to be for one individual to chair no more than two CCGs.

4.2. Chairperson and water company group selection process

Where a chairperson was appointed at the very start of the process, they tended to work with their water company to draw up a list of possible candidates. They were also involved in inviting them to attend an interview or group briefing. Those chosen for the shortlist tended to be, although were not exclusively, individuals who were already known to the chair or the water company. Potential CCG members were typically approached by telephone, letter or email, depending on the nature of the relationship. Having established interest, the water company and chairperson tended to work cohesively to make the final selection.

In a small number of cases the water companies recruited their chairperson at the same time as the rest of the group. Clearly this did not allow the chairperson to input into the selection process. It is generally agreed that best practice would be for a joint venture in the selection of group members.

Preferred approach



This approach is seen to be okay, but chairperson input is preferable

Some of the members were either selected because of their links with the previous 'Quadripartite Groups' or their engagement with the water company or other groups/committees that had provided them with relevant experience. There is a feeling amongst some that groups were crafted from 'the same old faces' and that expanding the groups did not bring in quite as many fresh perspectives as originally hoped.

"I was asked in 2012 to chair a subgroup that was known as the customer engagement working group (5 of us) and things were tried and tested on us for the CCG." (Group participant)

"[I had a] role in the Quadripartite Group and therefore was a natural successor to the CCG." (Group participant)

"The water company [invited me], we'd done some joint community events, the MD and ourselves, so we vaguely knew each other." (Group participant)

In many cases invitees were chosen from a relatively long list of stakeholders and the response was very positive overall. Very few refusals were reported.

4.3. CCG Members' perspective of the joining process

Members generally had a clear understanding of why they had been selected; many had some working link to the water industry, while others provided representation of certain consumer groups, animal welfare or environment interest for example.

"I was known [to the Water Company] because of my link with the industry and I had meetings with [the Water Company] on behalf of clients to discuss operational issues. And one day they said to me actually you would be a good person to have in this group so I said yes." (Group participant)

"One of the directors asked me if I was interested and prepared to be a member. Initially it was by email and then we had a meeting to discuss what it was all about." (Group participant)

"[I was] part of the Quadripartite Groups when we just had CCWater, EA, Natural England and DWI working with the company in preparation for PR09. That was the basis for setting up the CCG." (Group participant)

4.4. Briefing and explanation of CCG objectives

Water companies planned their induction processes in different ways; companies receiving the highest praise were those that invested time and effort into arranging field trips for members to see first-hand some of the issues that would be covered by the process, and other events that allowed members to come together in a relatively informal yet informative setting.

"As part of the induction process, [Water Company] organised a trip to a water treatment works. There were presentations from the Chief Executive and other directors about the role and purpose of the CCG and what [Water Company] wanted the CCG to help them with. It was very clear and very well specified." (Group participant)

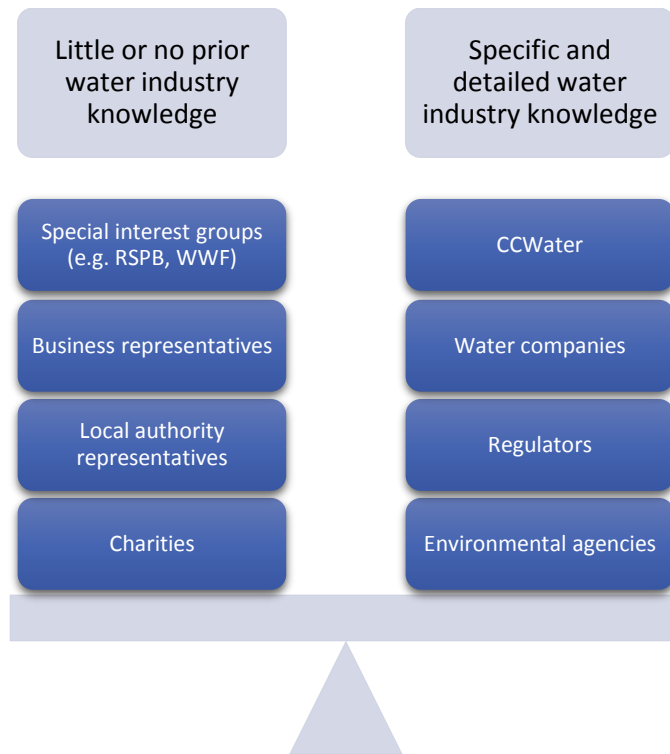
"I also met all the board members and senior management and went out to visit the sewage works etc and that was part of my induction." (Group participant)

In creating a group of many different stakeholders, some participants were water industry experts and some only had a 'lay person's perspective'. The water companies therefore had the challenge of ensuring that all members had a common understanding of the issues at the start of the process.

From the perspective of the water companies, the different levels of knowledge meant that they had to think carefully about the briefing materials they prepared and presented. Particularly for those without a water industry background, they felt they made a real effort to simplify and express literature in Plain English whenever possible. That said, they were still mindful that this had to be balanced with providing information that was technically detailed enough for those familiar with the industry.

"It was probably one of our biggest challenges. There was so much we could have given them and when you have a group with different levels of knowledge about the industry and interest, it's kind of finding a happy medium to make it successful. A lot of thought

was put into how to deal with the papers and what issues we should talk about and bringing to the table all the ones we thought we needed to talk about.” (Water Company)



The effort invested by the water companies has been recognised by CCG members. Overall, many feel that the briefing given at the start of the process was as detailed as it could have been at the time. They praise the water companies for the information packs produced and for the early workshops convened (although these were very much in the minority).

4.5. The provision of information as the process developed

As the process developed so the provision of information became progressively detailed and technical. Again most water companies made an effort to keep things as simple as they could and to take time to explain matters so that everyone remained engaged.

As expected, those working in the water industry generally had the advantage of understanding the terminology and acronyms that were often prevalent within the paperwork and reading materials. If they did not understand anything they tended to have access to persons within their organisation who could help them. However, they were well aware that others did not have this valuable resource.

Gaining a good understanding of the information provided was one of the main frustrations of those new to the water industry. Glossaries of the key words, terms, phrases and acronyms produced by some water companies certainly helped. However those unable to cut through the jargon felt constrained and unable to fully participate in discussions.

“The use of jargon and acronyms throughout the whole process were incredibly difficult to get a handle on because I come from totally outside the water industry background.” (Group participant)

“Way above my head, a lot of jargon came in around the finance stuff and there were so many acronyms. You forget the jargon you've learnt and always playing catch up and it takes time to get your mind in tune with what you're doing especially if you have missed a meeting. The trouble is to challenge the company you need to know and understand a lot more than ordinary members of the public would.” (Group participant)

“Very technical information - handy to have experts from different companies who could lead with the clearer explanation/interpretation of this.” (Chairperson)

4.6. Expectations versus reality of being a CCG member

There is widespread acceptance that at the beginning of any new initiative it is likely that there will be some practical elements that will not have been considered or clearly set out. Many group members were accepting of this, and they understood that the groups would naturally grow and develop in terms of their specific responsibilities over time. The main issue group members were keen to stress was that they felt that time required to do the job effectively was grossly undersold.

Some group members were able to accommodate the extra time required, while others found that the challenge of juggling their 'day job' with the CCG was too demanding, resulting in them having to step back at times. In one instance a member (business representative) suggested they tried to reduce the work allocated to them but was put under duress by the chairperson to continue. They felt very uncomfortable by this and would not put themselves forward for the role in the future.

Putting aside the demands on time, some members felt unable to provide consistent, relevant input because they simply did not have sufficient knowledge about the issues being considered, as mentioned above. Despite the best efforts of the chairpersons to encourage their input, they felt their experience was too distant from the water industry. This was especially true for the representatives of businesses, charities and special interest groups, many of whom concluded that it might have been better if they had been asked to contribute on a more ad hoc basis.

“It ultimately entailed and involved a lot more than was communicated at that first initial meeting. It's fair to say, had I known at that first meeting what the ultimate level and depth of commitment they were looking for was, I probably would have said I can't give you that. I didn't go to as many meetings as I would have liked to have done simply because the demand of it got in the way of me doing my own job at my charity.” (Group participant)

“The CCG came a much bigger part of my working week than I had ever imagined.” (Water Company)

“Other members on the water forum didn't have the same time pressures, "I would rush in, I would rush out", and perhaps they didn't understand the time commitment, time pressures we were under”. (Group participant)

Many believe that **clearer guidance from Ofwat** at the start would have been extremely beneficial to the process and would have allowed the CCGs to work more effectively. As the process drew to a close it became especially apparent that Ofwat had clarified their views on what they wanted to see in the business plans, and intended to judge them against a framework which had not been mapped out at the start. Ofwat has been severely criticised for its lack of guidance.

"Not very good from Ofwat, the companies did the best from what they had." (Group participant)

"[It was as clear] as could be expected given woolly objectives." (Chairperson)

"With hindsight it would have been better to understand how Ofwat were going to interpret the final business plan submission. Lots of the submissions I was involved in were outcome-focussed and I don't know if that was what Ofwat wanted in the end." (Group participant)

"Ofwat made it very clear they didn't want to give us any guidance and they resisted very verbal attempts particularly by CCWater chairs to get some guidance. Ofwat took a view we want 19 different business plans, 19 CCGs, we want 19 different approaches but we're not going to give you any guidance. In hindsight even though they know now they should have given some guidance they would have saved everybody a great deal of trouble if they had told everybody upfront what the accepted cost of capital was." (Chairperson)

"They seemed to have got themselves into a bit of muddle occasionally." (Group participant)

"Clear guidance from Ofwat would have helped the process be a lot quicker and efficient and would have helped the company going to us on a need basis rather than a general basis." (Group participant)

"I think Ofwat were chaotic. God knows how they actually ran the process...there didn't appear to be a consistent plan. You need a consistent process." (Group participant)

Section 5: Structure and workings of the CCGs

5.1. Effectiveness of the Chairpersons

Many feel the chairpersons were skilled in their management of the groups and that they managed to engage the different stakeholders effectively throughout the process. They recognised that the chairpersons were experienced at leading a group and that they could effectively 'dial up' or 'dial down' input from group members to ensure that everyone's voice could be heard.

Chairpersons are universally praised for their handling of the meetings and their ability to keep to time. All appear to have planned and executed structured meetings, governed by an agreed agenda and a clear time plan.

"I think she was brilliant, she was collaborative and challenging and inclusive and pretty democratic." (Group participant)

"She was very even handed She was very keen people didn't leave the meeting with unresolved issues so you weren't allowed outside the meeting with that sort of thing hanging. Incredibly fair." (Group participant)

"Yes he didn't appear to have any favourites in the group. He recognised some were able to engage more than others." (Group participant)

"She is very good at when an issue is raised how we are going to deal with this and making sure there is an action point. She is a remarkable chair lady." (Group participant)

"He always made us aware of the time. We had predetermined agendas with start and ending times and he was very good at keeping us to those times and didn't take up more time than was necessary." (Group participant)

Some chairpersons arranged 'private sessions' before and after each CCG meeting where the water companies were not present. This was an opportunity for group members to speak freely and to ask questions of the chairperson and their peers in a more private environment. These breakout sessions were greatly appreciated and further reinforced the chairpersons' effectiveness and resourcefulness at trying to get the best out of all the group members. Discussions that took place in these private sessions were then shared back in the full forum when, or if, it was appropriate to do so.

"At times we delved into the detail more. We had private meetings to discuss what people felt without the company present which was essential, and that was important for me as the chair to check everyone's understanding and engagement." (Chairperson)

"We decided to have a private meeting with no company representatives there, where we were actually able to say what we thought. The private meeting was very short before the company came in. You do need the company at the meetings to give you further information but you also need a good amount of time away from the company to discuss what they said or to plan an approach towards what they said. I think that was something would be good next time." (Group participant)

Specific praise for the chairpersons tends to centre on their overall effectiveness. When considering tangible examples of this, CCG members tend to pull out the practical and organisational skills demonstrated by their chairpersons, such as their strong organisational skills, ability to run to time and assurance that agenda items were given due attention.

Chairpersons are also commended on their inclusivity. They are described as ensuring that all group members actively participated in the sessions, ensured that those who were strong and confident were not overbearing and, by comparison, encouraged participation from those who were less forthcoming. Chairpersons were also responsible for ensuring that a balance of opinions was aired, from a water company and non-water company perspective, a balance which they were felt was achieved well.

Some chairpersons read and digested the information in advance of it being circulated to members. They produced an executive summary which pulled out the key points and helped group members work through the information more effectively. Where chairpersons had the capacity and inclination to do this, it was regarded as a huge help to group members, especially those who had less knowledge of the water industry.

“One thing he did do quite well was to manage the setup of the meeting. The meetings used to be half a day but that changed to a full day. The morning session was with the forum and the company, then after lunch the company would retire for an hour and the group would work on what they were supposed to be asking the company, in terms of information. That's when a lot of self-interest came out and I think the chair was very good in setting up this bit without the company and the way he managed to keep the debating down to a short point thus allowing everyone to have their say.” (Group participant)

“She was very clear in her summarising, in pursuing points, she also checked during breaks in the meetings that people were getting what they wanted and would then reopen an issue if required. And just very supportive of people as well.” (Group participant)

“[The chair] was very good at making sure the non-water people spoke when they wanted to. She grounded the group for us ordinary people.” (Group participant)

“As a chair he was excellent in the way he undertook the role so he didn't let people go off track. He was pretty blunt with people who missed meetings and asked questions previously asked. He did try to keep the momentum and keep everyone on track.” (Group participant)

“Very good at bringing people in and being very clear about what the role of the group was, particularly in the distinction between: we are here to make sure the views of the customers are being collected properly and being reflected in the role of the company, not individually what we think.” (Water Company)

Very few members had negative feedback on the chairpersons. When probed for any specifics, the only areas cited were those of overall group representativeness and a consideration of whether chairpersons could have done more to improve attendance levels at meetings. The closeness of the relationship between the chairperson and the water company was mused on

occasion, leading some to question the true independence of their chair, but this was a not a concern for all.

“The only question in my mind was the number of CCWater representatives on both [groups] but I'm not quite sure what [the chair] could have done about that.” (Group participant)

“I don't know how much leverage he could have used to get a greater attendance. I know he wrote to some CCG members that didn't attend. There were a lot of apologies at every meeting and that could have been more proactively handled.” (Group participant)

“There were moments where the membership were unsure if they there to represent themselves or their organisation's views. That was an issue that came up a number of times with a number of different organisations really.” (Water Company)

“The chair and manager of the team felt pretty close to the water company. If the chair was paid by the water company it would have been uncomfortable because they knew each other. The chair was very knowledgeable and a good choice but if he was close to the water company I wouldn't be as comfortable appointing him again.” (Group participant)

CHAIRPERSON BEST PRACTICE	CHAIRPERSON BAD PRACTICE
Ensuring no 'sleepers'	Not doing enough to motivate higher attendance
Private sessions before and after, without the water company present	Greater clarity on some of the technical information (helping lay people understand more clearly for example with executive summaries) could have been beneficial in some areas
Clear agenda and careful time management	Sometimes could appear to be 'too close' to the water company
Challenging the group and the water company when necessary	
Digesting information and providing groups with executive summaries of documents	
Providing a summary of the discussions	

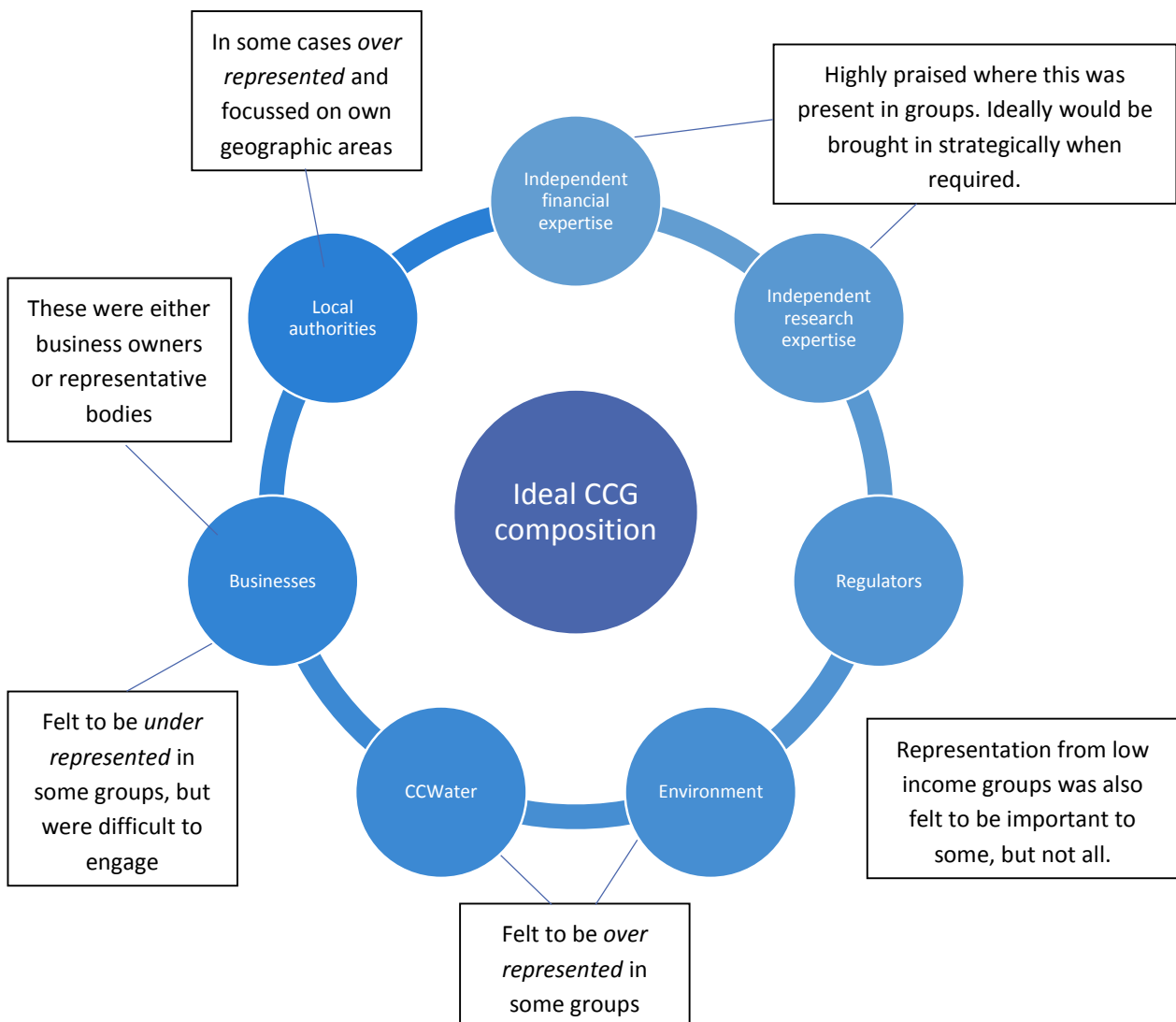
5.2. Group effectiveness and composition

Ultimately, the success of the chairpersons was intrinsically linked to the success of the group.

On the whole, the groups were felt to work well together. After a short “bedding in” period, members got to know one another and understand the different perspectives and priorities of each group member and the consumer/special interests they represented.

Those who quickly formed comfortable relationships with other group members were those who had the benefit of peer group bonding (e.g. a group dinner after the initial briefing or early field trips to bring to life particular issues). Others took slightly longer, but none had specific issues in this area.

CCG members talk about there being a ‘core’ of really engaged members, and those around the edge who ‘dipped in and out’, depending on the topic area and on their areas of specialism or interest.



Generally it is felt that the breadth of experience and interests of group members worked well. In some instances, however, it is suggested that the local authorities were overrepresented by local councillors and businesses were unrepresented. Members also felt that in some cases participants were overly eager to focus simply on the issues faced by their organisations/special interests rather than take a wider view, though this tended to be effectively managed by the chairpersons where it occurred.

Where technical expertise was required or desirable (e.g. regarding the more complicated and specialist areas: financial, research, report writing) this was sought by some CCGs from within the available skill sets of members. This was on the principle that group members had been recruited to bring certain skills to the table. However, other groups brought in independent advisors as they required them.

For members where their CCG involvement was most closely linked to their job (for example, CCWater, Environment Agency) they could generally be relied upon to be more readily available to respond to the needs of the group. These members spoke about peaks and troughs in the workload and the need to be sufficiently flexible with their 'day job' commitments and responsibilities. For those whose involvement was outside of their day to day remit, the time required to devote to the CCG was challenging, and sometimes resulted in their specific expertise not always being available, (e.g. those from businesses, charities).

Some groups hired an **independent report writer**, who was paid for their input. This additional resource was felt to be invaluable. This individual tended to be highly skilled in report writing, able to understand key discussion points from the meetings and to weave this into the report in a clear, accurate and appropriate way.

Some of the groups also brought in **independent consultants** to peer review the interpretations and the decisions of the groups. These were also paid for by the water companies. This was especially useful when the group was dealing with technical information. Groups who tried this approach speak very favourably about the benefits of having a neutral perspective from an industry expert who could deliver objectivity at a time when the group was very close to the subject matter.

“For the technical stuff we hired a technical consultant for a ‘read review’ – he was excellent and brought an objective view. With hindsight I wish we’d had him from the outset. He was like a ‘tough honest friend’ in this process.” (Chairperson)

One group had an **independent research advisor** within their CCG who helped members interpret the consumer research from a neutral, yet expert, perspective. This advisor had a role that was twofold: guidance on research design and assistance for the group in structuring their challenges, bringing into play the technical knowledge required to steer the research interpretations.

This practice was not widely identified in other areas, but the group that had the advantage of this said they would strongly recommend bringing an independent research advisor into the mix (whether paid or unpaid). In other groups, the CCWater and Environment Agency were instrumental in taking responsibility for the consumer research guidance and, with their experience in this field, were able to support the groups well.

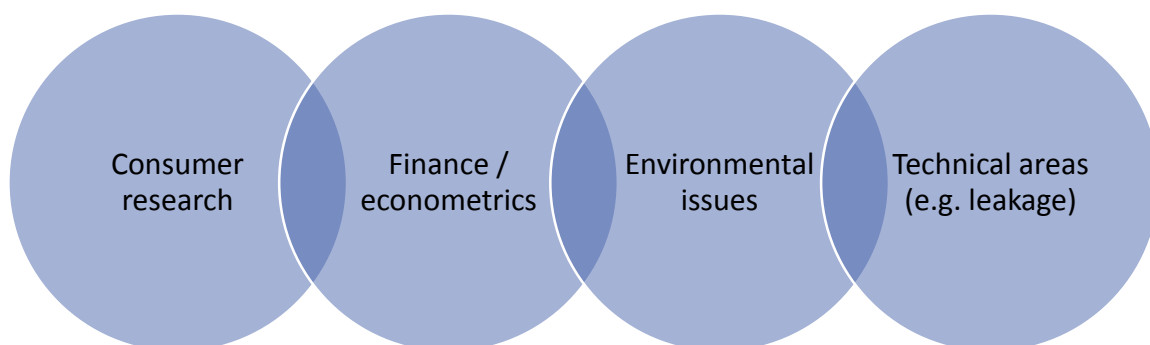
"We spent a lot of time talking about the details of market research and so on and it might have been helpful to have a research expert on the group. There was a bit of tension there because market research is difficult to understand, a bit technical but a big part of our work." (Water Company)

"I appointed an independent market researcher who had worked with some water companies. Think she has been absolutely brilliant and has made a real difference." (Chairperson)

Many groups cited the need for **independent financial advisors** to be brought in at times when topics such as forecasting, econometric modelling, cost of capital and capital expenditure were discussed. This area was one of the most challenging for the group members to form their own judgements on its effectiveness, as they were often not sufficiently skilled in this area. Independent financial advisors tended to be paid for their time (again by the water companies) and were not full time members of the groups they supported.

"In hindsight, given that the purpose of the group was the submission - if you focus on to that it would have been very useful to have had someone who understood the methodology of the pricings, the capital costs. Clearly some people in the group had knowledge of it but not from a financial perspective. I couldn't be totally clear at the end of the day whether we missed something in the challenge." (Group participant)

Most CCGs created **subgroups**; attendees of which were decided based on individuals' areas of specialism and areas of interest. These are praised as a practical way of sharing the workload and being able to delve into some areas in more detail. No formal guidance was issued on which topic areas should be covered by subgroups, but CCGs tended to be consistent in the areas that they felt were best suited to the remit of a subgroup. These tended to include (some or all of) the following:



One chairperson discouraged the formation of subgroups, believing that work should not be divided up and taken away from the wider group. This was not a commonly held view though.

Some water companies invited their senior members or board members to observe the meetings, and this was regarded with mixed feelings. Some felt that this added credibility to the CCGs and were pleased to see senior staff taking an interest in the process. Others felt uncomfortable having observers from the water company in the room and suggested that this hindered the opportunity to speak openly.

In the same vein, some members would have liked Ofwat to attend the occasional meeting as they suggested they might.

“If doing it again, don't have the company sat at the back. There was more of them sometimes than CCG members It was like a goldfish bowl.” (Group participant)

Section 6. Practicalities (structure, venue, frequency)

6.1. Venues and approach to meetings

Water companies generally took charge of arranging the venues for CCG meetings. These tended to be either in the water company offices, in a local hotel/conference facility, or in the offices of some of the stakeholders (for example, offices of the Chambers of Commerce or FSB).

Many group members reflected that, where possible, location and travel arrangements of the CCG members were taken into account in the determination of the meeting locations. The venues were felt to be fit for purpose, offering the necessary facilities to comfortably host a large meeting.

Most commonly CCG meetings were held quarterly to begin with, but then became more frequent as the process picked up momentum and neared the reporting stage. For those who were part of subgroups, these met independently of the main group and tended to be more frequent according to need. In some cases, customer engagement / research groups were meeting weekly. Meetings typically took place during the working day and varied in length. For the groups where the meetings were a full day, although these required big investment in time, participants felt they were necessary, focussed and productive.

The frequency of the meetings was felt to be appropriate to the need. Many found that in the early stages the lower frequency of the meetings was very manageable, but when they became more frequent (towards the end of 2013) this was more difficult to accommodate. This was especially true for those who were participating in more than one CCG and for those who were juggling other responsibilities, such as business representatives.

“On the whole yes [frequency was ok], towards the end of the process we held them more frequently so we had 2 in November and December. I think it worked quite well so between them we had our sub group meetings so even though the meetings were quarterly we probably had one or two meetings a month with our sub groups” (Water Company)

Attendance was generally around 70% when averaged out across all the CCGs. The groups varied enormously in size, some were as small as 12 to 15 attendees and some were as large as 50. The larger groups tended to be associated with the larger water and sewerage companies, rather than water only.

“I wanted it to be representative but small enough for everyone to speak and I could keep in touch with them.” (Chairperson)

If a group member could not attend a meeting then there was generally a process in place to ensure that thoughts/feedback could be given to the chairperson in advance of the meeting. Some individuals were very good at feeding their comments to their chairperson, while others struggled more.

“We agreed with the chair that if anyone couldn't attend they would still get the papers and if they had any comments to feed into the meeting in advance they could do that.” (Water Company)

“Yes in principle [they could share thoughts in advance], but in practice this rarely happened. Most times when people had to drop out if was short notice and for a really important reason, so they didn't have time to prepare a response.” (Chairperson)

The majority of meetings were held face to face as this was regarded as the best way to ensure group members were engaging with one another and with the tasks in hand most effectively. Also the technical nature of the discussions made it easier to converse face to face.

Video conferencing and teleconferencing were used by a minority of groups on occasion, and also by two groups that merged in the second year. Although this approach had its benefits, face to face remains the preferred medium.

6.2. Supply of information for the meetings

At the start of the process, some water companies were presenting information at the meeting and then expecting immediate comment. This did not work well as members needed time to digest the information before forming a point of view. The water companies then changed to sending papers out in advance. Some water companies sent out information from the start, although not all allowed enough time for members to read everything.

Generally, the main concern regarding information was the timeliness of delivery. Some groups felt this was managed well by the water companies, but many felt that they did not have sufficient time to digest the information before the next meeting. This was further exacerbated during the latter stages of the process where deadlines were changed and brought forwards.

Some reflected that it was their own workload that made this so challenging, which was something that was out of the hands of the water companies.

“We had an issue sometimes with papers being emailed to us the night before the meeting which obviously didn't give us any time to read them and print them off but that was down to individuals and the company not being able to produce papers on time.” (Group participant)

“We asked for paperwork to be sent at least 5 days in advance of the meetings and they were incapable of doing that. These were 80+ page documents, hours of reading and we just didn't have the time to go through it at such short notice.” (Group participant)

“There was just a huge volume of papers and there was not always time to digest it all before every meeting. It was difficult at times.” (Chairperson)

“[Our water company] were fine. We had about a week to digest the information. Other CCGs would send the information a day before – that's not acceptable.” (Group participant)

“Mostly it was fine. You could access it online if you wanted to. You'd get an email to say all of the papers had been deposited on the online portal.” (Group participant)

Commercial sensitivity of information sometimes proved challenging as the information was only made available at the meeting and could neither be shared in advance nor kept after the meeting to re-read and consider further. Group members understood why some information had to be kept secure, however they noted that this was a hindrance to the process.

Group members praised the quality of the materials and generally had no issues with accessibility of the information. Most packs were distributed via email or registered post. Some group members preferred to receive hard-copy information so would request that the water companies sent them printed copies of electronic documents. A small number of members did not realise this was an option and indicated that printing costs for retired and self-employed members were significant. They asked that this be clearer for future iterations of this process.

The information produced by the water companies was felt to be comprehensive, detailed and comprising of all the materials required to enable an informed discussion at the next meeting. It was felt that the quantity of information was extensive though, and sometimes was overwhelming.

Members feel they would have benefited from greater guidance on how to prioritise the information for reading. Some felt that with a short amount of time and a great deal of information, they had to make a judgement of what was essential to read and what was less critical.

“Other than a glossary everything was provided. I think what would have been helpful was guidance to prioritise. When you've got 6 or 7 documents is there a particular one that needs your understanding the most?” (Group participant)

“It became apparent to me that there was certain stuff in the process that was going to be far more important milestones than others, and I think in process terms we tried to forge an equal weight to them all. I don't think we should have done so, I think the effort in certain areas could have been better.” (Group participant)

On the whole though, the information packs were praised as being of high quality and, given the nature of the information, were nicely presented with the use of graphs and visuals to break up text.

When asked about the neutrality of the information, virtually all group members suggested that information was **not neutral** by its very nature, it was presented from the perspective of the water companies. However, they do not see this as a particular issue. They believe that their role as part of a ‘challenge’ group, was to recognise this and to challenge and probe until they were comfortable with how it was presented within the business plan.

“Not [neutral] at all, it was presented from the perspective of the water companies. It meant that the CCG was very quick to challenge the company when they thought there was a bias in what the company were saying.” (Chairperson)

“I'm not sure if it was meant to be neutral. They are really putting forward their views and intentions and plans so I wouldn't say it was neutral, it's quite clear what they are wanting to do and we are there to say we either agree or disagree or maybe they could do it differently or later or earlier. I don't think neutrality is the issue really.” (Group participant)

6.3. Minute taking

All groups minuted their meetings and this tended to be the responsibility of a water company representative – usually a secretary of a senior executive. It was widely regarded as best practice to have someone from a senior administrative background responsible for the minutes due to the technical nature of some of the discussions and also the need for the minutes to stand up to scrutiny. Only a few groups had a less formal approach to minuting, though in retrospect suggested that it would have been beneficial to nominate an experienced secretary or similar.

“What we needed was a very good minute taker but we didn't, it varied just on people's availability. Whose first job was to do that? We started off with the CEO's PA and she was brilliant but she had other things to do and then we didn't see her for weeks and then anybody would do the minutes and it was all over the place. What we needed was consistency.” (Chairperson)

“It was a secretary from the water company because they've got the facilities and understanding. If it had been anyone else it would have been difficult.” (Group participant)

Minutes were generally regarded as a clear and accurate record of the discussions and challenges. They tended to be approved by the chairperson and then circulated to group members. If there were subsequent challenges on how actions or challenges has been recorded then group members usually had an opportunity to share their feedback and request amendments. One or two group members expressed concerns around the accuracy of the minute taking, although these concerns were in the minority.

The majority of groups created a challenge log which was annotated alongside the minutes. This log specifically captured the nature and outcome of the challenges. It is widely felt that these helped focus attention on key issues and these were regarded as a clear record of decisions/challenges.

“When we wrote the minutes we agreed we wanted them to be public domain so that someone who hadn't been at the meeting could pick it up and read it and understand what had gone on. There were action points at the end of each item along with an action log and a challenge log.” (Water Company)

Generally it was felt that the minutes were distributed in a timely fashion and while discussion topics were still relatively fresh in mind. Some water companies were quicker than others at distributing minutes, and some of the water companies found it challenging to ensure that the minutes were available swiftly while also preparing materials for the next meeting as well. Circulation of minutes tended to be via email. Some trialled the use of the intranet but the feedback was that it was *‘a bit slow and clunky’*. (Group participant)

6.4. Consumer research

The majority of CCGs created subgroups to focus specifically on consumer research, members of which tended to be those with prior experience of conducting consumer research. CCWater and the Environment Agency were most often involved in these subgroups. For those involved with the consumer research time demands were heavy. Many hours were invested in questionnaire design, methodology and reviewing the findings.

Views on how the consumer research was undertaken polarised opinion across the CCGs. For many, there was overall positivity about how it was conducted. They felt that water companies designed and executed clear, structured research, surveying vast numbers of consumers using a variety of methodologies (email, telephone, focus groups, and face-to-face intercepts). Those in the consumer research subgroups sometimes had the opportunity to view the focus groups by means of a viewing theatre, an experience which they felt helped their understanding of the process and that they found enriching.

“Research took place through on line surveys, self-completion questionnaires at the road shows, etc. and in total around 5,000 people were consulted. In addition, prior to this some initial qualitative work had been undertaken which fed into the quantitative consultation.” (Water Company)

“It was good, they did focus groups and telephone calls with numerous consumers. I sat in on one of those focus groups and observed. They were well run and well received. People enjoyed being there and contributed well.” (Group participant)

“Both the EA and CCWater had a very large role to play [in the research process]. Clearly the understanding that CCWater have of the consumer perspective, and the need to draw in that consumer perspective, is very important. I think that meant they were more likely to be present [in the research subgroups]. But it wasn’t by any means just them.”

It was the bigger water companies that were most praised for their consumer research strategy and the breadth of research undertaken.

For some people, however, there were concerns about what the consumer research was actually designed to explore. The reference “willingness to pay” jarred with some who felt that consumers would never be truly happy with an enforced increase to their bills. They felt that the research more accurately delved into the **priority order** of what consumers felt are important issues for the water companies. The follow up of exactly **how much** they would be prepared to pay for each of these elements was felt to be touched on lightly or omitted from this research.

Additionally, members of a CCG formed by one of the smaller water companies interpreted the requirement for consumer research as a ‘box ticking exercise’ and therefore did not give much time and attention to it. However, the business plan was later returned by Ofwat with an instruction to undertake more expansive consumer research, leading to re-work that group members found frustrating.

“I don’t think [Water company ‘1’] took the process seriously, they thought they already knew what their customers wanted. They were about a year behind [Water Company ‘2’] on everything. They are a much smaller company and they didn’t have

*the funding. [Water company '2'] were fantastic and included us in on everything.”
(Group participant)*

One of the most common complaints regarding Ofwat’s framework requirements was the sample size that was expected to provide a robust piece of consumer research. For the water companies that fell short of stipulations the re-work was costly, both financially and in terms of time. Guidance on specific elements such as this is felt essential in future.

6.5. Adapting to the unexpected

When asked whether the groups had to adapt or react to anything unexpected during the process members almost universally cited changing deadlines from Ofwat. Moving the final deadline for submission of the business plans brought pressure and challenges that the groups had not planned for, and often resulted in meetings being added to the schedule.

Upon the first wave of submissions and feedback on the plans, re-work was required for many groups, which was frustrating and time consuming for group members. Some re-work related to the scope of the consumer research, other re-work centred on an elevated priority of penalties and rewards. Many suggest that the amount of re-work could have been avoided if clearer briefing instructions had been issued. When asked how the CCGs would accommodate these changes, most are resigned to simply getting on with it and devoting even more time to the process.

“Ofwat changed the goal posts dramatically.” (Group participant)

“Ofwat were not particularly helpful, they kept changing the rules of the game at a late stage throughout the whole process. The deadlines for the final plans changed considerably resulting in a lot of pressure. I think Ofwat have got a bit to answer for really in terms of putting on the pressure. We just had to get on with it and in some cases it disengaged people because they just didn't have the time to do it.” (Group participant)

“Ofwat changed processes and timelines without consultation often at short notice, especially the submission deadlines. We just had to get on with it and maybe that meant quality slipped a little bit. We had to make judgements.” (Group participant)

“Ofwat also changed the methodologies part way through the process which caused difficulties for the CCGs. Ofwat stated that there was not enough done around the issues of incentives and penalties and although this did form part of the original specification it was originally not a key part of the process. Ofwat changed it to become a key part of the process.” (Chairperson)

Some groups had to deal with other unexpected occurrences throughout the project, but for elements where no clear ‘blame’ could be apportioned, the groups were quick to try and work around these to the best of their abilities. Examples include the merger of two water companies, an occasion where significant capital expenditure had been overlooked and needed to be written back into the plan, and sadly the bereavement of a CCG member.

“The merger was one of the biggest things. There was one meeting that was pretty sticky and from that point we changed our approach. They were very difficult meetings at times.” (Water Company)

6.6. Member retention

On occasion there were instances where members dropped out of the groups. This tended to be due to the heightened demands from the CCG, increased/additional responsibilities arising from their regular employment, or other commitments. From the perspective of the CCG, members who dropped out presented some challenges and frustrations:

- They take with them the knowledge and skills they were recruited to bring to the group
- They affect group continuity
- They can affect morale of remaining group members
- The time spent in group immersion and what they have gained through on-going project knowledge is wasted

Others dropped out as they struggled to see that their input was consistently relevant. This was a concern shared by those who were more distant from the water industry – those representing businesses, charities and special interest groups were most likely to feel most disengaged and feel that their time could be used better elsewhere. This disengagement was further exacerbated by the challenge of interpreting the technical information, which led to some feeling even more distant from the rest of the group.

Section 7: The future

7.1. CCGs be carried forward to future price reviews

The CCG process is deemed to be a successful initiative by those involved, and it is widely felt that it should be carried forward to future price reviews.

The PR14 process has built on the learnings of the Quadripartite Groups from PR09 and has been an opportunity to fully test the concept of wider, more inclusive groups, which are able to reflect the views of consumers from a broad range of perspectives.

"I think the most important thing actually is that the whole process has been a success. Even exactly 12 months ago Ofwat were saying in the meetings they were getting an awful lot of people saying this wouldn't work but it has...taking in the big picture it has been a tremendous success." (Chairperson)

Some members question the true 'cost' of running the CCG process, and whether the benefit is balanced by the costs incurred. Many of the costs are challenging to put a figure against, as the biggest donation has been individuals' time, but it is assumed to be expensive when the number of members is considered alongside the duration of the project. Cost/benefit analysis would be valuable to determine whether the time required to do the job effectively translates into business plans that truly represent the consumer perspective.

"It was such a lot of heavy work and getting everyone involved away from their day job. It was a very expensive process. It was hugely financially expensive for everybody and I don't know how everyone can justify that expense, I don't know whether anyone is doing a costing on the CCGs? I think it would be valuable to look at the contribution versus cost. I think the idea of the CCG is very good but it is a hefty time commitment and I think there ought to be another way of looking at it." (Group participant)

The majority of CCG members would support a CCG model if it is proposed for future price reviews. However, if this is the chosen approach then they offer some constructive feedback on the pitfalls to avoid. The three common themes are:

- Ensure deadlines are clear and static
- Ensure clear guidelines exist and are accessible
- Ensure that the commitment expected from individuals is clear and honest

"I think Ofwat's brave new world of introducing the Customer Challenge Groups was brave and a bit foolhardy in that it wasn't prescriptive enough, with hindsight." (Chairperson)

Many claim that they would be interested, in principal, in being part of a similar process in the future, but are keen to emphasise that this relies on the learnings from this PR14 process being fully incorporated into future iterations. The key issues for them are the time required to do the job satisfactorily and clearer guidance on the expected outcomes.

By comparison, members from 'periphery groups' such as business owners / representatives, those from charities and special interest groups feel that their time could have been spent more

constructively within their own industries. Although they recognise the benefits in their involvement at certain stages, the scale of the commitment required from group members is considered above and beyond fair expectations from those outside of the water industry.

"I'd like Ofwat to just sort themselves out, they were the most disruptive element to the entire process." (Group participant)

"First thing I would ask for is defined parameters and guidelines." (Group participant)

"I would want to know more what the commitment would be, it would need to be clearer upfront and what the role really is. Having said all that I did enjoy it and found it really interesting." (Group participant)

"It would be a big tragedy if companies decided to abolish their CCGs. I don't think it's something that is done and dusted and that we can get rid of." (Group participant)

"I haven't enjoyed it all. The burden of work was enormous. I just had to scale back on my work at CCWater to accommodate the CCG work." (Group participant)

"I would (contribute in future reviews) on different terms - on the basis that I would be available for things that needed my specific input which I could give a useful contribution on. There was far too much where I couldn't make a contribution and as an individual I don't like that. I was giving up time that I could have otherwise been using running a charity that needs my time and expertise with their issues, not trying to help a large multinational billions of pounds worth of money company sort out what they are going to do for the next five years." (Group participant)

7.2. The possible future structure of CCGs

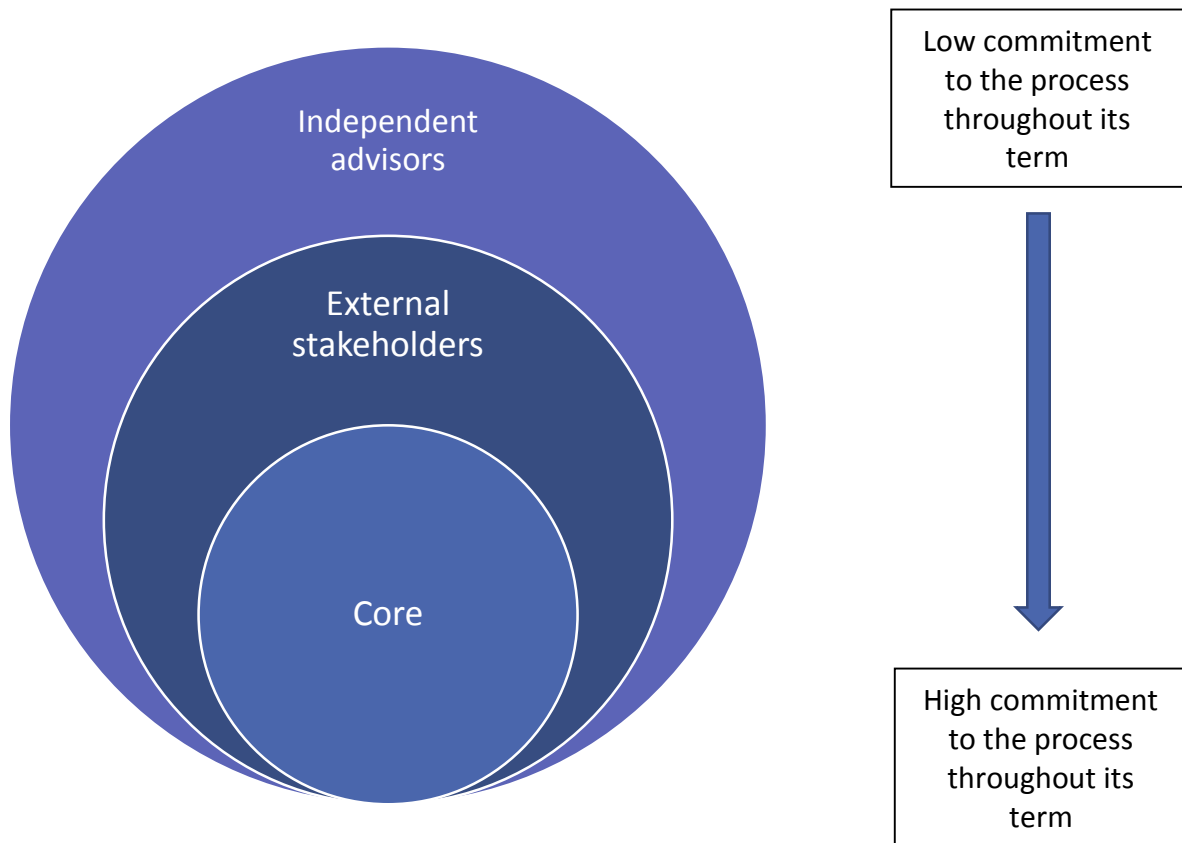
The 'optimum' group set-up was discussed and yielded two different views on what the **ideal** group structure might be:

Option A: Full time industry experts, part time external stakeholders

This model is similar to that constructed for PR14 but acknowledges that members on the periphery of the water industry, that is business and charity representatives for example, struggle to engage with the process throughout its life. In this model they are not expected to attend and contribute to every meeting, especially those that are particularly technical and fall outside their sphere of expertise and interest.

Core members, including water companies, CCWater, regulators, and environmental agencies are expected to attend all meetings and maintain their commitment to the process as they have for PR14.

Independent advisors, those offering financial, research, and engineering skills that have typically been paid to input into the process would continue to be brought in at key strategic stages. Continuity of relationship is not as critical for these as long as they are given a clear briefing on the broader objectives.



In essence, attendance at CCG meetings might look something like the table shows below, with those in the core group attending all meetings and continuously inputting into the process. By contrast, external stakeholders might be expected to be committed to the process at the outset and invest the time and effort to participate in early deliberations then fall away when matters become less relevant and they feel that they cannot make any meaningful contribution to the discussions.

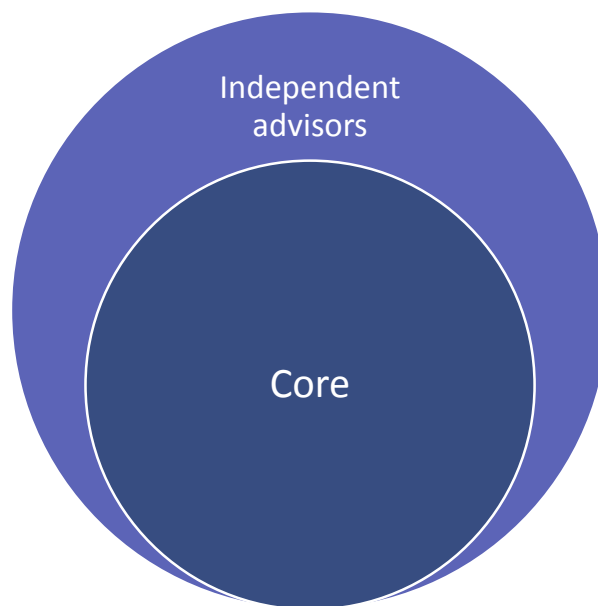
GROUP STRATA	TIME REQUIRED											
Core	Required consistently throughout the process											
External stakeholders	Required for comprehensive induction, then brought in as required based on skill set											
Independent advisors	Bring very specific knowledge – paid for – only required when absolutely relevant											

Option B: A single full time group of members, as now

It is of course an option simply to replicate the model that was developed for PR14, engaging a committee of stakeholders who come from a mixture of sectors - water industry, business, local authority, charities, etc. – and asking them to equally commit their time to supporting the objectives of the programme.

This will work, as the current CCG process has proven, though it will knowingly leave those on the periphery of the water sector somewhat frustrated and overwhelmed by the end of the process.

As with Option A, independent advisors would be brought into the process at key stages as required.



Below is an example of the programme of participation in the CCG that members and independent advisors might be expected to make.

GROUP STRATA	TIME REQUIRED											
Core												
<i>Required consistently throughout the process</i>												
Independent advisors												
<i>Bring very specific knowledge – paid for – only required when absolutely relevant</i>												

Appendix

Topic guide for Water Companies

Broadly, the research objective is to undertake a **review** of the **Customer Challenge Group (CCG)** process to date in order to identify the positives and negatives of the arrangements. There is a requirement to provide evidence for CCWater's input into future discussions about the role of these groups or any successor model following the completion of the PR14 price control period.

Welcome and introduction (2 mins)

Good morning/afternoon, my name is... and I work for Research by Design, an independent market research organisation.

We are speaking with members of the [INSERT NAME] CCG to get an understanding of which things have worked really well and not so well in the recent price review process.

Use if necessary: This work has been commissioned by CCwater, who recognise that a lot of hard work has gone into the CCG process recently and they believe that now is a good time to start to think about how CCGs and the price review process will work in future.

I intend to record the conversation to help me with report writing later. However, I would like to reassure you that we follow the Market Research Society's Code of Conduct and hence whatever you say will be kept confidential. None of your comments will be attributed to you in our reporting, any quotes we use will be anonymised.

Please feel free to speak openly in our conversation; there are no right and wrong answers – and we very much appreciate your time today. The discussion will last up to 1 hour.

To start:

- Could you just clarify your role within your organisation please? If you could tell me a little bit about your professional background and how this all fits with your role within the CCG? (*Adapt accordingly*)
- Thinking broadly, can you give me an example of a company or an organisation that puts high value on listening to its customers or stakeholders?

Joining the CCG (WATER COMPANIES ONLY) (15 mins)

- How did you decide who should be invited to be part of the CCG? (*sometimes referred to as a 'Local Engagement Forum'*) – did you contact them by telephone/email?
- Did you have a long list of stakeholders you could choose from?
- How did you decide how many to invite from the different sectors/organisations?
- What were people's reactions like when you asked them to be part of the group?
- Did you receive many refusals from those who you invited?

- Did you have many people dropping out after they had accepted the offer to be part of the group?
- Did you feel that people understood what was expected of them?

Structure and workings of the CCG (15 mins)

- How effective was the group at working together?
- How engaged were the group members? How did they cope with the additional workload?
- How effective was the chair at managing the group? (*Don't ask of chairs*)
Adapt following questions accordingly if asking of chair/non-chair...
 - Did the chair appear fair in the way they handled the group?
 - Did they manage/control the group effectively?
 - Did they maintain a neutral and independent position throughout?
 - Did they maintain momentum and bring people in effectively within the group?
 - How did they manage the time in terms of what needed to be covered in the meetings?
 - Please give me an example of a situation that was really well managed by the chair – how was this run and why was this good?
 - Please give me an example of a situation that could have been managed more effectively – how was this run and why was this not so good?
- When preparing the materials/information for the group members, did you feel you managed to present information that was easily understood by the group members?
- Did you feel they had difficulty understanding any of the information? (too technical/not technical enough)
- Did you find that you had sufficient time to prepare the information before the meetings?
- IF NO – what were the main challenges you faced in terms of timings?
- Was there anything that would have made the process easier for you?
- Were the skills of the group members appropriately balanced? I.e. did everyone bring something relevant to the table? Did you feel there was anything missing?
- Did decisions feel that they were made fairly?
- Did you feel there were any “gaps” in the groups/organisations who were represented in this group? Did this change over time? Was continuity of input important?

Practicalities (structure, venue, frequency, etc)
(10 mins)

- Where did the CCG meetings take place?
- Were the groups fully attended each time?
- Approximately how many of the CCG meetings have you attended in the past year?
- Who was in charge of arranging venues?
- Was the venue suitable?
- Were the meetings the right frequency? (too many/just right/too few)
- Were the meetings always held face to face? Would you have preferred another 'channel' to facilitate the meetings, e.g. videoconference?
- If someone couldn't attend a meeting, was there an opportunity for them to feed in their views before or after the meeting so that they had an opportunity to contribute?
- Were the meetings minuted? *If yes.... (they should have been)*
 - Who was responsible for this?
 - Were they action focussed?
 - Were they a clear and accurate record?
 - Were they appropriately distributed (i.e. length of time after meeting until they were available)

Capturing views and reporting of outputs (arriving at consensus)
(10 mins)

- How easy was it to reach a consensus around decisions when required?
- Did you feel that there was anything that wasn't really resolved?
- Did you feel that you could challenge things or air your views if you had a different opinion to the group?
- How were decisions recorded/captured?
- Did the group have to react/respond to anything unexpected throughout this process, for example changing timelines or changing specification? If yes, how did you work around this? What impact did it have?
- Some groups may have split into subgroups around specialised areas such as research or environmental issues.

- Did this happen in your group?
- How did it work?
- Was it possible to bring the subgroup and the main group back into alignment?
- How did you manage the process of reaching out to consumers? How many consumers did you talk to as part of this?
- Was there anything that would have made this process easier/better?
- Did you have enough time to speak to the required number of consumers?
- Were consumers happy to engage with you regarding this?
- Were you able to feed in consumer views at appropriate stages throughout the process?

Improvements for next cycle (membership, process, use of technology, etc) (10 mins)

- Are there any suggestions for improvement you would make if this process was to run again?
- Are there any processes that really didn't work?
- Any that worked really well?
- Is there any technology that would make any of these processes easier/better? E.g. online forums to facilitate on-going discussions between the meetings

**Thank you and wrap up
(2 mins)**

Any other comments / thoughts before we wrap up tonight?

Thank you and close.

Topic guide for Non-Water Companies

CCWater Review of CCG Process Topic Guide

Broadly, the research objective is to undertake a **review** of the **Customer Challenge Group (CCG)** process to date in order to identify the positives and negatives of the arrangements. There is a requirement to provide evidence for CCWater's input into future discussions about the role of these groups or any successor model following the completion of the PR14 price control period.

Welcome and introduction (2 mins)

Good morning/afternoon, my name is... and I work for Research by Design, an independent market research organisation.

We are speaking with members of the [INSERT NAME] CCG to get an understanding of which things have worked really well and not so well in the recent price review process.

Use if necessary: This work has been commissioned by CCwater, who recognise that a lot of hard work has gone into the CCG process recently and they believe that now is a good time to start to think about how CCGs and the price review process will work in future.

I intend to record the conversation to help me with report writing later. However, I would like to reassure you that we follow the Market Research Society's Code of Conduct and hence whatever you say will be kept confidential. None of your comments will be attributed to you in our reporting, any quotes we use will be anonymised.

Please feel free to speak openly in our conversation; there are no right and wrong answers – and we very much appreciate your time today. The discussion will last up to 1 hour.

To start:

- Could you just clarify your role within your organisation please? If you could tell me a little bit about your professional background and how this all fits with your role within the CCG? (*Adapt accordingly*)
- Thinking broadly, can you give me an example of a company or an organisation that puts high value on listening to its customers or stakeholders?

Joining the CCG (15 mins)

Note for interviews with chairs: In some, or perhaps most, CCGs the Chair will have had a fair amount of input into recruitment so you may want to adapt this to reflect this when speaking to CCG chairs

If speaking with a chair:

- How were you approached/invited to be part of the CCG? (*sometimes referred to as a 'Local Engagement Forum'*) – invited by telephone/email?
- Did you have a long list of stakeholders you could choose from?
- How did you decide how many to invite from the different sectors/organisations?
- What were people's reactions like when you asked them to be part of the group?
- Did you receive many refusals from those who you invited?
- Did you have many people dropping out after they had accepted the offer to be part of the group?
- Did you feel that people understood what was expected of them?

If not speaking with a chair:

- How were you approached/invited to be part of the CCG? (*sometimes referred to as a 'Local Engagement Forum'*) – invited by telephone/email?
- Were the objectives of what the CCG was designed to achieve clearly communicated?
- What experience did you have of any similar schemes/panels/groups prior to this? (*Some may have been involved in quadripartite groups prior to this*)
- Were you given an induction/briefing into the process? Are there any ways in which this could be improved? (*probe whether there were differences in how much information people needed up front, depending on if you were new to the process or had prior experience*)
- Did you have a clear understanding of the role that the CCG was designed to perform?
- Were you clear on how you fitted into this and what was required of you? *Explain how.*
- To what extent did the reality of being involved in this group match your expectations? *Probe for positive and negatives*
 - Time required to do job thoroughly
 - Level of guidance received – did they need more or less guidance?
 - Was anything not really explained that you would have benefited from a greater understanding of?
- Did you feel privileged to be invited? *Probe WHY*

Structure and workings of the CCG (15 mins)

- How effective was the group at working together?
- How engaged were the group members? How did they cope with the additional workload?
- How effective was the chair at managing the group? (*Don't ask of chairs*)
Adapt following questions accordingly if asking of chair/non-chair...
 - Did the chair appear fair in the way they handled the group?
 - Did they manage/control the group effectively?
 - Did they maintain a neutral and independent position throughout?
 - Did they maintain momentum and bring people in effectively within the group?
 - How did they manage the time in terms of what needed to be covered in the meetings?
 - Please give me an example of a situation that was really well managed by the chair – how was this run and why was this good?
 - Please give me an example of a situation that could have been managed more effectively – how was this run and why was this not so good?
- Was the necessary information made available to you? Was it accessible? Was it clear? Was it too technical? Not technical enough? What was the volume of information like versus time needed to digest it?
- Did you have the right information needed to make required decisions at the meetings?
 - What was the quality of the information like?
 - What was the comprehensiveness of the information like?
 - Was the information provided in a neutral way?
 - Was it delivered to you in a timely fashion? (With enough time to read before it was required to comment/use information?)
- Were the skills of the group members appropriately balanced? I.e. did everyone bring something relevant to the table? Did you feel there was anything missing?
- Did decisions feel that they were made fairly?
- Did you feel there were any “gaps” in the groups/organisations who were represented in this group? Did this change over time? Was continuity of input important?

Practicalities (structure, venue, frequency, etc)
(10 mins)

- Where did the CCG meetings take place?
- Were the groups fully attended each time?
- Approximately how many of the CCG meetings have you attended in the past year?
- Who was in charge of arranging venues?
- Was the venue suitable?
- Were the meetings the right frequency? (too many/just right/too few)
- Were the meetings always held face to face? Would you have preferred another 'channel' to facilitate the meetings, e.g. videoconference?
- If someone couldn't attend a meeting, was there an opportunity for them to feed in their views before or after the meeting so that they had an opportunity to contribute?

- Were the meetings minuted? *If yes.... (they should have been)*
 - Who was responsible for this?
 - Were they action focussed?
 - Were they a clear and accurate record?
 - Were they appropriately distributed (i.e. length of time after meeting until they were available)

Capturing views and reporting of outputs (arriving at consensus)
(10 mins)

- How easy was it to reach a consensus around decisions when required?

- Did you feel that there was anything that wasn't really resolved?
- Did you feel that you could challenge things or air your views if you had a different opinion to the group? (Don't ask of chairs)
- How were decisions recorded/captured?
- Did the group have to react/respond to anything unexpected throughout this process, for example changing timelines or changing specification? If yes, how did you work around this? What impact did it have?

- Some groups may have split into subgroups around specialised areas such as research or environmental issues. Did this happen in your group? How did it work? Was it possible to bring the subgroup and the main group back into alignment?
- How did you feel that the water company engaged with consumers?
- Were consumer views fed in at appropriate times throughout the process?
- Were there any ways in which this could have been done better?

Improvements for next cycle (membership, process, use of technology, etc) (10 mins)

- Would you volunteer again to be part of a group such as this?
- Are there any suggestions for improvement you would make if this process was to run again?
- Are there any processes that really didn't work?
- Any that worked really well?
- Is there any technology that would make any of these processes easier/better? E.g. online forums to facilitate on-going discussions between the meetings

**Thank you and wrap up
(2 mins)**

Any other comments / thoughts before we wrap up tonight?

Thank you and close.

Recruitment

The table below outlines the number of interviews completed within each of the stakeholder segments.

Segment (CCG participants)	Interviews achieved
CCG chairpersons (CCW and non CCW)	7
CCW staff (Policy managers, LCAs)	8
Water company	9
Local businesses	3
Local authority representatives	10
Industry associations (e.g. FSB, CBI, NFU)	5
Environment Agency	3
Natural England/Natural Resources Wales	2
Drinking Water Inspectorate	1
Special interest groups (e.g. RSPB, Blind Associations, Age UK, CAB)	7
Other stakeholders (e.g. Research companies involved in company engagement strategies)	6
Total	61