



# **A Tide of Opinion: the Customer Voice within the Price Setting process**

June 2015

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# 1 Executive Summary

## 1.1 Introduction

The water industry is increasingly putting customers at the heart of business planning. As part of this, Customer Challenge Groups (CCGs) were introduced at the start of the 2014 Price Review (PR14) to scrutinise and challenge the customer input and engagement conducted by companies as part of the business planning process. This 'Customer Voice' research was commissioned to enable the Consumer Council for Water (CCWater) to make informed decisions about how customers' views are best heard within the regulatory process by identifying: which practices have legitimacy in customers' eyes; how CCGs should be formed and governed; and the role of CCWater in the process.

## 1.2 Methodology and respondent profile

A two-staged qualitative approach was undertaken. At stage one, comprising 4 extended discussion groups; respondents were selected for their direct experience of representing others on boards or committees (such as parish councils, or school governing bodies).

As an informed sample, they were able to bring their experience to bear when discussing good practice in the formation, management and governance of committees - and how this might have relevance to CCGs within the water industry. The analysis of this initial stage informed the development of accessible and meaningful stimulus materials with which to prompt discussion amongst a general customer sample at stage two (comprising 6 focus groups defined by age and socio-economic grade).

The main challenge for the research was drawing insight from customers about a subject area (e.g. the governance of committees) that would be beyond their direct experience. The chosen methodology, therefore, sought to strike a balance between drawing on the views of informed customers in the first stage - hereafter referred to as *community representatives* - and a more representative (albeit uninformed) sample of water bill payers in stage two, hereafter referred to as *general customers*.

## 1.3 Key findings and Recommendations

### Customer Engagement at Price Reviews

- **Customers and community representatives believe in the importance of customers' voices being heard as part of the water industry's business planning process.** Opinions about how water companies should ensure customers' views are properly heard are influenced by both existing attitudes towards the water industry and experiences of being listened to by other types of organisations.
- In terms of existing attitudes, the research has reinforced a well-understood truth that **general customers have low levels of interest in or engagement with the water industry - and very limited understanding of how it is regulated.** As a necessary purchase from monopoly providers, the prevailing view is that there is no motive for water companies to listen to their customers. Attitudes towards water companies

are also coloured by a wider erosion of consumer trust in large corporations; however in the research setting it is notable how reassured customers feel once they learn about the extent of regulation and customer representation in the water industry. (Chapter 3).

- **Both customers and community representatives expect any committee set up to hear customers' views as part of the business planning process to be well-governed.** Successful committees, in the view of community representatives, will have: strong leadership from the Chair; democratic processes within the group; clear protocols and objectives; effective team working from all members; and a sense of making a difference to others. In addition, a successful committee will find ways to incorporate the views of wider constituents or affected groups; however customers are far less clear about *how* a committee should include these wider views. (Chapter 4)
- **There is less endorsement for members of the public to play a scrutiny role provided the views of customers are directly represented** (e.g. via research and consultation). While in theory general customers and community representatives advocate the inclusion of members of the public on customer challenge groups as a direct way to bring the voice of the customer to the table, they envisage practical difficulties (in terms of the commitment required, the capabilities of the individuals to represent the whole customer body and the ability to cope with the complexity of the tasks).
- In terms of the most effective approaches for gathering the views of water customers, **water companies are expected to use independent research as the best way to reach a broad and representative understanding of views** (although there is an indication of 'survey fatigue' amongst general customers with the rise of low-cost online survey tools).
- In addition, **consultations are seen to demonstrate a company's genuine intention to listen to customers** and as such are an important additional method to engage with customers. However, customers and community representatives understand the self-selecting nature of consultations and perceive they may not reflect the mainstream view. (Chapter 5)

#### **Setting up a future customer challenge group**

- **Customers found Chairs independence from the water company a pre-requisite.**
- **The quality of the Chair of a committee representing customers is seen as fundamental to its success;** however there are differing views about the role of the Chair. One view is that the Chair is a neutral, unbiased 'facilitator' of the group, managing discussions to ensure all voices are heard. The other viewpoint is that the Chair is the 'strongest voice' on the committee: representing customers, leading discussions and informing (even making) the decisions. This contrasting view was not resolved by the research however it is an important question for CCWater and

the industry in defining good practice for the customer challenge groups. This is a fundamental issue for the future of customer challenge groups which the industry needs to address. The decision on the role of the Chair will clarify the right approach to the recruitment and selection of the Chair and other customer challenge group members, and on how the Chair is paid (for example by CCWater as a CCWater Chair, or through another mechanism for a neutral facilitator).

- **Both customers and community representatives believe that payment of the Chair could compromise their independence.** Despite this the majority of customers would be prepared to accept payment of a Chair is necessary in order to have a Chair of the appropriate calibre.
- **When prompted, the idea of 'levy' or 'pooled funding' from across the industry from which to pay the Chair was widely accepted** as a good way to mitigate the risk of paid Chairs being "in the pocket" of the water company.
- **Once informed about the role of Consumer Council for Water, customers and community representatives universally see the importance of their involvement with the business planning process.** However, there are mixed views about whether they should Chair the committee. Those who believe the role of the Chair is to be the 'strongest voice' see CCWater as the most effective candidate for the role of Chair; whereas those who believe the Chair should be a 'facilitator' think CCWater's ability to represent the views of customers would be compromised in this role.
- **Customers and community representatives also want to see a broad membership on committees or groups that can represent customers,** with participation expected from both industry experts and consumer champions. Members are expected to act in the best interests of customers, not the water companies, therefore processes should be in place to avoid personal agendas surfacing or the stagnation of ideas: refreshing membership on a regular basis is an important principle for customers.

#### **1.4 Expected good practice for committees**

The research has identified community representatives' views on good practice for customer voice committees:

- Ensure **the aims and objectives are clearly articulated** and that the members share a mutual sense of direction.
- Ensure there are **formal written protocols** for the management of the committee and what is expected of its members.
- Ensure that membership is comprised of a range of **industry and consumer experts.**
- Ensure the **views of the general public are represented** through a range of research and consultation methods using independent consultants to provide an unbiased interpretation of data.

- Have well defined and transparent **committee administration** such as circulating an agenda in advance of meetings and issuing minutes afterwards.
- **Ensure transparency** within documentation and decision making processes e.g. publishing meeting minutes and the written protocols on the water company website.
- Ensure adequate **training, mentoring and induction processes** to ensure members are well briefed and able to make a valuable contribution.
- Have a **process to replace members at regular intervals** (perhaps at the end of each price review ie: every five years) to refresh the input and prevent 'committee fatigue'.
- Identify **sub groups within the committee** to manage specific activities, increase efficiency and play to individual member strengths.
- Use **external specialists (such as consultants)** where skills are not present to meet specific objectives or where an independent perspective is necessary.
- Ensure regular **feedback to those being represented (customers)** highlighting how views have made a difference to decision making and to demonstrate the value of the committee.

## 1.5 Considerations and Recommendations

In addition to the points above, the research has identified the following recommendations and areas for consideration:

**For the whole industry (Companies, CCGs, the Consumer Council for Water, Ofwat, Drinking Water Inspectorate)**

- Customers will feel more confident that their views are being heard within the industry if they understand that water companies are regulated. This impacts on all parts of the industry and argues for the regulators (e.g. Ofwat and the Drinking Water Inspectorate) and customer representative body (the Consumer Council for Water ) having a higher profile.
- Listening to customers in the right way has the potential to improve trust in the industry: when customers can see listening in action e.g. via consultation events, it conveys the genuine intention of companies to understand customers better. Being more transparent about how customers are being heard via communications and planned feedback will also improve trust

### Recommendations for the Consumer Council for Water

- This research confirms that water customers want the Consumer Council for Water to play an active role in representing their views in the business planning process. It should clearly position itself as the expert on the customer agenda and ensure that the role it takes on the customer challenge groups enables it to champion the customer.

- The Consumer Council for Water should draw on its own evidence to understand water customers when representing and championing their views - both when on customer challenge groups and as part of its wider role. Customers expect that the Consumer Council for Water will not rely solely on water company research and engagement commissioned as part of the planning process.
- The Consumer Council for Water needs to take a stance on what it believes is the most appropriate role of the Chair of customer challenge groups (neutral facilitator or customer voice) and decide how it can most effectively represent the voice of the customer: in the role of Chair or as a member.

## **2 Introduction**

### **2.1 Background to the project**

The Consumer Council for Water (CCWater) represents the views of customers in the water sector across England and Wales. The water sector is unique in the UK, comprising regional monopolies (the water companies) who serve household and the vast majority of business customers.

The regulatory, or Price Review, process (most recently the 2014 Price Review (PR14)), managed by the water industry regulator Ofwat, aims to put customers at the heart of business planning. To support this, Customer Challenge Groups (CCGs) were introduced at the start of PR14. These independent scrutiny boards were set up by each company to challenge companies on behalf of consumers throughout the business planning process.

The CCGs consisted of a cross-section of customer representatives including CCWater, business representatives, local authorities or organisations representing customers with specific needs - for example Age UK or Citizens Advice Bureaux (CABx), Environment Agency, Natural Resources Wales and Natural England and the Drinking Water Inspectorate (DWI).

The key role of the CCGs is to scrutinise and challenge the water company business plans in terms of the quality of customer engagement and the extent to which the plans reflect customers' views and priorities.

Following the 2014 Price Review (PR14) water companies are considering how to monitor their performance commitments between 2015-20 and whether the CCG is the right model to do this. Previous CCWater research has shown that customers believe they should have a say in how water and sewerage companies spend their money<sup>1</sup>. Additionally, research for Ofwat<sup>2</sup> suggests customers are more willing to engage indirectly by having other customers or organisations represent their views.

To aid the development of successor CCGs in a way that works for customers, CCWater wanted to find out more about how consumers feel their voice should be heard in the

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<sup>1</sup> Have Your Say, CCWater, 2010

<sup>2</sup> Domestic water and sewerage customers' expectations of service, Ofwat, 2011



business planning process. Consequently, in March 2015 Blue Marble Research was commissioned to undertake qualitative research into this topic.

## **2.2 Project aims and objectives**

The following business objectives were outlined for this project:

- To influence debate about how consumers' views are best heard and input into regulatory processes and how CCGs should evolve.
- To inform the industry regarding the types of engagement processes that have the most legitimacy in consumers' eyes.
- To make informed decisions about CCWater's role in relation to the CCGs.

These were realised through the following research specific objectives:

- To determine which practices should be used to engage with customers and instil confidence that customer views are taken into account in decision-making.
- To understand expectations of customer engagement in the water sector including within the context of the regulatory process.
- To understand customer views on practices undertaken during PR14.
- To explore how customers expect CCGs to be formed and governed.
- To explore customers' expectations of the role of CCWater in this context.

## **2.3 Methodology and respondent profile**

A two-stage approach was developed to provide evidence both from:

- 1) a sample of customers who are 'community representatives' and are able to comment from their direct experience of representing the views of others on boards or committees; for example as school governors or charity trustees;
- 2) a sample of 'general customers' who represent the majority view of water customers.

This two-stage approach had a number of advantages by:

- Enabling informed discussion about best practice in forming, managing and governing committees at stage one.
- Allowing these ideas and principles of good representation to be applied to the water sector with a sample of general customers.

- Facilitating the development of stimulus material based on the views of experienced community representatives to ensure the discussions with general customers – which risked feeling abstract - could be made accessible and meaningful.

Focus groups were selected as the most appropriate method as respondents could be informed about the water sector; its regulation and business planning as part of the research process. Moderated focus groups also provided the time needed for respondents to reflect and consider these new topics and discuss them in depth.

The locations at both stages were selected to ensure coverage of each of the 10 largest water and sewerage company areas.

### **2.3.1. Stage one: Community Representatives**

The discussion was structured to firstly discuss general experiences of the management of committees and the policies and procedures which govern them, in order to then determine best practice which could be applied to the water industry. In addition the research explored the unprompted views of community representatives' in relation to how the water industry should listen to the voice of the customer.

To fully explore these areas, 4 extended groups of 2½ hours and comprising 6 respondents were held. This included a pilot group in Bristol following which minor amendments were made to the discussion guide.

Respondents were recruited using an approved screening questionnaire to ensure a wide spread of types of roles and committees were included and also that at least one member was specifically involved in representing the views of vulnerable or hard to reach people. The types of roles included:

- Secondary school governors
- Trustee of charities for causes including disabilities and international aid
- Director of a Social Enterprise
- Chair of a residential Housing Association
- Parish Councillors
- Parochial church council committee member
- Chair / committee members of sports clubs

It should also be noted that during the discussions respondents were also speaking as general water customers not just as community representatives.

#### **Stage one summary:**

- 4 groups x 6 respondents
- 4 locations: 1 rural, 3 urban 9 (London, Leeds, Manchester, Bristol)
- Groups of 2½ hours
- All community representatives
- Fieldwork: 25<sup>th</sup>-31<sup>st</sup> March 2015

Further details about the roles of the respondents are provided in Appendix 9.1. The discussion guide used for stage one can also be found in Appendix 9.2. All documents were reviewed and signed off by CCWater prior to use. There was also input into the slides from some water companies who had shown an interest in the research.

### **2.3.2. Design and refinement of stimulus materials**

The discussions amongst community representatives at stage one highlighted the difficulty respondents had in spontaneously discussing how customers' views and opinions should be taken into account within the water industry. This confirmed that in order to have meaningful discussions amongst general customers at the following stage, stimulus material would be required to prompt the conversations.

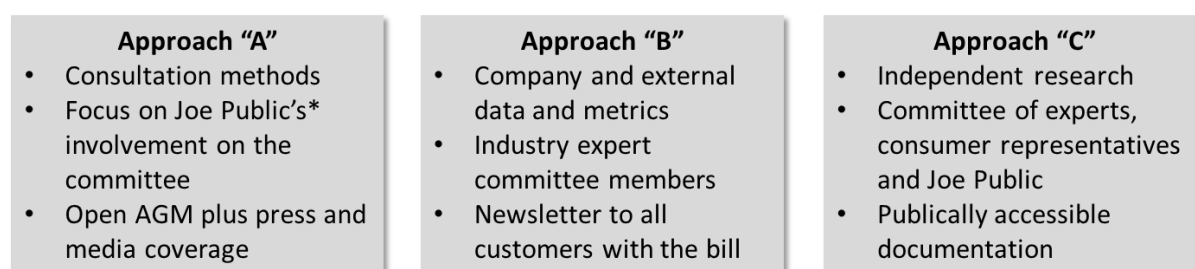
Hence a key element of the analysis of the findings from the community representatives was the development of the stage two stimulus materials. These consisted of a series of different approaches to taking the customer voice into account during the business planning process. Each approach consisted of 3 elements:

- a) Methods to gather evidence of customers' views and experiences
- b) Structure of the committee to review the evidence and make recommendations
- c) Methods to feedback to customers

As part of the refinement process, 4 cognitive interviews were conducted to review the first drafts of the stimulus materials. Improvements were then made to these materials with 2 notable changes. Firstly, the number of approaches was reduced from 4 to 3 to make it more manageable for respondents in the time allocated. Secondly, the role of the Chair was removed entirely from the approaches and discussed separately to ensure that this crucial element was discussed in sufficient detail.

Figure 1 provides an overview of the 3 approaches that formed the basis for the visual stimulus presented to respondents – which can be found in the Appendices. It should be noted that these were designed to stimulate discussion, rather than discrete choices to be endorsed as a whole. The order in which they were shown and discussed was rotated to mitigate any presentation effects. At the end of each group discussion respondents completed a 'build your own' exercise whereby they were able to select individual elements from any of the approaches – or indeed use their own ideas - to summarise what they felt was the most effective means for the customer voice to be taken into account.

**Figure 1 Overview of the 3 Approaches used to prompt discussion**



\*'Joe Public' used to refer to general customers or 'the man on the street'.

### **2.3.3. Stage two: General Customers**

Stage two was conducted amongst general water customers and comprised 6 group discussions each with 8 respondents. The sample was structured to include customers from a range of ages and socio-economic grades as detailed in Table 1 below.

A pilot group was held in Bridgend and a viewed group in Birmingham. The pilot discussion group was successful and therefore no changes to the discussion guide and stimulus materials were necessary (shown in Appendix 9.3 and Appendix 9.4 respectively).

The analysis process explored potential differences between water customers of differing ages or socio-economic backgrounds and found a high degree of consistency across different demographic groups. The main differences observed related to the degree of engagement with the topic and confidence in expressing opinions, which tended to increase with age (and experience). There was also a tendency for customers from higher socio-economic grades to be more confident in their responses.

As an example, the most engaged group was in Birmingham (56-70 years, ABC1) where respondents were confident about giving their views and opinions, easily able to comment on the material and generally more considered in their responses. In contrast, the least engaged group was Southampton (20-35 years, C2DE), where respondents were less confident, openly acknowledged their limited experiences and were generally more cautious - often caveating their responses.

#### **Stage two summary:**

- 6 groups x 8 respondents
- 6 locations – 2 rural and 4 urban (Truro, Newcastle, Norwich, Birmingham, Bridgend, Southampton)
- Groups of 1½ hours
- All responsible for water bill payment
- Groups split by age /socio-economic grade
- Including people with: different bill prices; metered and unmetered; online and offline households.
- Fieldwork: 23rd April – 6th May 2015

**Table 1 Stage two sample breakdown**

<b>Bridgend (rural; n = 8)</b>	<b>Newcastle (n = 8)</b>	<b>Birmingham (n = 8)</b>	<b>Southampto n (n = 7)</b>	<b>Truro (n = 4)</b>	<b>Norwich (rural; n=8)</b>
36-55 years ABC1	36-55 years C2DE	56-70 years ABC1	20-35 years C2DE	20-35 years ABC1	56-70 years C2DE

### 3 The customer voice: experiences and expectations

#### Chapter summary:

Opinions about how water companies should ensure the voice of customers is properly heard are influenced by:

- **Attitudes towards the water industry itself:** as well as low levels of consumer engagement with the water industry, there is very limited understanding of how it is regulated. As a necessary purchase from monopoly providers, the prevailing view is that there is no motive for companies to listen to their customers.
- **Wider experience of being heard by other companies and organisations:** people are familiar with making their view known to companies in the event of a service problem, or collectively being heard where a neighbourhood or other group is threatened by the actions of an organisation. However, customers have rarely been motivated to make their views known to their water company.

This chapter also highlights the reassurance customers feel when they learn about the extent of regulation and consumer representation in the industry.

#### 3.1 Experience of the 'customer voice' in other sectors

People are accustomed to being asked to give their views and opinions by a wide range of companies and organisations. People are also familiar with the methods used to collect the views of customers and respondents had commonly experienced: online surveys; website 'pop ups'; customer satisfaction call-backs or SMS text surveys after a service experience; and to a lesser extent, in-street and telephone interviews. There is universal agreement that companies should take on board the views of their customers and that it is important for companies to respond to what customers tell them. Customers believe that organisations who do this well can make a difference to the success of their organisation, and can achieve competitive advantage.

*"You need to know what your clients, what your customers are saying... you need to know the impact of services, what benefit they are getting."*

London, committee member, <50 years

*"It's their businesses and at the end of the day they should be listening to their customers."*  
[companies in general]

However, there is widespread scepticism about why organisations - particularly the largest corporations – gather customer opinions and whether the findings are acted upon. Customers do not always believe that their views will be used to make a difference and there is a common perception that companies can manipulate data to make it say what they want.

As part of a pre-placement exercise that respondents completed prior to attending the group discussions at stage two, general customers were asked to think about examples when they felt their voice had been heard and occasions when they felt their voice had not been listened to. The examples given can be categorised as either:

- 1) when customers were acting as *individuals*, or;
- 2) when customers had come together to make their *collective* voices heard.

Instances when customers act *individually* to have their voice heard tend to relate to specific and one-off customer service issues. Most commonly driven by customer dissatisfaction, examples include resolving problems or complaining about unresolved problems, negotiating refunds and seeking better deals. In these cases the customer's desire to have their views heard and acted upon is driven by the need to improve their own situation rather than to improve the lot of other customers. The real examples related in the research mostly involved contact with large private sector companies such as mobile phone providers or supermarkets where customers perceive it would be difficult to change the system. Indeed, customers do not believe that their individual views and opinions (or complaints) will prompt any significant or long term changes due to the size and perceived bureaucracy of large organisations.

*"Something came through the post which very much favoured new customers... I contacted them to see if they would be willing to give me a better rate and they were."*

Birmingham, 56-70 years, ABC1

*"I got my daughter a new phone and when it arrived it was damaged and so I sent it back but then when it arrived I got a massive bill and they had charged twice for the phone. I had to keep ringing and each time I got someone else and I had to explain and each time they would say that a manager would ring me back but they never did."*

Newcastle, 36-55 years, C2DE

Instances when customers act *collectively* to be heard tend to involve a group of residents or a specific community who come together to address an issue that threatens to have an ongoing impact on their community. Examples from respondents commonly implicated local government or public sector organisations (as opposed to large businesses) and included:

- Pressure groups campaigning against new housing developments, wind farms or fracking
- Local residents pressurising their local council to introduce residents parking restrictions
- A Patient Participation Group using a survey which lead to changes in surgery opening hours

*“At my doctor’s surgery they now keep a certain amount of appointments back and they’ve opened a late surgery.... they’ve got a Patient Participation Group that people sit on, on a regular basis or people can fill in a form and that’s how they look at their views.”*

Newcastle, 36-55 years, C2DE

*“There were 2 different companies who applied for wind turbines. But the local people came together to campaign against them, they raised money for legal advice and through people power both applications have been turned down.”*

Norwich, 56-70 years, C2DE

## **3.2 Experience within water sector**

### **3.2.1. Water industry knowledge and engagement**

When thinking about occasions when people wanted to be heard, the water industry did not feature at all when unprompted. For the most part customers are not engaged with their water and sewerage service; indeed for most customers the bill is the main point of contact and few have experienced problems.

Amongst customers who have had direct contact with their water and sewerage company there is a mixture of views including both accounts of problems and excellent customer service experiences.

*“I was trying to find my water meter in the pavement. They had to talk me through it as it was covered in mud. The guy on the phone literally walked me through it so it was a piece of cake.”* Truro, 20-35 years, ABC1

The rarity of problems and general lack of contact with their water provider means that customers have had little need to think about, or to engage with, the industry in the past. There is also little expectation of the need to do so in the future.

A summary of customers’ main associations with the water industry is provided in the box to the right. Customers are aware of the monopoly status of the market (referred to in terms of lack of the lack of choice by customers) and although customers often refer to increasing bills, the price of water is favourably compared to gas and electricity.

Since water is clearly essential to day to day life customers assume that the market must be regulated in some way. Beyond this, however, there is little specific knowledge of how water companies are regulated or the roles of the various regulators. There is limited awareness of Ofwat, Defra and the Environment Agency (EA) amongst both community representatives and general customers. There was no awareness of either the Drinking Water Inspectorate (DWI) or CCWater in this research.

#### **Customer views about the water sector**

- Mixed opinions: some positive and some negative perceptions and experiences
- Lack of choice, monopoly market
- Market privatisation
- Increase in metering (specific areas)
- Increasing costs
- Cheaper than gas and electricity
- Limited contact
- Good customer service



*“There must be a regulator, but you don’t hear as much about them as you do Ofcom or the one that deals with electricity or all that sort of stuff.”*

Leeds, committee member, < 50 years

Once informed about the various bodies involved, customers are surprised by the level of complexity within the industry and by the number of organisations involved in its regulation. However, it is reassuring for customers to see that the industry is heavily regulated particularly in relation to bill controls (Ofwat) and water quality (DWI).

### **3.2.1. Response to role of CCWater**

Respondents were informed about the various aspects of CCWater’s role and remit via stimulus describing it as a watchdog and acting as:

- An independent representative for customers
- A regional voice for customers
- A publisher of information about the performance of the water industry
- Conducting research with water customers to understand current attitudes
- A resolution service for customer complaints

Neither community representatives nor general customers were aware of CCWater prior to the research – or of the existence of a ‘consumer champion’ or ‘consumer watchdog’ in the water sector. Despite this and when probed, customers said they would expect that an industry concerned with such a significant service as water provision to have some form of external body to help customers resolve complaints.

Customers interpreted the role of CCWater in different ways: some saw it primarily in the role of a ‘regulator’; others as a ‘customer expert’; while some focussed more on CCWater’s independent status in representing customers of water companies. The way respondents perceived the main function and role of CCWater impacts on the role they think CCWater should play in the business planning process – discussed in the following chapters of this report.

Throughout the discussions there was confusion in customers’ minds about the roles of Ofwat and CCWater: CCWater was frequently referred to as a *“regulator”* and *“having control”* over the water companies. In addition, the lack of awareness of CCWater affects customers’ perceptions of its role. Some question how effective CCWater can be in representing customers’ views if customers themselves have not heard of it – and whether it would be more effective if it raised its public profile.

### **3.2.2. ‘Customer Voice’ the water sector**

Customers have rarely experienced water-related problems themselves, nor have they experienced situations where the community has been moved to come together *collectively* to be heard by their water company. In addition customers cannot recall instances where their water company has actively sought views and opinions.

There is no real expectation, therefore, that water companies gather the views of customers. While in part this reflects a lack of awareness of water company engagement activity, it is also based on the belief that in an industry where there is no competition, there would be no commercial advantage in doing so.

Customers on the whole display a cynical attitude, believing that as customers are unable to choose their water supplier, water companies have no incentive to respond to customer dissatisfaction or promote customer satisfaction. Indeed, customers transfer often cynical beliefs about the motives of 'big business' to the water industry suspecting that any consultation activity carried out with customers is likely to be a 'tick box' exercise, undertaken to fulfil regulatory or internal reporting requirements, rather than a genuine exercise to understand the views of customers.

*"I don't see why they would want to [gather customer views]. If it is non-profit making<sup>3</sup> then what is the benefit to anybody."* Bridgend, 36-55 years, ABC1

*"...if they had a TV, advertising or press campaign, highlighting this opportunity to give your views and highlighting using social media, Twitter and Facebook or LinkedIn. Just trying to tell people they have a voice... I wouldn't have known and I would want to know that that's an option I had."* Manchester, committee member, < 50 years

Despite this apparent cynicism, customers acknowledge that capturing the views of water customers is important but they also appreciate that the lack of interest and engagement with water and sewerage services amongst customers is likely to make this difficult.

Community representatives were asked to draw on their own experiences of taking on board the views of others when thinking about how water companies should be listening to customers. This sample were mostly representing a small community of people e.g. residents of a village, members of sports club, parents of a school, and members of a charity organisation which they contrasted to the large and diverse nature of water company customers, and which they saw as the major challenge for water companies.

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<sup>3</sup> A reference to Dŵr Cymru Welsh Water's alternative ownership model.

In summary, community representatives anticipated the following challenges for water companies seeking the views of their customers:

**Difficulties identified for water companies:**

- People are generally over-surveyed and therefore reluctant to take part in research
- A perceived 'lack of interest' in water services; many people do not have an opinion; it is not a subject people feel passionately about
- It is a difficult subject to make interesting and engaging
- There is a danger that it will only attract those customers who have experienced a problem and want to complain

## 4 Experiences of Committees and Working Groups

### Chapter summary:

This chapter details the findings from the first stage and specifically the views of the community representative sample who provided an informed view of good practice in representing wider communities.

It summarises their experiences and draws on the lessons that have relevance to the water industry for when they work to put customers at the heart of the business planning process.

In essence, successful committees or boards have strong leadership from the Chair, democratic processes within the group, clear protocols and objectives, effective teamworking from all members, a sense of making a difference to others and a means of including wider views than the group's own.

There was less confidence about best practice in how to include these wider views. Unlike water companies, this informed sample were representing the views of small and homogenous communities where formal methods of canvassing views were less likely to be used.

### 4.1 Motivations for involvement

All the community representatives included in the research were volunteers and involvement was often described as being personally rewarding or fulfilling. The various reasons for involvement are listed in the adjacent box.

Alongside this however, involvement is often described as being challenging or frustrating. As personal interest is the primary motivator for involvement, community representatives are genuinely interested in the aims and remit of the organisation and the tasks they are required to undertake. However, this is balanced against frustrations and challenges and in some cases the need to sit through long and often “dull” meetings and to complete menial tasks and paperwork.

#### Motivations for involvement:

- To support the local community
- A desire to “give something back”
- To support a belief, cause or passion (e.g. religious)
- To further a hobby or interest (e.g. sport)
- To use professional skills in another context
- As a result of a personal experience (e.g. support a charity)
- For the social status / to build up a CV (although this was more often raised as a motivation seen in others rather than oneself)

*"I wanted to put something back into the sport that's been giving me lots of pleasure over many many years. It was a sort of natural progression really."*

Leeds, committee member, > 50 years

*"I decided that I wanted to have a change in career, I wanted to do something which was giving back to the community."*

Bristol, committee member, > 50 years

Others have more practical reasons for participating on committees or working groups although these are cited less frequently. For instance amongst the older generation several see their participation as something to occupy their retirement and for one teacher governor, they wanted to understand more about what was going on within the school.

The strong personal beliefs and interests which motivate involvement also explains why community representatives are prepared to put up with the frustrating aspects. Therefore, when thinking about how they could apply their experiences to the water industry they found it difficult to imagine who would have the equivalent desire or commitment to represent the views of others in relation to water and sewerage services. Indeed, many community representatives have experienced difficulty recruiting people (of the right calibre, with the appropriate skills or from specific groups of the population e.g. young people) and imagine that this would be exacerbated in the context of a water industry committee (that relied on volunteers). The perceived difficulty in recruiting people was a reoccurring theme when this more informed sample considered the best way for the water industry to take on board the views of customers.

## **4.2 Experiences working on committees**

A key objective in researching community representatives was to explore their experiences of working as part of committee and to identify what they consider to be good practice that could be applied to the water industry.

Despite the broad range of committees and working groups that community representatives were drawing on, the research indicates how much shared experience there was between community representatives. Table 2 and Table 3 summarise both the common difficulties of committee working and also the features which contribute to successful, effective working.

Many of the difficulties relate to the actions and behaviours of other committee members. For instance, not completing agreed tasks or non-attendance of meetings are common issues. Similarly, *"power struggles"* between committee members and problems recruiting and managing the group are also common themes. Although many of these organisations and committees are relatively small the lack of formal processes and procedures (or lack of adherence to them) is identified as the cause of many of the frustrations.

**Table 2 Working on committees: frustrations and difficulties**

<b>Dealing with external issues</b>	<ul style="list-style-type: none"> <li>• Red tape / bureaucracy</li> <li>• External forces i.e. factors out of the committees control</li> <li>• The need to make compromises to please / fit in with partners</li> <li>• Managing the external “politics”</li> </ul>
<b>Time</b>	<ul style="list-style-type: none"> <li>• Level of commitment required by members is not always clear upfront</li> <li>• Slow and protracted processes delaying decisions/progress</li> </ul>
<b>Processes and procedures</b>	<ul style="list-style-type: none"> <li>• Members not following the appropriate protocols</li> <li>• Insufficient training for new members</li> <li>• Members not sticking to the agenda / going “off topic”</li> <li>• Meetings not being sufficiently “business-like”</li> </ul>
<b>Lack of action or progress</b>	<ul style="list-style-type: none"> <li>• Bravado (“I’ll do it, I’ll do it”) with no subsequent action</li> <li>• Members not attending meetings / lack of commitment</li> <li>• Lack of action, being too cautious, not wanting to be bold</li> <li>• Compromises made at the expense of the group</li> <li>• Taking everyone’s views into account / letting people “waffle on” for too long</li> </ul>
<b>Power struggles</b>	<ul style="list-style-type: none"> <li>• Pockets of power i.e. Chair, established members, more authoritative members</li> <li>• Trying to please everyone</li> <li>• Dealing with conflict – representing different views; managing different opinions</li> </ul>
<b>Group members</b>	<ul style="list-style-type: none"> <li>• Difficulty getting people involved and engaged</li> <li>• Difficulty finding the “right person for the job”</li> <li>• Incorrect balance between lay people and professionals</li> <li>• Vested interests e.g. those who would benefit from agreeing planning permissions</li> <li>• Stagnation of members – “no fresh blood”</li> </ul>

*“There’s a huge amount of responsibility and a huge demand for them to read an awful lot and be knowledgeable in legislation. All sorts of things. I can’t believe anyone actually does it to be honest, because it’s an utterly thankless task”.*

Bristol, committee member, > 50 years

*“It is trying to represent both sides, knowing that they can’t both be appeased and they both aren’t happy.”*

Manchester, committee member, < 50 years

*“The enthusiasm is almost to, like, ‘show off’, so as to say, ‘I know how to do this, you know, we need to talk to so and so, I’ve got their telephone number...’ people do a lot of showing off in the meeting and then don’t follow the whole thing through.. it’s like... bravado, yeah, a bit like, I know how to do it, I’ll do it, I’ll do it.”*

Leeds, committee member, > 50 years

There is significant agreement on the factors which contribute to a successful committee or working group. Perhaps the most important and overarching requirement identified is a

clear shared vision. Making sure that the group's aims and direction is understood by all members is perceived to be crucial to the successful delivery of outcomes, cohesive working and personal enjoyment.

There is universal agreement that the Chair of a committee is vital to its success. This means having the appropriate skills, experience and personality to manage a committee effectively – and is considered to be one of the most important factors contributing to efficient and effective working.

*"The Chair is the figurehead for the organisation or committee, and if that position isn't working properly it can affect the way the organisation is performing, so it's vital."*

London, committee member, < 50 years

As already noted, despite the relatively small size of some of the committees/working groups they sat on, community representatives articulated a need for formal written protocols and procedures. They were able to testify that the clarity of the aims of the committee/board and expectations of the commitment and behavior required from members can help to overcome some of the frustrations outlined above.

*"We have a Terms of Reference document and it is pretty much laid out in there, what the process is - and we have procedures that get laid out regularly and updated."*

Manchester, committee member, < 50 years

*"We 'minute' our meetings and it goes on our web... we've got a website for our club."*

Leeds, committee member, > 50 years

Group composition is also thought to be key to success. This includes a number of areas which are summarised below, ensuring the right calibre of members and the right mix of appropriate skills and experience is on the group.

*"You shouldn't just open it up to anyone. You need to identify skills shortages within the organisation."*

London, committee member, < 50 years

Gathering the views of others does not feature highly in the factors which contribute to the success of committees. Some community representatives spontaneously mention the importance of building trust and being open and accessible to others. However, this is by no means universally considered to be an important factor.

**Table 3 Working on committees: factors for successful working**

<b>Clear vision</b>	<ul style="list-style-type: none"> <li>• Clearly articulated aims and objectives</li> <li>• Everyone 'on the same page' / in agreement</li> <li>• Clear sense of direction</li> </ul>
<b>Chairmanship</b>	<ul style="list-style-type: none"> <li>• Control</li> <li>• Confident and challenging</li> <li>• Skilled, experienced, respected</li> <li>• Sticking to the agenda and time frames</li> <li>• Listen to everyone's views</li> <li>• Moving on when needed</li> <li>• Treating everyone as equals</li> <li>• Ensuring that everyone contributes</li> </ul>
<b>Processes and procedures</b>	<ul style="list-style-type: none"> <li>• Democratic process e.g. voting or election</li> <li>• Sticking to protocol</li> <li>• Formal guidance and documentation</li> <li>• Mentoring/training/induction processes</li> <li>• Clarifying expectations and commitment upfront</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>• Meeting objectives / completing projects</li> <li>• Saving money / making efficiencies</li> <li>• Feeling fulfilled/learning new skills</li> <li>• "Making a difference"</li> <li>• Getting positive feedback from end users</li> <li>• Achieving goals in between meetings</li> </ul>
<b>Group members</b>	<ul style="list-style-type: none"> <li>• Skilled / talented / passionate / "of calibre"</li> <li>• Getting the "right people" involved</li> <li>• No token members who do not contribute</li> <li>• Ensuring against skills gaps</li> <li>• Sub committees and specialist groups</li> <li>• Networking/sharing contacts</li> <li>• Using experts when needed</li> <li>• Team work and delegation</li> <li>• Ensuring membership is refreshed</li> </ul>
<b>Capturing the views of others</b>	<ul style="list-style-type: none"> <li>• Being open and accessible</li> <li>• Building trust</li> </ul>

*"We've just got two young folk on which is absolutely brilliant and they bring a completely different energy to the committee and bring us sort of up to date too, because we partly lost the thread. So, I think, a mixture of age is very good."*

Bristol, committee member, > 50 years

*"I mean the key for success for us, without a doubt, is always teamwork within the group, ... and if you've got certain objectives that you want to achieve, if you've even got sort of one out of four or five people that don't go with it, then it's never going to work. You know, you've got to have 100% support behind you."*

Leeds, committee member, > 50 years



### 4.3 Good practice in the management of groups and committees

It is clear from this research that community representatives believe formal processes and procedures are essential to ensuring that a committee is effective in meeting its aims and objectives. The following are the key aspects identified as best practice by community representatives:

- A **clearly articulated vision of the aims of objectives** of the group, to provide an agreed and mutual sense of direction.
- The presence of **an effective Chair** to act as figurehead and who is able to facilitate meetings, maintain control, act as a “referee” and ensure actions are carried out.
- Formal **documentation and protocols** such as Terms of Reference which formally layout the overall vision, the remit and responsibilities of the group and expectations of members.
- **Administration processes** such as distribution of meeting Minutes and circulation of an agenda and associated materials in advance of meetings.
- **Transparency** of all documentation and decision making processes e.g. publishing the Minutes of meetings and the Terms of Reference document on the organisation’s website.
- **Formal recruitment processes**, for example public advertisement of available positions, a structured interview process and agreed terms of tenure. These should include clear indications of the level of time commitment required by members.
- **Training / mentoring and induction** processes to ensure everyone is knowledgeable enough to be able to make a valuable contribution.
- **Membership to be regularly ‘refreshed’** to ensure a balance between experience and knowledge but to prevent against stagnation of ideas and ways of working.
- The use of **sub groups** to manage individual tasks and activities to increase efficiency and play to individual member strengths and interests.
- The use of **external consultants** and specialists where skills not available within the group are needed to meet objectives or where an independent perspective is necessary.
- The need to **feedback to end users** about the decisions made.

As there was such strong agreement about these factors amongst community representatives - who were drawing from direct experience - it was not thought necessary

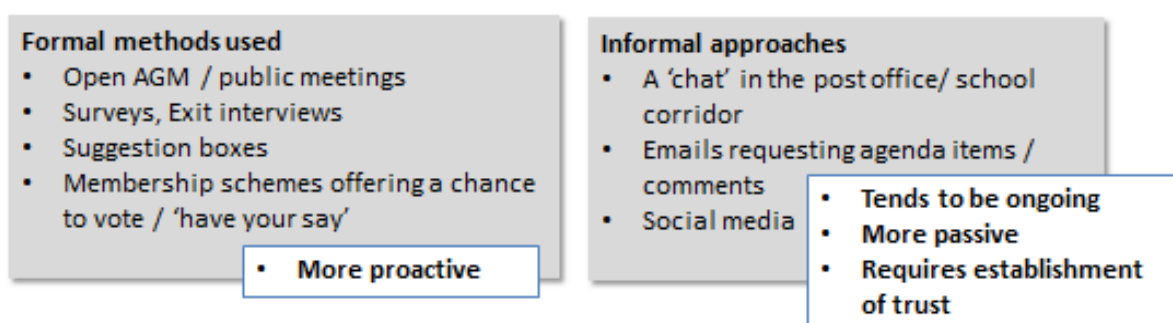
to explore these further amongst general customers (who may have less experience of working on committees and therefore ability to comment).

#### 4.4 Capturing the views of others

When discussing their experiences of being part of a committee the issue of gathering or representing the views of those they represent does not feature prominently either as a source of frustration nor as a measure of success. Community representatives are much more animated and engaged when talking about their experiences of the processes and procedures surrounding meetings: they appear not to have formed strong opinions about the best ways to seek the views of others.

However, when prompted, community representatives are able to reflect on their activities and mention a range of different methods and approaches they use to capture the views of others. These include both formal methods, such as annual meetings and the use of surveys or suggestion boxes, and informal activities - perhaps just a chat in the corridor ahead of a meeting. These are shown in Figure 2. The discussion also encouraged community representatives to consider the different activities they have undertaken and through discussion of this they acknowledge that it is an important aspect of their roles.

**Figure 2 Formal and informal approaches to gathering views**



More formal methods are used when organisations and their committees wish to seek the views of their members or 'constituents'. The major challenge is perceived to be overcoming low response rates and ensuring sufficient numbers of people participate.

*"It's very difficult to get a lot of people to reply to any questionnaires or, to get feedback is very very difficult, but I mean, we've tried so many times sending out questionnaires and we get about 10% back."*

Bristol, committee member, > 50 years

*"In the build-up to our meetings I will send an email around to the staff saying there is a meeting coming up and then they will tell me, either informally or formally, on email or in the staff room and I will take that on board."*

Manchester, committee member, < 50 years

*"We gather all the views of the parishioners, we've had to create a questionnaire and deliver that to parishioners and get feedback on that."*

Bristol, committee member, > 50 years

Community representatives are also involved with more informal methods of hearing the views of others. This is obviously dependent upon the type of organisation and level of contact they have with the people whose views they are required to represent, however, it is often an ongoing process rather than a one-off activity. Many of the discussions and decisions made by community representatives in relation to the committee on which they sit are based on conversations they have had with people during their *“normal daily lives”*. For instance, conversations school governors have with other parents in the playground or everyday conversations parish councillors have with their neighbours. Community representatives gather the views of others informally and do not always perceive this as part of their contribution to representing the views of others.

In contrast to the management of meetings and committee structures, none of the community representatives could refer to formal documented practices and policies for gathering the views of others. This is clearly a less considered area of their role and they were less able to provide informed opinions about good practice in this area.

During the discussion, community representatives suggested that a range of different methods and approaches could be used to canvass views depending upon the specific circumstances. They identify the tension between the ideal which would ensure everybody has an opportunity to express their views and that the voices heard are representative of the whole. However, the practical issues of engaging everyone and the cost of doing so are seen as prohibitive.

Despite not having a previously considered view of what constitutes good practice in terms of canvassing views, community representatives were able to reflect on their own experiences and evaluate different approaches (discussed in Chapter 5). Community representatives tended to be representing the views of a relatively small and homogeneous group of people (e.g. geographically defined region or shared interest group); by contrast water companies have a large and diverse range of customers. This impacted upon the types of approaches which community representatives felt would be appropriate; for instance, while it was not felt possible for an individual to represent the views of all water company customers, it would be possible for an individual to take that role within their own organisations.

**The challenges community representatives identify in capturing the views of others:**

- Ensuring that opinions can be provided anonymously
- Difficulties overcoming low response rates, lack of engagement
- Need to provide a range of different approaches tailored to different circumstances
- Difficulty reaching all groups of the population e.g. due to language barriers
- Time and effort required to proactively seek the views of others (rather than rely on the view of those who are sufficiently motivated to actively provide their opinions)
- The need for documents to look official/professional

## 5 Gathering evidence of customers views and opinions

### Chapter summary:

This chapter discusses general customers' and community representatives' opinions on the most effective approaches for gathering the views of water customers as part of the business planning process. To ensure that respondents were able to consider their views within the context of the business planning process, they were given information about this process and its requirements as well as an overview of the range and nature of subjects that have previously been researched with water customers.

- Customers think water companies should use independent research to listen to customers as this is the best way to reach a broad and representative understanding of views – although customer surveys are more prevalent with the rise of online methods and survey fatigue is a real issue.
- Consultations are seen as important and demonstrate a company's genuine intention to listen to customers. However, they will inevitably attract customers who have a particular reason to share their views – which may not be representative of the mainstream view.
- Despite some concerns over whether companies might 'manipulate' monitoring and performance data, this type of information should be used as evidence by water companies during the business planning process. However, it is not seen as representing the voice of the customer in the same way as research and consultation.

### 5.1 Overview

Table 4 provides a summary of respondents' opinions about the different ways of gathering the views of customers and ensuring the customer voice is taken into consideration. (N.B. respondents were provided with stimulus to prompt these discussions as detailed in the appendices). There is an expectation that water companies will undertake research to capture customers' views of their business plan. Alongside research, consultation is felt to have an important role in directly hearing the customer voice. The use of existing monitoring data and metrics (both internal and external) is expected as part of *business as usual* and not as relevant to assessing the customer views of the business plan. These approaches to gathering customer views are discussed in detail below.

**Table 4 Summary of customer perceptions of approaches to gathering the views of customers**

Independent research	Consultation	Existing data and metrics (internal and external)
<ul style="list-style-type: none"> <li>• <b>Expected</b></li> <li>• Ensures wider representation of views</li> <li>• Legitimacy provided by use of independent experts</li> <li>• Customers lack interest in being involved in surveys.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Important</b></li> <li>• Demonstration that companies are genuinely listening</li> <li>• Danger of only hearing views of those with strong opinions</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Expected as part of ‘business as usual’</b></li> <li>• Potential to provide objective, comparative data</li> <li>• Not perceived to be directly hearing voice of customer</li> </ul>

## 5.2 Research

Community representatives and general customers were asked to consider the role of independent customer research in gathering the views of customers. The stimulus material prompted respondents to consider the use of surveys (face-to-face, telephone or online), focus group discussions, workshop events and ongoing tracking research.

Customers **expect** their water company to use formal research methods – particularly quantitative methods – to hear customers’ views. As previously discussed, customers are familiar with being surveyed by organisations, albeit not generally by water companies. The main advantage of conducting research, identified by both community representatives and general customers, is that surveys can ensure that a wide range of customers are included. Customers spontaneously talk about the importance of a representative sample, ensuring a spread of different types of people within the population are included. Because research involves the water companies (or research companies) proactively seeking the views of their customers, customers believe it is an effective way to hear a broad range of views. Consultation events, on the other hand, rely on the customer being interested enough to get involved.

*“I am not a representation of everyone and even all of us in this room we are all very different and our views and stuff... whatever you do you have to make sure you get that cross section of views.”*

Manchester, committee member, < 50 years

Customers also think that an advantage of research is that it can be tailored for different groups of people, for example offering a survey in another language or in a larger font size to ensure it is inclusive. Again, with inclusivity in mind, Community representatives with experience of working with vulnerable and disadvantaged groups of the population (in particular people with low literacy levels) stressed the importance of using face to face, conversational approaches to collect their views rather than relying on formal surveys.

The prevailing view is that people are unlikely to be eager to comment on water companies’ business plans. Hence the general agreement with a pragmatic view that surveys requiring

short, focussed responses such as rating scales and tick boxes would be the best approach because these are not too demanding for customers to complete and therefore have the best potential to elicit the highest response rate.

*"People like ratings. They like to tick boxes rather than having to write loads of stuff."*

Birmingham, 56-70 years, ABC1

Customers and community representatives believe water companies should carry out surveys using different channels to capture the views of different groups of the population, for instance believing that younger customers are more easily approached via online surveys whereas older customers will respond better to telephone surveys. People expect to be asked their opinion via online and telephone but many see face to face approaches as being the ideal as they enable two-way interaction and considered discussions which can avoid misunderstanding and misinterpretation.

Ongoing research was seen as a good way to ensure customer views are monitored over time and that companies are more likely to act on feedback that they hear time and time again. Some respondents were aware of how their employers (the example of Sainsbury's was provided) use tracking research to manage business operations and to respond to changing customer opinions and demands.

While surveys are seen to overcome the issue of 'burden', it is also felt that qualitative exercises such as group discussions and workshops have value, especially where response to more complex or unfamiliar issues are required. Some of the community representatives are aware of Citizens' Panels (used especially by local authorities) and feel this could be an effective approach for water companies: using a group of engaged and knowledgeable customers would be a good way to represent the views of the wider customer body.

In the main, customers see the benefit of using research to gather the views as it is conducted by independent experts who can present an unbiased interpretation of customer responses.

*"...if research is carried out by an independent company then any feedback wouldn't be biased."* Truro, 20-35 years, ABC1

Despite this, however, a small minority are critical of using external consultants who they argue are not truly independent if commissioned by the water companies.

Another key criticism of independent research is the perceived cost and both general customers and customer representatives assume that conducting independent research will be expensive. A number of Customer representatives had some experience of research costs – and specifically the pitfalls of investing in blanket postal surveys which seek to include everyone but achieve very low response rates, raising the risk of wasting resources if research is not carefully targeted.

Ultimately customers acknowledge the conundrum: while they think independent research, and particularly surveys, are an effective mechanism which the water companies should

undertake, they are wary of voting for more research because they feel they are already asked to complete too many surveys and they dislike cold calling.

### 5.3 Consultation

The stimulus materials prompted customers to think about the potential role of a range of consultation approaches including: local consultation events and meetings run by water companies across the region; online feedback forums and consultations; feedback via social media such as Facebook and twitter; and feedback sent out with bills.

Customers and community representatives believe consultation has an **important** role in collecting the customer voice as part of the business planning process. The main perceived benefit of consultation approaches is that they are open and accessible for all customers to provide their comments and feedback. Consultation is seen differently from research as it enables customers to respond in their own words and provides greater scope for companies to hear directly from customers on a range of issues.

Customers also respond positively to using a 'multi-channel' approach for consultations which they believe will reach a broad range of different customers. For instance, there is an expectation that social media and online consultations will provide a mechanism for younger customers but that older customers will prefer to attend local meetings. Community representatives also feel that consultation methods would provide the forum for people with community roles to have a say on behalf of the people they are representing.

*"It's using a range of various methods to reach out to customers.... You'll have more opinions and perspectives."* Truro, 20-35 years, ABC1

Perhaps the most attractive element of consultation approaches (when compared to more formal research) is the opportunity to have two-way dialogue and open discussions with company representatives on any subject – not only those placed on the agenda by the water company.

Customers assume that face-to-face consultation events will be run and organised by the water company who will be present to field questions from customers. Events which provide the opportunity for face-to-face contact between water companies and their customers are considered to be the most *"genuine"* form of consultation, and demonstrate that a company is showing good intentions in listening to its customers. This is where customers see the most potential for genuine dialogue, two-way conversations and an opportunity to ask questions and have an open discussion. Customers also feel these types of activities have the potential to improve the reputation of the companies by attracting press and PR activity and increasing public awareness.

*"It actually makes you think they really want to hear what the public are going to say and not just make lots of graphs and bore you with numbers."*

Norwich, 56-70 years, C2DE

*"You get more out of people when you're actually sat talking to them."*

Southampton, 20-35 years, C2DE

*"If they were at a community fete or a show and there was a stand there then they would be more willing to contribute."*

Bridgend, 36-55 years, ABC1

A minority think the presence of the water company at face to face events is problematic. Unlike research, consultations are not seen to be as objective or independent. Moreover, customers are cautious about how representative they are bearing in mind the low interest customers perceive people have in expressing their views. They think that events will need to be engaging, even enticing, in order to encourage involvement - and that some form of incentive - either financial or 'freebies' (e.g. balloons, pens, prize draws) - will be necessary to overcome apathy amongst customers. One positive example provided was about Virgin Media:

*"Virgin media did something like this. They did what they call Pillar Boxes. They popped up in all areas of the country – if they had an event going on they attracted lots of customers... they had Virgin media staff there to talk to customers. You have to make it attractive to get the customers to attend".* Birmingham, 56-70 years, ABC1

The main disadvantage of consultation methods, identified by both community representatives and general customers, is the danger that they only attract customers who have a particular agenda and especially those who want to complain or who *"have an axe to grind"*. The concern is that the average water customer will not be motivated to participate in consultations about water company business plans and therefore water companies will not gather a representative view of customer opinion via this method alone.

*"Too often people aren't willing. They are very passive and we receive services as a consumer and we are often not involved."* Birmingham, 56-70 years, ABC1

*"If you want people to go along, if you want them to just turn up, the only people you're probably going to get are those who have an issue and they want to shout loudly."* Bridgend, 36-55 years, ABC1

Online consultation channels, both online surveys and the use of social media, attracted particular debate. These methods are expected by customers (particularly, but not exclusively by younger groups) but not in isolation. To be most effective, customers expect online consultation methods to be short and snappy, not containing too much depth and detail. Customers caution against online *"bombardment"*, which can be irritating, and also pointed out that social media should be used to both gather customer views and as a feedback mechanism.

*"Not everyone wants to attend a meeting but having the option to go online will appeal to some people. It entices some people to want to give their opinion."*

Truro, 20-35 years, ABC1

*"Online feedback. Definitely. You are so busy with the family. There is no way I'd have time to come to a hotel."* Bridgend, 36-55 years, ABC1



## 5.4 Existing data and metrics (internal and external)

Customers were asked about the role of existing data and metrics in ensuring customers views are considered as part of the business planning processes. They were prompted with the following examples: water company data (e.g. internal complaints data, customer satisfaction ratings and monitoring data); externally published data (e.g. Ofwat or CCWater league tables) and government and academic research.

This type of information is valued by customers because it is seen to provide evidence which is “factual”, “objective” about the performance of the company. Customers are aware that large companies, such as water companies, will collect a range of performance and monitoring data as part of its day to day activities. Customers expect water companies to be collating and reviewing internal metrics, such as complaints data and the number of households who experience issues, but this is seen as part of business as usual and should be undertaken as a matter of course.

*“This format should be built in because it’s about public accountability. I don’t really see it as a sort of add on, it is something that should permeate any initiative anyway.”* Birmingham, 56-70 years, ABC1

Information which provides comparisons across the industry and between water companies using league tables or which is able to monitor change over time is particularly valued.

Despite believing that this type of data provides an objective measure of the service levels received by customers, there are some customers who are more sceptical: they perceive that internally produced data can be “manipulated” in order to put the company in a better light. These customers put greater weight on externally produced and verified data which they feel would have greater credibility. Indeed when discussing the value of externally produced league tables a minority of customers went so far as to distinguish between whether the data was gathered by an external agency such as Ofwat (which is thought to have greater validity) or whether the data has been provided by the water companies themselves (which is thought to be open to the possibility of manipulation). Independent academic research is highly respected and has the greatest credibility amongst customers.

Ultimately however, this approach is not seen as truly listening to the voice of customers as there is no direct or personal contact with the average customer. For instance, some customers question whether complaints data should be considered as a fair or representative view of customers since only a minority of customers complain in the first place and not all customers who are unhappy chose to make a complaint. Customers generally feel that an approach which actively seeks the views of customers, rather than relying on them contacting the company will produce a more credible picture of customers’ opinions.

*“It just doesn’t look like the customer is involved apart from the complaints and do they log complaints because as the lad said you can fiddle with the data. You can get data to look any way you want.”*

Newcastle, 36-55 years, C2DE

On balance, despite concerns over the ability to manipulate such data, customers and community representatives believe that both internally and externally collected monitoring and performance data should be used as evidence by water companies during the business planning process. However, they feel this should be considered to be 'business as usual' and should not be relied upon as the only mechanism for considering the views of customers. It is not considered to be sufficient as it does not involve directly listening to customers' views and does not explicitly address the views of customers on the business plan (or elements off the plan).

Lastly, such information is expected to be dull, difficult to interpret and not interesting to customers. Therefore it is not the type of information which customers themselves are interested in hearing about.

*"...this one is like no consultation. It's a bit uninteresting isn't it? I can't imagine Ofwat data is going to be very exciting to read."* Bridgend, 36-55 years, ABC1

*"Data isn't always reliable, or easy to understand from graphs. And league tables, customers won't look at them."* Truro, 20-35 years, ABC1

## 6 Committees to review evidence and make recommendations

### Chapter summary:

This chapter discusses the views of customers and community representatives in relation to the principles and participants of customer representation in the business planning process i.e. Customer Challenge Groups (CCGs) and their future incarnations.

- Customers want their views to be represented by a committee or group that is effective. This means having formal objectives, processes and governance
- Additionally, the membership of the group should be broad with participation of industry experts and consumer champions. Process should be in place to avoid personal agendas or the stagnation of ideas: refreshing its membership on a regular basis is key
- While in theory consumers advocate the inclusion of members of the public as a direct way to bring the customer voice to the table, in reality there are practical difficulties (in terms of the commitment required, the capabilities of individuals to represent the whole customer body and the ability to cope with the complexity of the tasks). Ultimately there is less endorsement for 'Joe Public' to play a scrutiny role provided the views of customers are represented via research etc.
- The role and characteristics of the Chair are seen as fundamental to success but customers find it difficult to find consensus about the issue of remuneration. Customers found Chairs independence from the company a pre-requisite. Therefore, an industry levy to fund expert Chairs is an appealing idea and minimises the risk of Chairs losing their independence if paid by a single company
- Once informed about the role of CCWater, customers universally see the importance of their involvement in the business planning process. There are mixed views about whether CCWater should Chair the committees: some value their independence where as others believe when acting as Chair, their ability to represent water customers will be compromised.

## 6.1 Overview and governing principles

At stage one community representatives were provided with a summary of the role and remit of CCGs in the PR14 business planning cycle and an indication of the types of organisations that were represented on the groups in order to provide context for the discussion. The stimulus material used to prompt discussions amongst general customers at stage two was less specific to the previous PR14 processes. As outlined in Figure 3 below, this focussed on the inclusion of three different groups of possible members of.

**Figure 3 Potential customer challenge group members: stimulus material**



There is overall support for the concept of a group set up to ensure that customers' voices are considered when developing water company plans. However, customer representatives are clear that a committee or group alone is not sufficient; the act of bringing people together is not enough. They believe that this group will need alternative forms of evidence (e.g. the findings from customer research or consultation) on which to base their decisions and recommendations.

There is also some scepticism, however, about the power and efficacy of such groups. Some of the customer representatives question whether a customer group would have *'the teeth'* to ensure water companies take on board customers' views, especially given the monopoly status of the sector. Similarly a minority of general customers believe that structures (or regulations) will need to be in place to oversee the operations of a customer group and particularly to ensure their recommendations are acted upon.

*"Because there's no competition, you're just hitting your head against a brick wall and whatever views you've got, well it's just tough isn't it because there's no competition."*  
Leeds, committee member, > 50 years

*"It needs to be governed; someone who can oversee the whole thing and make sure it's going in the right direction."*  
Bridgend, 36-55 years, ABC1

General customers expect there to be formal guidelines and processes in place to govern customer groups, however, they struggle to comment further on the *specific* nature of these. In order to operate as an effective committee, customers expect formal recruitment

and selection policies and procedures will be in place. There is also an expectation that there will be guidelines on the length of membership of the committee (with some suggestions of fixed tenures of either a year or for the whole of the business planning cycle). Ensuring regular turnover amongst members is also seen by customers as important in order to ensure a “*healthy dynamic*” and that new ideas are included, preventing stagnation and entrenched views.

*“You’d have to have like a year or something, you’d have to sign up for a particular period of time, like a school governor or something like that.”*

Newcastle, 36-55 years, C2DE

*“If it’s someone who can influence it then they need to be changed regularly to keep it honest.”* Norwich, 56-70 years, C2DE

*“You wouldn’t want people to be in that position for too long. They’d get fixed interests and there would be a less healthy dynamic.”*

Birmingham, 56-70 years, ABC1

Customers generally do not feel in a position to make judgements about the most effective size or scope of the membership of customer groups; they found it difficult to comment on the likely size of the committees. Size expectations were anywhere in the region of 20-40 members (although customers were conscious they were making an ‘educated guess’).

*“I don’t know how many would be in such a group, maybe 40.”* Bridgend, 36-55 years, ABC1

*“It [size of the committee] depends on the size of the company and how many customers there are.”* Southampton, 20-35 years, C2DE

However, there is agreement that the composition of customer groups or committees should be broad ranging i.e. including people of different backgrounds, skills and specialisms and should consist of industry experts and professional customer champions. There is also agreement that the voices of customers themselves, referred to on the stimulus as ‘Joe Public’, should be heard directly on the committee. Views vary about how this should be done and how to get the right balance between the different groups.

Customers’ reactions to each of the three types of committee member shown in Figure 3 are discussed in more detail throughout this section. It is worth noting that, the only other potential member of customer groups identified as missing by customers are small business representatives.

## **6.2 Industry experts**

Respondents were asked to consider the potential role of ‘industry experts’ as part of a customer challenge group. These were described as specialists who did not work for the water company but who had professional knowledge linked to the water industry e.g. Drinking Water Inspectorate, Environment Agency, local government, NHS, academics, scientists, and engineers.

After consideration, there is a universal agreement that expert involvement of this nature is required on a customer committee. There is an expectation that members who understand the workings of the water industry will be an essential component of any customer group. Although there is a strong desire for the committee to be focused primarily on the views of the 'ordinary customer', customers are aware that they do not have the knowledge and understanding of the water industry necessary to make decisions. Customers think that industry experts should play a role in providing information and guidance to ensuring the recommendations made by a customer group are realistic and sensible.

*"A group of experts need to come together to sort it out. I can understand that working well. Rather than having someone who doesn't know anything about water."*

Bridgend, 36-55 years, ABC1

*"They ['Joe Public'] could come up with rubbish and so you need someone from the experts to guide them."*

Newcastle, 36-55 years, C2DE

The two areas where customers are most likely to think industry expert advice could be necessary are in relation to health and the environment. There is an acknowledgement that customers' knowledge and understanding of the water industry is limited and that the input of experts will be required to ensure water companies are compliant with industry standards and regulations.

Customers assume that industry experts will be working on the customer challenge groups alongside non-experts and therefore believe they will need to work collaboratively with others. They see the expert role providing information, advice and guidance on how customer views can realistically be accounted for within the business planning process. Additionally customers think the experts will need to be approachable and understanding individuals, being able to work effectively with other members of the group who may have very different levels of knowledge. They should provide the knowledge and expertise to guide and steer the group, but not to dominate.

A minority of customers have concerns that industry experts may have their own vested interests or agendas which they wish to pursue at the expense of representing the views of customers. They would like to see safeguards in place to ensure industry experts are as objective as possible and offer impartial advice on how customers' interests can best be served.

*"The industry experts – how honest are they, can they be swayed? It's not as honest [as approach "A" with a focus on Joe Public]." Norwich, 56-70 years, C2DE*

Some customers would recommend that regularly refreshing the group by replacing individuals would help to prevent any vested interests in the group taking root. A minority also raised the importance of "*bringing in new blood*" to prevent the stagnation of ideas.

### **6.3 Customer champions**

Respondents were asked to consider the potential role of 'professional customer champions' as part of a customer challenge group. These were described as people who as

part of their professional work have an insight into the views of customers, and often specific groups of vulnerable customers, for example the Consumer Council for Water, Citizens Advice Bureau (CAB), Age UK, Consumer Focus, National Farmers Union and parish councillors.

Consumer and voluntary organisations are generally well respected: customers and community representatives alike believe they would be effective members of any customer group set up to represent the views of customers within the water industry. The inclusion of representatives from such groups (especially CAB and Age UK) is thought to be sensible and non-contentious.

Customers believe that since these organisations have day to day contact with the general public and consumer interests is a key area of expertise, they provide an effective and informed perspective. These organisations are also trusted to stand up for the voice of consumers as a whole, but particularly the views of vulnerable and minority groups (who are the types of people feared less likely to be included in consultation or research).

*“It’s a good idea because obviously they deal with a lot of people as part of their jobs. They’ll be in touch with people who might be having trouble paying and they’ll be able to put those views forward.”*

Birmingham, 56-70 years, ABC1

*“There should be consumer groups that are representative of the local community they’re supposed to be representing and systems in place to ensure that they get feedback from those customers or service users.”*

Bristol, committee member, > 50 years

However, customers recognise that most consumer champions are unlikely to be familiar with the water sector and that individual committee members will therefore need to receive training to ensure they have sufficient knowledge and understanding to be effective.

*“I would hope that if someone is being paid as a professional customer champion that they would know something about it and they would have had some training so that they know what they are talking about.”*

Birmingham, 56-70 years, ABC1

As with industry experts, customers note the importance of ensuring a spread of different types of organisations are present on the customer group, although CAB and Age UK are felt to be particularly appropriate. Some also feel that ideally it should be the members of staff who are working ‘on the ground’, with day to day contact with customers, who should be on the committee (rather than board members or very senior people who they anticipate are more removed from the issues of ordinary people).

*“For the consumer champions [I fear] it would be the top people getting involved on the board not the people who were actually dealing with the day to day stuff.”*

Truro, 20-35 years, ABC1

## 6.4 'Joe Public'

There is universal agreement amongst both community representatives and general customers that those who pay the bills should be **consulted** in business plan decision making. There is agreement that the views of 'Joe Public' should be heard directly by customer challenge groups and should be considered alongside the views of industry experts and consumer champions. Many customers, and some customer representatives, think that *in principle* 'Joe Public' should be included as members of customer challenge groups.

*"Real people are paying the bill and so real people should be deciding."*

Southampton, 20-35 years, C2DE

*"You know it needs to be every Tom, Dick and Harry out on the street and that's very hard but that's who they need to get the voice from and not necessarily the professionals and people who are ex water board or whoever, it needs to be more for Joe Blogs."*

Manchester, committee member, < 50 years

However, customers identify a range of issues which they believe *in practice* will make the inclusion of 'Joe Public' on committees difficult. There are particular concerns about the difficulty of recruiting members of the public who are suitably motivated and engaged to want to sit on such committees (especially if there is no financial incentive). Customers believe that in reality most people would not feel motivated to be part of this process.

Customers, and especially community representatives who have their own insight on representing views of others, believe it will be difficult for a small number of 'Joe Public' individuals (or even one individual) to represent the views of all water customers (because they are a large, geographically and demographically diverse group). It is widely assumed that the types of people who will put themselves forwards are unlikely to be representative of the general population: customers expect white, middle class, retired, males who have time on their hands to be the likeliest candidates (and indeed the only respondent who expressed personal interest did indeed fit this description). Customers believe that young people are least likely to be interested and will therefore become 'disenfranchised' by the process.

The concern amongst customers is that only people with a specific agenda or "*axe to grind*" will put themselves forwards to be a member of a customer group. Community representatives are particularly cautious about the danger of groups becoming unrepresentative of the wider customer body.

*"I think it would be difficult to get people to commit, it's something that doesn't really inspire an excessive amount of passion."* London, committee member, < 50 years

*"Joe Public – but who will they be 'busy bodies and moaners - people who want a reduction in their bills'."* Norwich, 56-70 years, C2DE

In addition, customers appreciate that members of the committee will need to assimilate complex or technical information that lay people may never fully understand, even if training is provided. Customers feel that if lay people are intimidated by expert members it



would be detrimental to their full participation. Those who have experienced analogous situations (e.g. parent governors) are particularly aware of how difficult it can be for lay members of a group to challenge experts and professionals: any lay people sitting on the customer challenge groups will need to be *“intelligent”* and *“confident”* to ensure their voices are heard.

*“People wouldn’t want to look silly in front of the experts.”*

Truro, 20-35 years, ABC1

*“I am not too happy about the committee with the customers - to me it is like the blind leading the blind.”*

Birmingham, 56-70 years, ABC1

*“You can’t just have some kid off the street who has no experience of working in this industry.”*

Leeds, community representative

When discussing the role of ‘Joe Public’ on customer groups, it is apparent that customers assume their primary role will be to represent customers’ views rather than to be part of a team to review and scrutinise evidence and consider the implications for customers in relation to the water company’s business plan. For instance, several general customers came to the conclusion that there would need to be multiple committees across the water company area to ensure all types of customers were represented. Likewise, some customers think the general public should be able to *“drop-in”* to committee meetings to give their views (i.e. more like a consultative event). Other customers talk about the need to replace ‘Joe Public’ members regularly, potentially at every meeting, in order to capture a wider range of customer views.

*“For a company the size of Severn Trent, you’d expect several hundred committees wouldn’t you, if you were going to represent the whole of the catchment area.”*

Birmingham, 56-70 years, ABC1

*“You’d need to have one for each city in the region to have regional coverage.”*

Southampton, 20-35 years, C2DE

*“Joe Public you probably only want them to go along once or twice and then you might get different people and opinions.”* Bridgend, 36-55 years, ABC1

Furthermore, when talking about the involvement of ‘Joe Public’ on customer challenge groups it is clear that customers underestimate the level of commitment that will be required in reality. For instance, some customers assume that meetings may only happen yearly or quarterly and that customers would be able to dip in and out of the process.

It is clear that customers and community representatives have a strong desire for the voice of ‘Joe Public’ to be heard directly and fed into the decision making process. If the primary role of a customer challenge group is to *gather* the views of customers then it is apparent that customers believe that ‘Joe Public’ should be an integral part of the group. However, it is less clear that that customers expect ‘Joe Public’ to be part of the *review and scrutiny* of water company business plans.

## 6.5 The role of the Consumer Council for Water

Although none of the customers or community representatives involved were aware of CCWater prior to attending the research, once informed about their role all believe they should have a key role to play in the business planning process as the industry's 'customer watchdog'.

*"CCWater – they have to be there – what's the role of them if they aren't there?"*

London, committee member, < 50 years

However, the exact role customers think CCWater should adopt in part depends upon what individual customers have taken away from the information provided (see Appendix 8.4) as the primary function of CCWater.

Customers who focus on the CCWater as *"customer experts"* are more likely to think they should be an active member of the customer challenge groups providing a strong voice for the customer to the committee. They believe that CCWater should bring their wider knowledge and evidence of customers' view and experiences to the group, providing an additional source of information and an expert opinion. However, these customers also feel CCWater should be acting beyond the committee structure working directly with water companies outside of the business planning process and building a higher profile amongst customers.

*"...they [CCWater] should be the expert. The expert view for the consumer shouldn't they?"*

Leeds, committee member, > 50 years

Some customers understood the information provided about CCWater to mean that they *'have control'* over water companies and in some cases refer to CCWater during discussions as a *'regulator'*. These customers are more likely to think CCWater should take a role in overseeing or managing customer challenge groups. They believe CCWater should take a lead in ensuring that the decisions made by customer challenge groups are put into action by the water companies and exert influence over the water companies to ensure the voice of the customer is acted upon.

*"[CCWater] not running the meeting, but to take all the information away from the meetings and can actually bring some influence on the water companies to take some action in their 5 year plan."* Truro, 20-35 years, ABC1

*"We would like to see a Chair appointed by a vote so that it is fairer and think that CCWater should oversee that process."* Bridgend, 36-55 years, ABC1

## 6.6 The Chair

In the first stage, community representatives identified the skills, experience and personal characteristics of the Chair as crucial to the success of any group or committee. The general customer sample highlighted a very similar set of skills and personality traits which are outlined in the text box below. Particularly important amongst these are neutrality and a

strong character - this ensures the ability to mediate differences in opinion and to do so both fairly and within allocated time frames.

*"If you have a good Chair you get a very good questioning of what's being done at the highest level and ensured actually it's for the benefit of the [organisation] and the community."* Bristol, committee member, > 50 years

Interestingly, in the case of one social enterprise a slightly different model was used – that

**Requirements of an effective Chair:**

- Neutrality / independence
- Strong people management skills
- Ability to maintain control of meetings
- A strong and well respected character
- The ability to question people and draw out the relevant information
- Time keeping skills
- Mediation skills - managing different opinions and views
- Knowledgeable (in order to be credible)
- Not politically affiliated
- A formal selection process (e.g. voted in or formal recruitment process)

of 'rolling Chair':

*"We take it in turns in actually Chairing the meetings... it brings people on because I think, everybody who's on that committee should understand the rights and the regulations and the rules of that group and quite often people don't. It's no good just the Chairperson knowing it, so we started trying to take it in turns because, obviously, a lot of people are very shy and don't want to come forward, but it's a good experience for everybody and it's sort of quite democratic as well."*

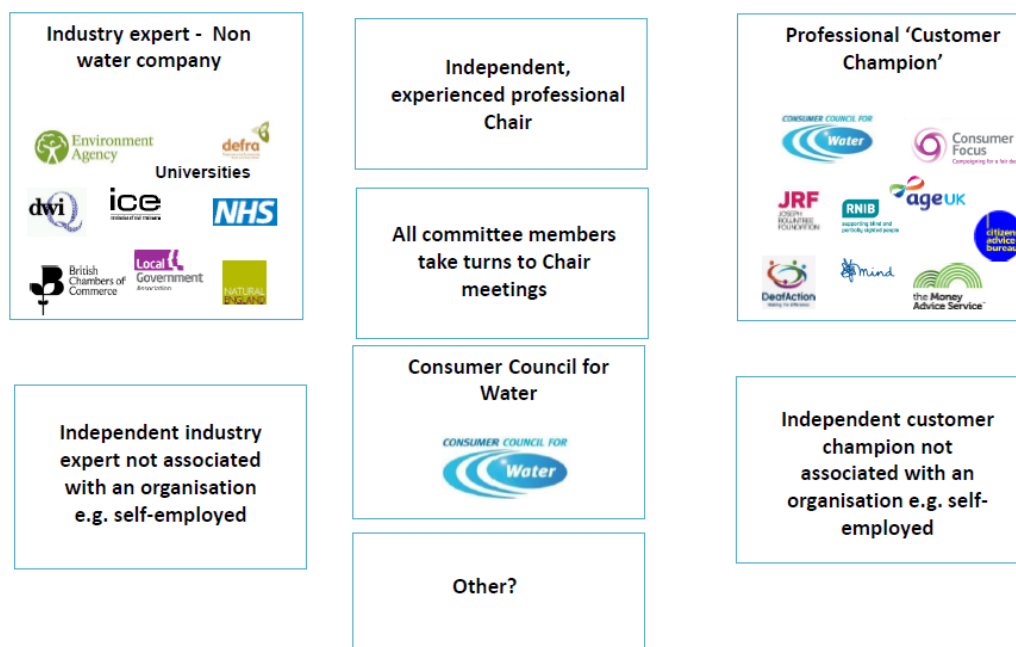
Bristol, committee member, > 50 years

The 'rolling Chair' in this example appears to have been particularly successful given the culture and ethos of the particular organisation. Other community representatives found it difficult to imagine the system working in their own situation and it was not generally endorsed as an approach to be adopted by the water industry.

There is universal agreement amongst both general customers and community representatives that the Chair needs to be *"independent"*. Although independence from the water company is considered to be a pre-requisite for the role, there were various interpretations about what constitutes independence. For some it is independence from the water company i.e. not an employee of the water company or associated with them; for others independence is wider than that and is about not being affiliated with or employed by any particular organisation or company with a possible vested interest therefore able to act as an individual. It is often difficult for customers, and community representatives, to articulate who they believe will be truly independent due to a lack of knowledge of how the water industry operates. For instance some customers suggest Ofwat will be independent, whereas others argue against this.

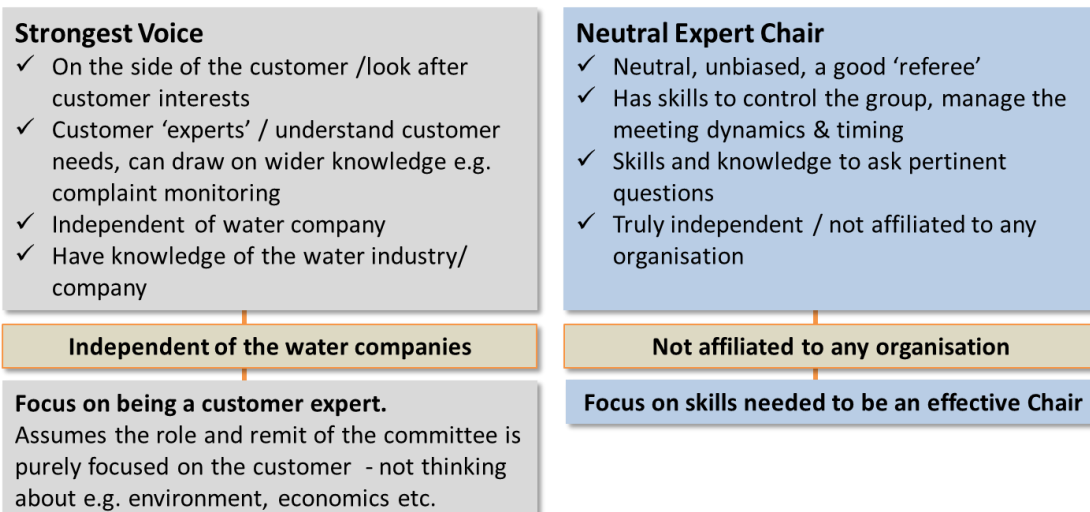
While Community representatives had an open discussion about who should fulfill the role of Chair, general customers were prompted with the stimulus material shown in Figure 4.

**Figure 4 The Chair: stimulus material**



The perception of who is best suited to Chair is dependent upon whether respondents view the role as a 'facilitator' or as the person with 'strongest voice for the customer'. Those who think the primary function of the Chair is to facilitate meetings are most likely to think the Chair should be an independent and experienced expert. Whereas those who believe the Chair should have the strongest voice for customers are more likely to feel CCWater should Chair the group. These two positions are summarised in Figure 5:

**Figure 5 The Chair: reasoning for CCWater versus an independent expert Chair**



Customers and community representatives who feel that CCWater is the most appropriate organisation to Chair the customer groups focus on the importance of hearing the customer within the business planning process rather than thinking about the many other aspects of the business planning process - such as the environment and economics. They point to the fact that CCWater is *"on the side of the customer"* and as an expert customer champion will have an in-depth understanding of the water industry. This group also believes that CCWater will be most effective at putting forward the voice of the customer in the role of Chair and see it as independent of the water companies.

*"They [CCWater] govern water and so they are knowledgeable but they are not on either side – they're for us and they have control and there would be no agenda with them...."*  
 Bridgend, 36-55 years, ABC1

*"They [CCWater] should Chair it as they are looking after our best interests...."*  
 Southampton, 20-35 years, C2DE

*"The Consumer Council are independent because they are working across all of the water companies."* Southampton, 20-35 years, C2DE

In contrast, those who feel that an independent expert would be the most appropriate Chair focused on the importance of *independence from affiliation with any organisation*. They focus on the skills and qualities that are needed to be an effective Chair, such as facilitation, time keeping and people management. Most importantly for this group, the Chair should be neutral and should not argue for any one cause or be influenced in any one direction. Following this argument, customers believe CCWater would not be an appropriate Chair because it would hinder its ability to represent customer views.

*"If they [CCWater] are representing us as consumers they need to be part of the process. They would be better off having their say rather than being the chair."* Truro, 20-35 years, ABC1

*"The person who is least appropriate to be a Chair of a group is the person who is likely to have to represent the group of people who have voices to be heard, opinions to be made, if there's something to say.... if you are the Consumer Council for Water you are in this meeting"*

*to represent the views of consumers, are you not? Right, if you are there to represent the views of consumers of water, you cannot then Chair the meeting and still air those views.”*

Leeds, committee member, > 50 years

*“A professional Chair would be needed just to be the referee, keep order and give everyone a chance [to speak].”* Truro, 20-35 years, ABC1

## **6.7 Payment of the Chair and committee members**

Customer and community representatives expect that most members of a customer challenge group would participate as part of their paid role as either industry experts or customer champions e.g. at Natural England, Environment Agency or Citizens Advice Bureau. They would neither expect nor wish that payments over and above “reasonable expenses” for travel and subsistence are paid to these types of members.

However, there is almost universal, if reluctant, acceptance of the need to pay the Chair; reluctance on account of the high proportion of representatives from voluntary groups in the sample. Customers believe that in order to recruit someone with the skills and calibre required to effectively Chair a group, remuneration will be necessary as finding a suitable candidate willing to volunteer the time required is unfeasible. Indeed some customers believe it would be unfair not to pay the Chair if other members are remunerated as part of their paid employment.

*“Ultimately for someone to Chair a committee that is going to decide the future of the company, I would expect that there would be some form of payment....”* Manchester, committee member, < 50 years

However, both customers and community representatives also believe that payment of the Chair could compromise their independence, depending on who is funding the role. Despite this the majority of customers would be prepared to accept this situation in order to have a Chair of the appropriate calibre. When prompted with the idea of ‘levy’ or ‘pooled funding’ from across the industry from which to pay the Chair, this was widely accepted as a good way to mitigate the risk of paid Chairs being “in the pocket” of the water company.

*“If it was paid for with a levy on the water company then that person isn’t directly accountable, through a levy you could do it indirectly.”<sup>4</sup>*

Birmingham, 56-70 years, ABC1

*“We want an objective opinion and if there is ever money involved you’re never going to get that truly objectiveness.”*

Norwich, 56-70 years, C2DE

Customers, and particularly community representatives, anticipate that it will be difficult to find suitably motivated members of the public to sit on customer challenge groups. Therefore they feel it will be necessary to offer some form of financial incentive as well as travel and subsistence expenses. The issue of paid members potentially compromising

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<sup>4</sup> N.B. Spontaneous suggestion

independence is not seen as a problem for 'Joe Public', however some community representatives believe clear expectations should be set out about what is required in return for payment.

*"I don't have a problem with paying people to represent other people. As long as it's defined as to what the role is rather than, "I'll go and chat to my mates" and all this sort of stuff."*

Leeds, committee member, > 50 years

*"They should pay in order to get involvement....."*

London, committee member, < 50 years

## 7 Feedback to customers

### Chapter summary:

Customers and community representatives believe it is important to feedback any decisions made within the business planning process to customers. Although they think it is important for the customer challenge groups to be transparent about the processes, in reality they do not think customers will be particularly interested in the outcomes over and above the impact on their bills.

Customers believe it is important to use a range of different methods and channels to disseminate the information to as many different groups of customers as possible and that it should be accessible using layman's language.

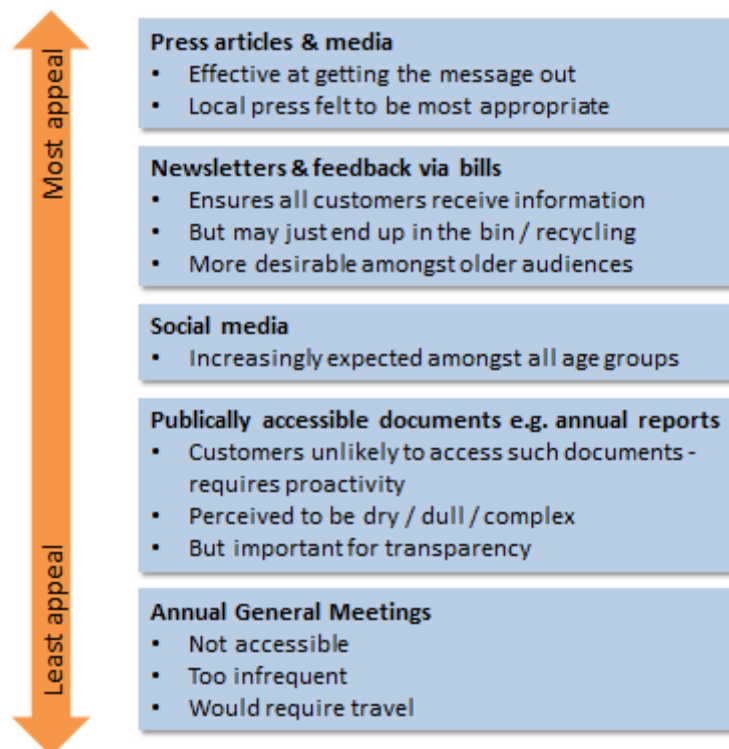
Figure 6 summarises attitudes towards different methods of feedback with those at the top of the chart having widest appeal.

**Figure 6 Feedback hierarchy**

Press and media coverage, particularly at the local level, have most appeal to customers as a feedback mechanism.

This is followed by newsletters and information provided on the bill and social media.

Publically accessible documents and open meetings are least appealing as such methods require a level of engagement from the customer which is unlikely given their low interest in the industry and their expectation that such content would be dry or even difficult.



*"I'm not going to read a newsletter with my bill, or read an update. That's not going to be successful in getting the information back out there." Truro, 20-35 years, ABC1*

*"I'm lazy you know and I wouldn't go and find out more. But if I was opening my bill and there was a flyer in the bill then I probably would look at it." Birmingham, 56-70 years, ABC1*



## 8 Conclusions

### 8.1 Key Findings and Recommendations

#### Customer Engagement at Price Reviews

- **Customers and community representatives believe in the importance of customers' voices being heard as part of the water industry's business planning process.** Opinions about how water companies should ensure customers' views are properly heard are influenced by both existing attitudes towards the water industry and experiences of being listened to by other types of organisations.
- In terms of existing attitudes, the research has reinforced a well-understood truth that **general customers have low levels of interest in or engagement with the water industry - and very limited understanding of how it is regulated.** As a necessary purchase from monopoly providers, the prevailing view is that there is no motive for water companies to listen to their customers. Attitudes towards water companies are also coloured by a wider erosion of consumer trust in large corporations; however in the research setting it is notable how reassured customers feel once they learn about the extent of regulation and customer representation in the water industry. (Chapter 3).
- **Both customers and community representatives expect any committee set up to hear customers' views as part of the business planning process to be well-governed.** Successful committees, in the view of community representatives, will have: strong leadership from the Chair; democratic processes within the group; clear protocols and objectives; effective team working from all members; and a sense of making a difference to others. In addition, a successful committee will find ways to incorporate the views of wider constituents or affected groups; however customers are far less clear about *how* a committee should include these wider views. (Chapter 4)
- **There is less endorsement for members of the public to play a scrutiny role provided the views of customers are directly represented** (e.g. via research and consultation). While in theory general customers and community representatives advocate the inclusion of members of the public on customer challenge groups as a direct way to bring the voice of the customer to the table, they envisage practical difficulties (in terms of the commitment required, the capabilities of the individuals to represent the whole customer body and the ability to cope with the complexity of the tasks).
- In terms of the most effective approaches for gathering the views of water customers, **water companies are expected to use independent research as the best way to reach a broad and representative understanding of views** (although there is an indication of 'survey fatigue' amongst general customers with the rise of low-cost online survey tools).

- In addition, **consultations are seen to demonstrate a company's genuine intention to listen to customers** and as such are an important additional method to engage with customers. However, customers and community representatives understand the self-selecting nature of consultations and perceive they may not reflect the mainstream view. (Chapter 5)

#### **Setting up a future customer challenge group**

- **Customers found Chairs independence from the water company a pre-requisite.**
- **The quality of the Chair of a committee representing customers is seen as fundamental to its success;** however there are differing views about the role of the Chair. One view is that the Chair is a neutral, unbiased 'facilitator' of the group, managing discussions to ensure all voices are heard. The other viewpoint is that the Chair is the 'strongest voice' on the committee: representing customers, leading discussions and informing (even making) the decisions. This contrasting view was not resolved by the research however it is an important question for CCWater and the industry in defining good practice for the customer challenge groups. This is a fundamental issue for the future of customer challenge groups which the industry needs to address. The decision on the role of the Chair will clarify the right approach to the recruitment and selection of the Chair and other customer challenge group members, and on how the Chair is paid (for example by CCWater as a CCWater Chair, or through another mechanism for a neutral facilitator).
- **Both customers and community representatives believe that payment of the Chair could compromise their independence,** depending on who is funding the role. Despite this the majority of customers would be prepared to accept this situation in order to have a Chair of the appropriate calibre.
- **When prompted, the idea of 'levy' or 'pooled funding' from across the industry from which to pay the Chair was widely accepted** as a good way to mitigate the risk of paid Chairs being "in the pocket" of the water company.
- **Once informed about the role of Consumer Council for Water, customers and community representatives universally see the importance of their involvement with the business planning process.** However, there are mixed views about whether they should Chair the committee. Those who believe the role of the Chair is to be the 'strongest voice' see CCWater as the most effective candidate for the role of Chair; whereas those who believe the Chair should be a 'facilitator' think CCWater's ability to represent the views of customers would be compromised in this role.
- **Customers and community representatives also want to see a broad membership on committees or groups that can represent customers,** with participation expected from both industry experts and consumer champions. Members are expected to act in the best interests of customers, not the water companies, therefore processes

should be in place to avoid personal agendas surfacing or the stagnation of ideas: refreshing membership on a regular basis is an important principle for customers.

## 8.2 Expected good practice for committees

The research has identified community representatives' views on good practice for customer voice committees:

- Ensure **the aims and objectives are clearly articulated** and that the members share a mutual sense of direction.
- Ensure there are **formal written protocols** for the management of the committee and what is expected of its members.
- Ensure that membership is comprised of a range of **industry and consumer experts**.
- Ensure the **views of the general public are represented** through a range of research and consultation methods using independent consultants to provide an unbiased interpretation of data.
- Have well defined and transparent **committee administration** such as circulating an agenda in advance of meetings and issuing minutes afterwards.
- **Ensure transparency** within documentation and decision making processes e.g. publishing meeting minutes and the written protocols on the water company website.
- Ensure adequate **training, mentoring and induction processes** to ensure members are well briefed and able to make a valuable contribution.
- Have a **process to replace members at regular intervals** (perhaps at the end of each price review ie: every five years) to refresh the input and prevent 'committee fatigue'.
- Identify **sub groups within the committee** to manage specific activities, increase efficiency and play to individual member strengths.
- Use **external specialists (such as consultants)** where skills are not present to meet specific objectives or where an independent perspective is necessary.
- Ensure regular **feedback to those being represented (customers)** highlighting how views have made a difference to decision making and to demonstrate the value of the committee.

## 8.3 Considerations and Recommendations

In addition to the points above, the research has identified the following recommendations and areas for consideration:

**For the whole industry (Companies, CCGs, the Consumer Council for Water, Ofwat, Drinking Water Inspectorate)**

- Customers will feel more confident that their views are being heard within the industry if they understand that water companies are regulated. This impacts on all

parts of the industry and argues for the regulators (e.g. Ofwat and the Drinking Water Inspectorate) and customer representative body (the Consumer Council for Water ) having a higher profile.

- Listening to customers in the right way has the potential to improve trust in the industry: when customers can see listening in action e.g. via consultation events, it conveys the genuine intention of companies to understand customers better. Being more transparent about how customers are being heard via communications and planned feedback will also improve trust.

### **Recommendations for the Consumer Council for Water**

- This research confirms that water customers want the Consumer Council for Water to play an active role in representing their views in the business planning process. It should clearly position itself as the expert on the customer agenda and ensure that the role it takes on the customer challenge groups enables it to champion the customer.
- The Consumer Council for Water should draw on its own evidence to understand water customers when representing and championing their views - both when on customer challenge groups and as part of its wider role. Customers expect that the Consumer Council for Water will not rely solely on water company research and engagement commissioned as part of the planning process.
- The Consumer Council for Water needs to take a stance on what it believes is the most appropriate role of the Chair of customer challenge groups (neutral facilitator or customer voice) and decide how it can most effectively represent the voice of the customer: in the role of Chair or as a member.

## 9 Appendices

### 9.1 Stage one: Respondent profile

Bristol, > 50 years (n = 6)	London, < 50 years (n = 6)	Manchester, < 50 years (n = 5)	Yorkshire (outside Leeds) > 50 years (n = 5)
<ul style="list-style-type: none"> <li>• Staff Governor</li> <li>• Chair of Parish Council</li> <li>• Sports club committee member (formally Chairman &amp; Health and Safety Executive)</li> <li>• Trustee / Vice Chairman of children's charity</li> <li>• Neighbourhood planning committee member</li> <li>• Director of a Social Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>• School Foundation Governor</li> <li>• Parochial church council committee member</li> <li>• Trustee of a Trust supporting young people</li> <li>• Sports Club Committee member</li> <li>• Chair of Residential Housing Association</li> <li>• Committee member of a political activism organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Board member of charity supporting vulnerable children</li> <li>• Chairman of charity supporting under privileged children in other countries</li> <li>• School Governor</li> <li>• Board member of housing association for the elderly</li> <li>• Member of a University graduate research board</li> </ul>	<ul style="list-style-type: none"> <li>• Parish Councillor</li> <li>• Chairman of children's health charity</li> <li>• School Governor</li> <li>• Director of social enterprise</li> <li>• Committee member of environmental lobby group</li> <li>• Chairman of 2 local sports groups</li> </ul>

## 9.2 Stage one: Discussion guide

### Project: Customer Voice

CCWater, Customer Involvement in regulatory decisions and Future CCGs

Stage 1 ['Expert' representatives] discussion guide – Revised 27.03.15

- 2 hours 30 minutes; 6 respondents

#### Introduction and ice-breaker (10 mins)

(0-10 mins)

**Objective:** to introduce respondents and their group/board membership, to build rapport and group comradery, encouraging more open and honest discussion.

*This research is being conducted on behalf of the Consumer Council for Water. The Consumer Council for Water are the independent representative of household and business water customers in England and Wales – the 'water watchdog'. This research is about how the Consumer Council for Water should best ensure water companies take their customers' views into account when they make decisions. You have been invited to take part specifically because of your involvement on a board or group that represents the views and needs of others. We want to understand your experiences and learn from these. If anyone is involved with more than one group then please feel free to draw on your experiences from each.*

*Please remember that there are no right or wrong answers. We are an independent research company and have no vested interest in the answers you give – it's important that you give us your honest views and experiences. Finally, everything you say is entirely confidential and we will not pass on any of your personal details or attributable responses to the Consumer Council for Water or your water company. We also ask everyone in the room to respect this confidentiality.*

- Moderator introduction
- Reassurances: venue, taping, confidentiality, end time, refreshments
- [If viewed group then explain client observation]
- Each respondent to spend 2 minutes talking to the group:
  - Introduction - first name and where they live
  - Nature of the group[s] / board[s] they are involved with
  - Who the group[s] represent
  - The aims of the group[s]
  - Their specific role /purpose within the group[s]
  - How long they have been involved
- IF INVOLVED WITH MORE THAN ONE GROUP: Why did you decide to be involved with more than one group? How do you find this? Do you commit to each group equally?

#### Overview of involvement with boards / groups (5 mins)

(10-15 minutes)

**Objective:** to better understand respondent involvement as representatives of others on groups and boards

- **REFERING TO PRE-PLACEMENT:** What first prompted you to get involved with the group?
- How have you found your time involved with the group?
  - Do you enjoy it or find it to be a chore? Is it what you expected?

- **REFERING TO PRE-PLACEMENT:** What qualities and skills do you think you bring?
  - Why are these skills and qualities beneficial for the group?

## Group structures and processes (40 mins)

(15-55 minutes)

Objective: To provide insight on all aspects of the group considering formation, composition, structure and processes - focusing on what is effective and ineffective.

- **REFERING TO PRE-PLACEMENT:** I'd like us to brainstorm frustrations and problems you have experienced as part of your role representing others? RECORD ON FLIP CHART
  - How universal is this problem/issue?
  - How significant a problem is it?
  - How could these have been overcome / what could have been done differently?
- **REFERING TO PRE-PLACEMENT:** And now can you tell me about what has worked particularly well or has been most successful in representing the views of others? RECORD ON FLIP CHART

ALLOW RESPONDENTS TO SPONTANEOUSLY RAISE ISSUES AND PROBE FULLY AS EACH ISSUE IS RAISED.  
MODERATOR TO USE FOLLOWING CHECK LIST TO ENSURE ALL COVERED:

### 1) Recruitment and selection process for new members.

- Formality? E.g. advertisement, recruitment process, selection criteria, interview?
- Requirements for specific knowledge or experience or qualities?
- Fulfilment of specific 'roles' (e.g. treasurer) or recruit more generally?
- What's the best way to manage potential conflicts of interest? (e.g. involvement with other groups/employment).
- Remuneration (whether this differs for different members and whether it causes conflict)
- Introduction or induction processes for new members
- Provision of ongoing training or opportunities to learn and advance their knowledge
- Good practice for setting up the group

### 2) Membership: number and types of members and the Chairmanship.

- Optimum number and composition of group members and why?
- What are the consequences of having too few or too many member? Or of having a particular person or skill set missing?
- Ensuring you have the right skills and expertise
- Balancing the mix of roles (e.g. employed/voluntary)
- Having formal criteria or guidelines about the number or types of members?
- Ensuring everyone's voice gets heard
- What do you think makes the most effective Chair? PROMPTS:
  - The 'style' of chairmanship
  - How they are selected
  - Whether they are independent

**3) Group processes, meetings and ways of working.**

- The number, length and timing of meetings
- The format of meetings and how items get put onto the agenda
- The way in which the Chair manages the meetings
- Distribution of agendas and other documentation in advance PROBE IF NECESSARY:  
Timing
- Whether meetings are ever open to the public or other people
- The use of subgroups to address specific issues
- The way conflicts due to different agendas or different members are addressed
- Use of external consultants or experts
- Dealing with complex issues or topics that not everyone may be knowledgeable about

**4) Level of commitment in terms of the time required and the length of involvement.**

- The optimum length of time of involvement? Why?
- Whether there is a maximum tenure period for membership?
- How important it is that there are new 'fresh' members and why?
- The level of commitment required by members including between meetings
- Ensuring that members retain interest over time
- Is there a risk that members will lose their critical capacity regarding Management Team decisions after being on the group for a while and their ability to see any faults with the proposed decisions? Are there any measures in place to help safeguard against this?

**5) Taking on board the views of others.**

- How keen are people to give their views or be involved and why?
- How could you make it easier for people to give their views?
- The methods used to capture people's views or experiences effectively?
- Representing the views of minority groups. Probe for specific examples
- Ensuring the views of those it represents are acted upon and are taken into account by the organisation when they make decisions?
- Communicating back to those it represents about any changes/ impacts?
  - Can you think of any examples of occasions where it has been too difficult for the people you represent to have their say?
  - What are the consequences of this? How can this be resolved?
  - IF NOT COVERED: Is there a member able to represent the interests of those the group represents in cases where it has not been possible to gather views?
  - Are members ever asked to comment on expenditure or costs? Is this a difficult area?

**6) Documentation, reporting and outcomes**

- Usefulness of e.g. codes of conduct, guidance documents, terms of reference
  - How commonly are they referred to/used?
  - Is there any guidance specific to how the views of the people you represent are taken into account?
- Minutes and other documents being publically accessible?
- Most effective way to report back to the organisation / company? What is good practice?



- Should there be formal reporting requirements?
- How can the groups ensure they have influence? How can they maximise the 'weight' they have?
- How can the group most effectively challenge the company?

## Summary of experiences (5-10 mins)

(55-65 minutes)

**Objective:** To identify key success factors and key problems/barriers from own experiences which can then be referred back to in the following sections relating to the water industry.

**HAND OUT EXERCISE 1:** Thinking about all the things we've talked about I'd now like you to individually complete the following exercise – thinking specifically about how effectively you are able to represent the views of those you are representing. Please complete the two columns A) the 3 most significant problems/barriers/frustrations in ensuring effective working of your group and B) 3 success factors – those things which contribute to the success of your group.

- Group to feedback their individual responses
- As a group agree:
  - 3 most important success factors
  - 3 most significant problems/barriers

## Views of the water industry (5-10 minutes)

(60-70 minutes)

**Objective:** To understand respondents' existing knowledge and attitudes towards the water industry and get them to start thinking about water for the second half of the discussion.

In the second half of this discussion we are going to talk specifically about the water industry, I am going to tell you a bit more about the industry but before that I'd like to know how much you already know. **SHOW SLIDE 2:**

- What can you tell me about the water industry?
- What do you know, if anything, about:
  - What water companies are responsible for?
  - How water companies are regulated?
  - How water companies consult with their customers?
- How do you think/expect that the voices of customers are heard within the water industry?
- Before today, had you heard of the Consumer Council for Water?
  - IF YES: What do you know about them?

## Refreshment break (10 minutes)

(70-80 minutes)

## Introduction to the water industry (5 minutes)

(80-85 minutes)

**Objective:** To inform respondents about the water industry's remit, responsibility and regulation.

We're now going to talk specifically about the water industry and I'm just going to give you a little background information.

**Moderator to briefly present stimulus material / SLIDES 3-9**

## Spontaneous application of knowledge (15 mins)

(85-100 minutes)

**Objective:** To apply respondent's own experiences of working within boards and groups to the water industry spontaneously.

**SHOW SLIDE 10. SPONTANEOUS DISCUSSION:**

- How do you think customers' views should be heard during the business planning process?
- What sort of activities would you expect to be undertaken to make sure customers' voices are heard?
- From your experiences what do you think will be the most effective mechanisms and processes for capturing customers' views?
- And from your experiences what do you think will be the greatest challenges?
- Thinking specifically about the wide range of areas which the business planning process involves e.g. from 'leakage levels' to 'social tariffs' to 'nitrate levels in rivers' – how does this affect how customers' views should be heard and represented?

**HAND OUT EXERCISE 2:** I'm now going to split you into 2 groups [MODERATOR DIVIDE GROUP] and I'd like you to discuss specifically what you think the water industry should do to make sure that the customer voice is heard. Feel free to refer back to your previous notes and think about the most important do's and don'ts and try to come to a consensus between you. When you have finished I will ask one of you to feed back to the rest of the group.

**5 minutes to discuss and complete exercise 2**

- One respondent per group to report back focusing on why they have selected do's and don'ts for the water industry
- Discuss any points of difference

## Ways of representing customer views (15 mins)

(100-115 minutes)

**Objective:** To review the effectiveness of different means of collecting the views of customers about the water industry.

**SHOW SLIDES 11 - Research, 12 - Consultation and 13 – Customer groups IN TURN ROTATE ACROSS GROUPS.**

**MODERATOR TO TALK OVER THEN FOR EACH PROBE:**

- How effective do think this type of activity will be in representing the view of customers? Why do you say this?

- Brainstorm with flipchart – the pros and cons of this approach
- What sort of subject areas does this type of approach work best for/not work for?
- How much weight should be given to this type of representation?

#### WHEN ALL DISCUSSED

- Which of these do you think is most effective and why?
- What should the balance be between the 3 different types of approach?
- Do these options make you think of any other models that you think would be even more appropriate?

#### Current approach within the water industry (25 mins)

(115-140 minutes)

**Objective:** To evaluate the use of the customer representative group model within the water industry.

**Moderator to present SLIDES 14-16** (How customer views are currently taken into account in the water industry)

#### IMMEDIATE RESPONSES:

- What is your immediate reaction to this approach?
- How effective do you imagine this approach was in ensuring the voices of customers were heard during the process?
- What do you think the advantages of this approach are?
- What do you think the disadvantages of this approach are?

*We would like you to imagine that this broad approach of a customer group will be adopted for future business planning processes. Drawing on your own experiences we are going to talk about how it could be designed to best represent the views of customers? (N.B. MODERATORS TO REFER BACK TO SPECIFIC COMMENTS FROM FIRST HALF OF DISCUSSION WHEREVER POSSIBLE TO HELP RESPONDENTS MAKE DIRECT COMPARISONS/ANALOGIES WITH OWN EXPERIENCES.)*

- How much presence should the water company have?
- How many members should be experts versus lay members?
- Who should the other members be?
  - E.g. Customer representative organisations, environmental organisations, businesses etc.
- How should members be selected and recruited?
- Who should be the Chair? Should the Chair be independent? (Probe on what independence means) What sort of style should they adopt?
- Should members or the Chair be paid to be involved?
- How long should members be involved for? (relate to price review periods)
- How should they find out what their customers think? PROBE IF NECESSARY: Research? Consultation? Existing data e.g. complaints etc? Views and opinions of group members?
- How should the progress of the group be monitored and evaluated?
- How should the group report back to:
  - Ofwat?
  - The company?
  - Their customers?

- What kind of guidance would you expect to see available for the Customer Challenge Groups?  
PROBE IF NECESSARY: Level of prescription?
- How much 'weight' should be placed on the views of the customer group?
  - Should the regulator take on board everything they say? What about the company?  
What should the relationship be between the company, customer group and the regulator?
- How do you think the Consumer Council for Water should ensure that companies act upon the views of their customers?
- What do you think the role of the Consumer Council for Water should be within the Customer Challenge Groups? PROBE IF NECESSARY: Should they sit on the boards? Should they monitor?

**WRAP UP EXERCISE** (MODERATOR TO LEAVE AT LEAST 5 MINS FOR THIS BUT INTORDUCE EARLIER IF RESPONDENTS ARE NOT DRAWINGN ON THEIR OWN EXPERIENCES.)

*Let's look back to the success criteria and barriers/problems we identified earlier:*

- How can the water industry ensure they are including the factors which you've identified as potential success factors?
- Do these processes avoid the main barriers/problems? How could this approach be adapted to avoid those problems/barriers?

**Evaluate and close (10 mins)**

**(140 to 150 minutes)**

---

**Objective:** To reflect on the discussion and determine how best to apply knowledge to the water industry.

**HAND OUT EXERCISE 3 AND SPLIT AGAIN INTO 2 GROUPS:** Thinking about everything that we have discussed, imagine that you work for the Consumer Council for Water and you have been tasked with developing guidelines for the water companies on the structure and management of the Customer Challenge Groups to ensure customers views are heard. In your groups please discuss and agree what your guidelines would be?

**5 minutes to discuss and complete exercise 2**

- One respondent per group to feed back to the group
- Discuss any points of difference

**FINAL CLOSE**

- Any closing comments / feedback
- Thank for time and participation
- Collect self-completes
- Provide incentives

## 9.3 Stage two: Discussion guide

### Project: Customer Voice

CCWater, Customer Involvement in regulatory decisions and Future CCGs

Stage 2 ['General customers'] discussion guide v3 22.04.15

- 1 hour 30 minutes; 8 respondents

#### Introduction and ice-breaker (5 mins)

(0-5 mins)

**Objective: to introduce respondents and to build rapport and group comradery, encouraging more open and honest discussion.**

*This research is being conducted on behalf of the Consumer Council for Water. The Consumer Council for Water is the independent representative of household and business water customers in England and Wales – the 'water watchdog'. This research is about how the Consumer Council for Water can help to make sure that water companies take the views of customers like yourselves into account when they make decisions.*

*Please remember that there are no right or wrong answers. We are an independent research company and have no vested interest in the answers you give – it's important that you give us your honest views. Everything you say is entirely confidential and we will not pass on any of your personal details or attributable responses to the Consumer Council for Water or your water company.*

- Moderator introduction
- Reassurances: venue, taping, confidentiality, end time, refreshments
- [If viewed group then explain client observation]
- Each respondent to introduce themselves in pairs - first name, where they live, occupation, family, interests and then to feed back to group about the other respondent

#### Getting customer views and opinions heard (5 mins)

(5-10 minutes)

**Objective: to encourage respondents to start to think about the 'customer voice' through discussing examples of occasions when they do/do not feel their views and opinions have been heard.**

- **REFERING TO PRE-PLACEMENT:** Can you give me some examples of cases where you feel organisations or companies have successfully taken on board your views/opinions or the views of other customers
  - Specifically how were your views/the views of people like you taken on board?
  - What were the outcomes?
- **REFERING TO PRE-PLACEMENT:** And what about cases where you don't feel that an organisation or company has listened to your views/the views of its customers?
  - What should have been done to better listen to /take on board the views of customers?
  - What were the consequences?
- How important do you think it is that your views as a customer are heard?



## Views of the water industry (5 minutes)

(10-15 minutes)

**Objective:** To understand respondents' existing knowledge and attitudes towards the water industry.

For the rest of the discussion we are going to talk specifically about the water industry. I am going to tell you a bit more about the industry but before that I'd like to know what you already know.

- What can you tell me about the water industry?
- What do you know, if anything, about:
  - What water companies are responsible for?
  - How water companies are regulated?
  - How water companies find out what their customers expect from them or think of their services?
- **REFERING TO PRE-PLACEMENT:** What one thing would you like to be able to feed back to your water and sewerage company and why?
- Before today, had you heard of the Consumer Council for Water?
  - IF YES: What do you know about them?

## Introduction to the water industry (5 mins)

(15-20 minutes)

**Objective:** To inform respondents about the water industry's remit, responsibility and regulation.

Now I'm just going to give you a little background information about the water industry.

Moderator to present stimulus material / **SLIDES 2-8** and prompt discussion throughout.

## Customer representation within the water industry (40 mins)

(20-60 minutes)

**Objective:** To gather respondents views of customer representation in the water industry using stimulus developed from stage 1.

Hand out self-completion form

Show 3 options in turn (**ROTATED AS BELOW**).

Cardiff	Newcastle	Birmingham	Exeter	Southampton	Norfolk
A,B,C	B, C, A	C, A, B	A, C, B	C, B, A	B, A, C

For each option:

PRIOR TO DISCUSSION:

Spontaneous (using self-completion form). Circle appropriate option and complete EXERCISE

DISCUSSION PROBES

- What is your immediate reaction to this approach?

- How successful do you think this will be at hearing the views and opinions of customers? Why?
- What questions do you have about this approach?
- What particular things about this approach will be most successful at taking on board the views and opinions of customers? Why? What are the best bits of this option?
- And what do you think will be the weaknesses/problems with this approach? Why? What would you change about this option?
- How well do you think your views and opinions would be represented by this approach?
- Whose voice will be heard loudest in this option? Who might struggle to get themselves heard?
- What sort of subject areas does this type of approach work best for/not work for?

**MODERATOR: Ensure the following are covered within the discussion:**

What role should lay members / 'the average Joe' have?
Opinions of ongoing versus ad hoc research
Should the committee be ongoing or just during the business planning process?

Committee members **REF TO SLIDE 12**

- Thinking about the people that sit on the committee who is it most important to include?
- What should the balance be between the 3 types of members? Is there anyone missing?
- How often should members be refreshed? PROMPT e.g. what is more appropriate every year or every 5 years. Why?
- What are the consequences if lay members become experts? Does that matter?
- How many people would you expect to sit on the committee?

**Role of the Chair**

- Who do you think should Chair the committee and why? SPONTANEOUS
- **REF TO SLIDE 13**– Minute to consider the options and then vote / hands in the air.
- Why do you say that? PROBE FULLY FOR ALL OPTIONS VOTED FOR
- PROBE AS NECESSARY: What does independent mean?
- Should the Chair be remunerated? What are the advantages and disadvantages of this?
- How does payment affect independence? IF APPROPRIATE probe pooled funding from the all the water company?
- Who should pay the Chair? What are the advantages and disadvantages of this?

**Scenarios (10 mins)**

**(60-70 minutes)**

**Objective: To apply the options to different scenarios (use at moderator discretion e.g. if respondents are struggling to respond to the 3 approaches)**

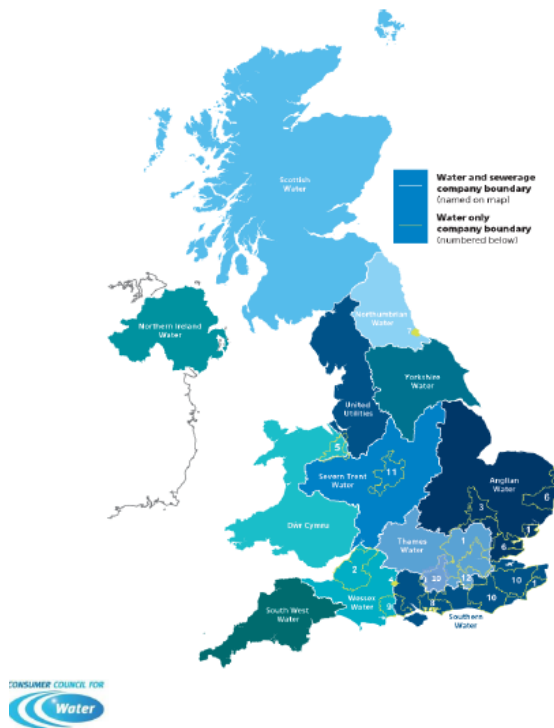
**MODERATOR TO SHOW 2 SCENARIOS PER GROUP – RESERVOIR (slide 14) AND EITHER METERING OR LEAKAGE (slides 15-16)**

Cardiff	Newcastle	Birmingham	Exeter	Southampton	Norfolk
Leakage	Metering	Leakage	Metering	Leakage	Metering

## 9.4 Stage two: Stimulus materials

### Water Companies in the UK

2



**There are 23 companies in the UK** – some supply water and sewerage; others supply water only.

**The water industry is a monopoly:** domestic customers do not have a choice of company

blue  marble



## Water companies are heavily regulated

3



Ofwat is the economic regulator: it has the power to control the price companies can charge customers.



The Drinking Water Inspectorate provides independent reassurance that water supplies are safe and drinking water quality is acceptable.



The Environment Agency regulates quality and quantity of water taken from and returned to rivers etc.



Department for Environment Food and Rural Affairs (Defra) sets national government policy for water.



## Consumer Council for Water

4



The consumer 'watchdog' for water in England & Wales

Independent representative or 'champion' for customers

Provides a national and regional 'voice' for consumers

- Head Office in Birmingham
- 67 staff
- Regional presence
- local consumer representatives

Publishes information about water company performance

Conducts research to find out what customers think about the service they receive from their water and sewerage companies

Helps customers resolve complaints with their water company



## Every 5 years all water companies are required to develop business plans for approval by the regulator

6

### Water companies



#### Develop their 5 year plans:

- Outlines all activities for the next 5 years
- Includes key performance measure targets
- Includes how much customers will be charged



#### Reviews water companies business plans.

- Has the power to accept or reject the business plans
- Ultimately controls the amount water companies can charge customers

Companies need to prove to Ofwat that customers' views have been taken into account in developing the business plan.

For example through research with customers and consulting 'Customer Challenge' groups.



## Business plans include a wide range of performance measures, for example...

7



Reducing leakage



Reducing number of customers struggling to pay



Meeting water quality standards



Ensuring sufficient water to meet future demands



Minimising disruption to customers



Minimising the impact on the environment



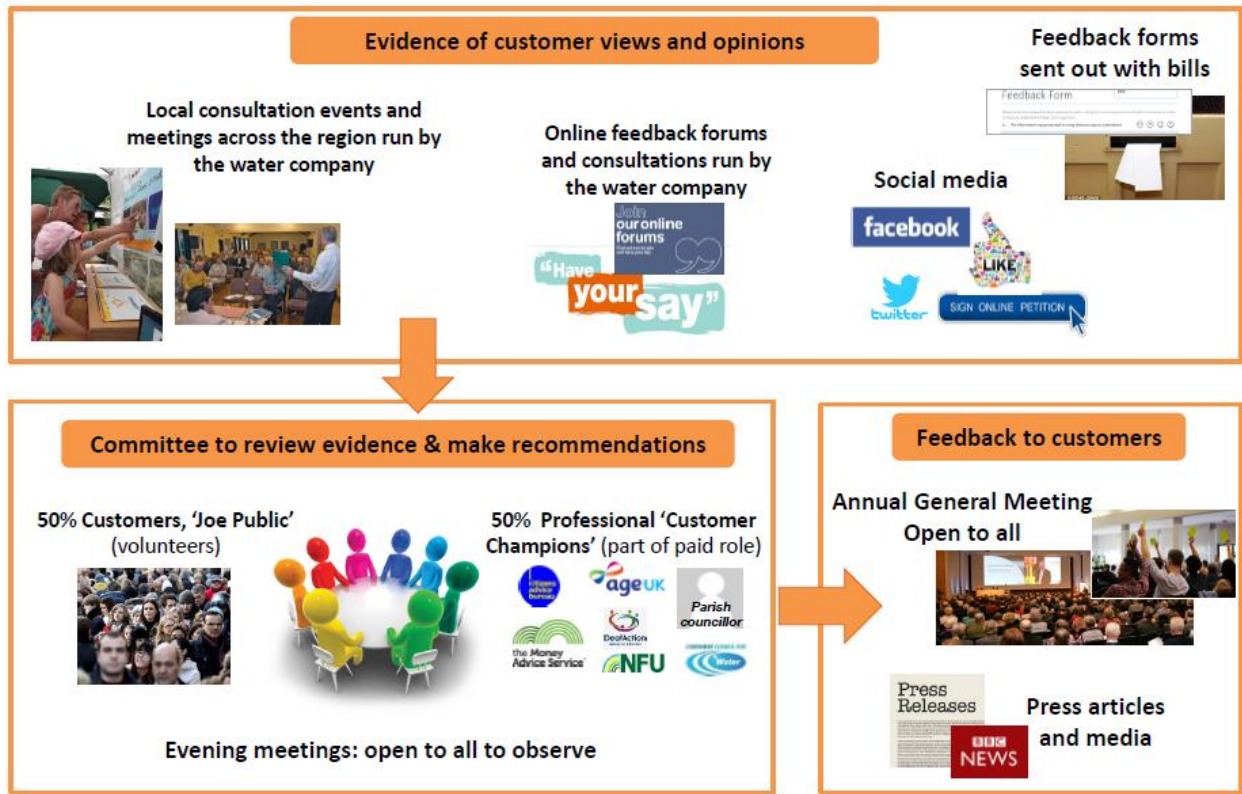
Improving customer perceptions of value for money



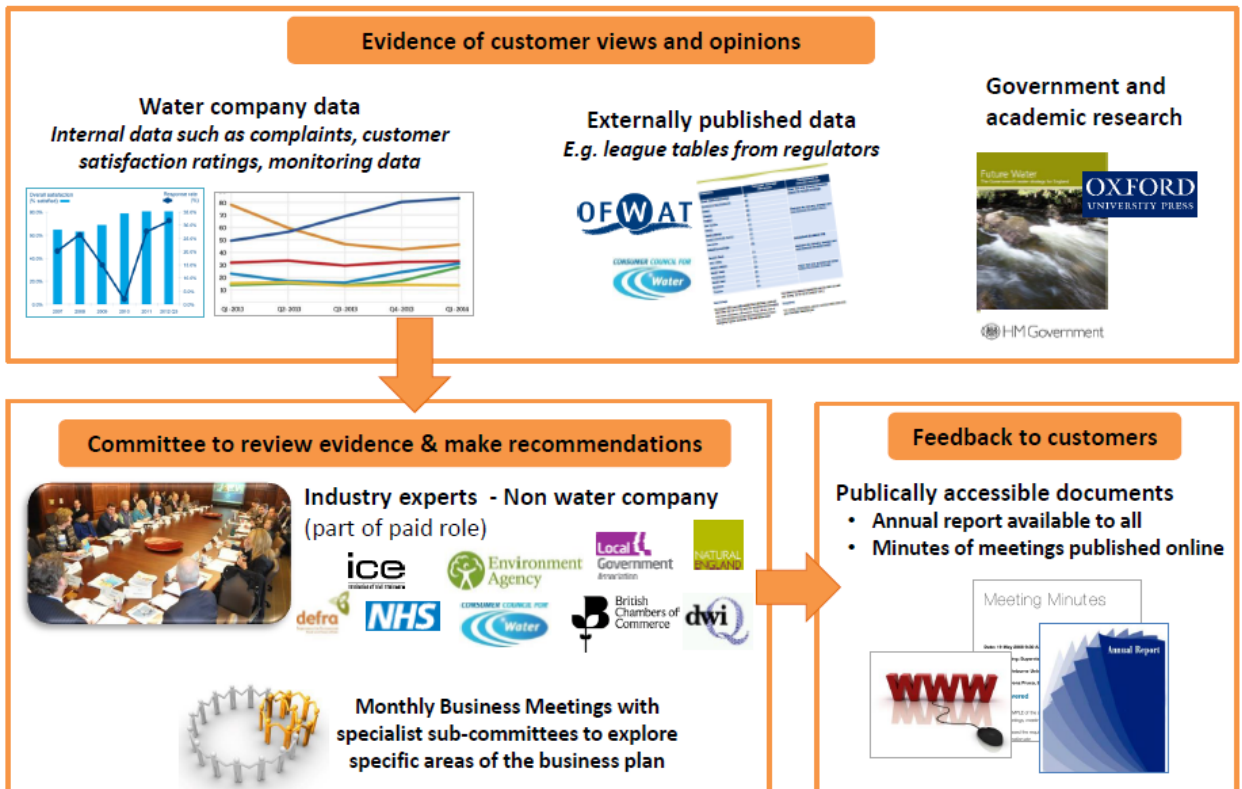
Maintaining infrastructure



## APPROACH 'A'



## APPROACH 'B'







## Who should Chair the committee?

13

**Industry expert - Non  
water company**



**Independent,  
experienced professional  
Chair**

**All committee members  
take turns to Chair  
meetings**

**Consumer Council for  
Water**



**Other?**

**Professional 'Customer  
Champion'**



**Independent industry  
expert not associated  
with an organisation  
e.g. self-employed**

**Independent customer  
champion not  
associated with an  
organisation e.g. self-  
employed**