

Agenda

**Consumer Council for Water Board
Meeting in Public
Tuesday 5 March 2019 - 11:00 - 15:00
St Mary's Guildhall
Bayley Lane
Coventry, CV1 5RN**

10:30 - refreshments and welcome ahead of public meeting at 11:00

182/18P 11:00 Welcome and apologies for absence

183/18P Declarations of interest

Stakeholder Session

184/18P 11:05 Introduction/overview of the public session Bernard Crump
Regional Chair (Central and Eastern

185/18P 11:10 Stakeholder session - Social Tariff Harmonisation

To hear from companies about the next steps for their social tariff and how harmonisation between companies that serve the same communities might be introduced.

11:50 - 12:00 - comfort break

186/18P 12:00 General discussion

- to answer questions put by members of the public in the region by recorded 'Vox Pops'
- further general discussions and questions on current issues in the Central and Eastern Region and wider water sector; and
- an opportunity for guests to raise any relevant issues with the Board

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12:45 - 13:15 - lunch

187/18P 13:15 Legitimacy/transparency discussion

To discuss issues around legitimacy and transparency.

188/18P 13:35 PR19

- to answer questions put by members of the public in the region by recorded ‘Vox Pops’ that relate to the price review process
- to hear about companies on Ofwat’s Initial Assessment of Business Plans, particularly that changes companies will make to improve their plans for customers

Governance and Reporting

189/18P 13:55 - Minutes of the public meeting held on 11 December 2018 and any matters arising (attached)

190/18P 14:00 - Chief Executive’s report T Smith
Paper to note (attached)

191/18P 14:10 - Finance Report (to January 2019) M Perry
Paper to note (attached)

192/18P 14:15 - 2019/22 Forward Work Programme and Operational Business Plan J Suggate/P Marshall
Paper for decision (attached)

193/18P 14:30 - 2019/20 Budget and Licence Fee M Perry
Paper for decision (attached)

194/18P 14:40 - Regional/Wales roundup Regional/Wales Chairs
Paper for discussion/note (to follow)

Consumer Council for Water Board Agenda
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195/18P 14:55 - Other business

196/18P Future Meetings

The next meeting in public will be on 16 April 2019 in the Western Region.

Public meeting close 15:00

Attending:-

Board: Alison Austin, Bernard Crump, David Heath, Julie Hill, Robert Light, Alan Lovell (Chair), Tony Redmond, Tony Smith, Rob Wilson

CCWater: Amanda Caton, Mike Keil, Phil Marshall, Carl Pegg, Marie Perry, Alison Townsend

C &E LCAs: Graham Dale, Yvonne Davies, Gill Holmes, Paul Quinn

**Consumer Council for Water
Minutes of the Board meeting in Public
11:00 on Tuesday 11 December 2018
The Temple of Peace
King Edward VII Avenue
Cathays Park
Cardiff, CF10 3AP**

Present:-

CCWater Board: Alison Austin
Bernard Crump
David Heath
Julie Hill
Robert Light
Alan Lovell (Chair)
Tony Redmond
Tony Smith
Tom Taylor

CCWater: Amanda Caton, Head of External Communications
Mike Keil, Head of Policy and Research
Phil Marshall, Deputy Chief Executive
Carl Pegg, Head of Consumer Relations
Marie Perry, Head of Finance and Procurement
Alison Townsend, Board Secretary

Stakeholders

Presenting: Leah Fry, Head of Customer Strategy and Experience, Severn Trent Water
Chris Jones, Chief Executive, Dŵr Cymru Welsh Water
Pat Spain, Asset Strategy Manager, Severn Trent Water
Alun Shurmer, Director of Customer Strategy and Communications, Dŵr Cymru Welsh Water
Bob Stear, Chief Engineer, Severn Trent Water
Mike Davies, Director of Strategy and Regulation, Dŵr Cymru Welsh Water

Stakeholders/

Public: In addition to the stakeholders presenting outlined above, approximately 20 stakeholders/members of the public joined the meeting to hear and discuss the presentations summarised in the minutes that follow.

138/18P Welcome and apologies for absence

138.1P The Chair welcomed stakeholders and members of the public to the meeting. Apologies for absence had been received from Rob Wilson.

139/18P Declarations of interest

139.1P There were no declarations of interest.

140/18P Introduction/overview of the public session

140.1P The Board received a brief introduction to the stakeholder session from the Wales Chair. The Board heard that water was a devolved issue in Wales and that the policy position of the Welsh and UK Governments was not always the same; this was illustrated by the very limited level of non-household competition in Wales. The Wales Chair briefly introduced the main discussion topic, water transfer, and explained that this was a sensitive issue in Wales particularly in terms of payments for the water transferred and the potential environmental impact.

141/18P Stakeholder session - water transfer

(i) Hafren Dyfrdwy - water transfers

141.1P The Board received a presentation from Pat Spain, Asset Strategy Manager at Severn Trent Water(SVT). The geographical area covered by Hafren Dyfrdwy (HD) and the Water Resources Zones agreed with Natural Resources Wales were outlined to the Board. The Board heard that HD was a net importer of water from England into areas in North Wales. HD exported water from two reservoirs in the south of its region to support the River Severn. The Board noted that in order to export more water HD would need to create additional reservoir capacity.

141.2P The Board was advised that HD was looking at options to reduce reliance on imported water increasing resilience and creating flexibility to address issues with private supplies in Wales. The Board heard about problems that had been experienced by consumers with private supplies in the recent hot summer particularly water quality and supply issues. The Board noted that HD had supplied water to consumers affected in these circumstances.

141.3P The Board heard that it was possible that revenue from strategic transfers, for example to support forecast increased demand in the south east of England, could contribute to reducing customer bills in Wales. SVT emphasised that this option was theoretical and that it did not currently have sufficient surpluses for a large transfer; capacity at Clywedog reservoir would need to be increased to support this. The Board noted that detailed work to evaluate the opportunity had not been carried out.

141.4P CCWater enquired about the environmental impact of the potential expansion of the Clywedog reservoir. SVT explained that while the

amenity/surface water of the reservoir would increase, there would be a need to flood additional land to achieve this which would lead to loss of habitat and moorland; HD would seek to mitigate these losses in any expansion scheme.

- 141.5P SVT briefly explained that Thames Water had recently carried out research to test consumer views about water trading as part of a solution to address water scarcity. HD advised that the study had found that customers were generally supportive of transfers but that it was a general attitudinal survey that did not include any specific proposals; further research would be needed if water trading were to be pursued. The Board enquired about the environmental impact of using the River Severn as a means to transfer water and was advised that pumping water from Wales to the south east of England would be expensive and the river was an efficient conduit.

(ii) Dŵr Cymru Welsh Water - water transfers

- 141.6P The Board received a presentation from Mike Davies, Director of Strategy and Regulation at Dŵr Cymru Welsh Water (DCWW) that outlined the position with water transfers for DCWW. The Board heard that across England and Wales approximately 200,000 billion litres of water were transferred each year, of this DCWW was the largest supplier providing approximately 60% of water transferred. The Board noted that DCWW also imported 7 billion litres of water each year.
- 141.7P The Board heard about the Elan Valley system that had been constructed and financed by the City of Birmingham between 1893 and 1906 to supply water to the City. DCWW advised that it received an income of £7 million a year for supplying c 310 mega-litres a day of raw water to Severn Trent (SVT) for Birmingham; this equated to 6p/thousand litres of raw water. The Board enquired if DCWW was making a loss by selling at this rate and was advised that the price formula had been set in 1974 on a cost recovery basis and would run until until 2073 and was extendable to 2172. DCWW did not make a loss on the transfer but was concerned that the arrangement was not perceived to be fair by its customers.
- 141.8P DCWW explained that, while Wales received a lot of rainfall it did not have a large amount of storage capacity. DCWW recognised that it had a role to play to contribute to future challenges around water resilience but that, as there were no large water surpluses in Wales, any capacity would need to be created by investment. The Board noted that long term resilience issues were considered in the Water Resources Management Planning process. DCWW indicated that it had developed a vision covering the period to 2050 that explored issues that would be crucial to customers in the region
- 141.9P DCWW suggested that in order to gain public support for water transfers there would need to be a reasonable return. The Board and DCWW went on to debate the benefits of a system operator to oversee arrangements

for transfers; there was a general recognition that a role of this type might be increasingly needed as water transfers became more complex.

141.10P Mindful of the likelihood that the UK would be moving to increasingly warmer summers, the Board enquired how quickly DCWW could respond to additional transfers. DCWW indicated that while there would be some technical challenges that would need to be addressed it should be possible for transfers to be available relatively quickly. The Board recognised the increased importance of the Water Resource Management Planning process and that new assets needed to be based on evidence from these plans.

142/18P **Legitimacy and transparency**

142.1P The Board and others present at the meeting put the following questions to the companies relating to legitimacy and transparency: -

- each company's perspective on legitimacy and transparency. DCWW suggested that because it did not have shareholders and financial surpluses were retained for the benefit of customers, it did not face the same legitimacy issues as other companies. The Board was advised that DCWW had faced a number of extreme weather challenges in 2018 and had maintained strong support from customers throughout this. SVT understood that as a listed company HD was in a different position to DCWW in terms of legitimacy. SVT indicated that the HD business plan put the customer at the heart of what the company did and 1% of profits would be placed into a trust fund for customer benefit. The Board was advised that Dee Valley Water (DVW) had been very highly geared but that money had been invested in the company to bring this down to 56%. The Board enquired if SVT felt it had been able to give sufficient focus to HD. HD recognised that there was scope for improvement in this area including a stronger presence in Wales.
- How, given the high rates of poverty in Wales, the need to support more customers could be balanced against the need to increase resilience. DCWW recognised the challenges to support parts of its customer base and suggested that the company's ethics meant that it was able to put the emphasis on customers in vulnerable circumstances where necessary. The Board noted that DCWW was looking to the long term particularly in the context of the Future Generations Act.
- What HD will be doing to gain the support and trust of customers. The Board was advised that SVT was currently considering this matter and suggested that the size of SVT should bring benefits to customers that DVW had not been able to offer. SVT recognised that the local presence that DVW had offered was important to customers and so a presence in Wrexham had been retained.

- How executive pay levels could be justified to customers. DCWW recognised that customers often found this matter difficult to reconcile but indicated that it aimed to be transparent with customers on this. DCWW explained that it had a remuneration committee in place that looked at comparative data when setting remuneration levels; the need to pay comparable rates in order to retain people in key roles was emphasised.
- Opportunities for DCWW and HD to work together. SVT indicated that it was possible that there were research/innovation projects that would benefit from joint working. DCWW pointed out that the water industry was already good at sharing best practice.
- How companies balanced leakage with legitimacy. SVT acknowledged that it was difficult to ask customers to use water more wisely while companies were losing water to leakage; the need for a shift in mind-set in this area was recognised. SVT acknowledged that HD had suggested a number of leakage reduction targets before agreeing to include 15% in its PR19 Business Plan; SVT confirmed that it was a challenging target.

DCWW explained that leakage featured heavily in its Water Resources Management Plan and that it was adjusting its approach to be able to meet more challenging targets. Examples of this included the use of metering to detect and fix customer side leaks.

- What actions companies were taking to improve customer views of them. DCWW indicated that it paid close attention to CCWater's Water Matters survey; there was a need to educate and inform customers about what water companies do and how customer money is used. SVT indicated that similar discussions had arisen in HD focus groups. The Board noted that SVT planned to align the HD assistance scheme to the scheme available to SVT customers that offered up to 90% assistance, rather than the flat 30% rate that DVW had offered.
- How asset maintenance plans could be subject to customer scrutiny. SVT explained that it used a model to develop its maintenance plans and agreed that there was scope to explain more about the process to customers. CCWater suggested that the model could indicate that it would take 200 years to renew all assets and questioned how this would work in practice. SVT explained that different assets had different lives, it acknowledged that SVT had not always fully invested in those assets in the past but explained that it was addressing the issue and was finding innovative ways to rehabilitate and extend the life of assets. DCWW indicated that it was also finding ways to make maintenance work go further. DCWW suggested that it was important to engage with customers on long term issues such as maintenance.

- How companies could share the financial benefits of stewardship of assets with customers. CCWater pointed out that when SVT had taken over DVW and created HD, the financial benefit was not shared with customers, and some customers experienced a dis-benefit. CCWater asked if SVT had considered how HD customers might benefit from the change. SVT recognised that HD customer bills were increasing but pointed out that investment was also being increased and that customers would benefit in the long term. DCWW explained that in a recent 'Have Your Say' exercise its customers had indicated that they wanted to be used to help those struggling to pay; if efficiency savings could be generated those savings could be used to support vulnerable customers.

142.2P The Chair thanked the representatives for joining the panel discussion and the input from all parties to this and the previous discussion.

143/18P **General Discussion**

Tom Taylor

143.1 Chris Jones, Chief Executive, DCWW referred to the fact that Tom Taylor would be stepping down from the CCWater Board at the end of December 2018. Chris wanted to record his thanks to Tom for both the challenge and support that he had provided to DCWW while in the Wales Chair role and passed on his best wishes for Tom's future endeavours.

144/18P **Minutes of the meeting in public held on 23 October 2018**

144.1P The Board approved the minutes of its meeting held in public on 23 October 2018 as a true record. There were no matters arising to be dealt with in this session.

145/18P **Chief Executive's Report**

145.1P The Board considered and noted a paper that outlined CCWater's key activities and achievements since the Board last met in public in October 2018. The Board received a brief update on the following matters: -

- the water sector was looking at how it could improve its arrangements for complaint handling. Queen Margaret University had completed an independent review of the final two stages of the industry's complaints handling process managed by CCWater and WATRS. CCWater would be working with the water industry to implement the recommendations when published;
- CCWater had recently held an affordability seminar to share best practice and improve support to water customers;
- complaints to CCWater had increased over the last 18 months largely because of the non-household retail market in England. Many of the issues were related to the wholesaler/retailer relationship; CCWater had held a workshop earlier in the month with representatives from both parties to address common customer service problems;

- CCWater had reviewed the company action plans requested by Ofwat in its freeze/thaw review. CCWater was concerned that there were still gaps in some of the plans.

145.2P The Board was briefly updated on the current focus of the Consumer Relations (CR) team and how additional resources had been deployed to address the increased number of non-household complaints. The Board heard that changes included the use of a call handling service and a specialist case handling agency to help manage peaks in demand. The Board noted that the CR team had been through a considerable learning process in order to deal with new types of complaint associated with the new non-household market.

146/18P **Wales Act 2017**

146.1P The Board received a brief update from Welsh Government (WG) on the Wales Act, particularly the alignment of Government policy and regulation with the geographical border between England and Wales, rather than water company boundaries. It had become clear that it would not be possible to complete the work required by April 2020 and so WG Ministers had written to Defra Ministers to propose and agree to a pause in the work. This was currently expected to recommence in April 2019 and implementation of the provisions would then be phased in by 2025. The Board was advised that this was likely to be a significant piece of work.

146.2P The Board enquired about the impact of the changes for consumers located in Herefordshire. WG indicated that DCWW would continue to provide water to these customers. The Board heard that there had been a suggestion at the Wales Water Forum that a separate regulator for Wales might be needed; WG indicated that this was not currently proposed but that it is a challenge for Ofwat to regulate across the different legislative/policy regimes in England and Wales.

147/18P **Finance report**

147.1P The Board considered and noted a paper that presented a summary of the financial performance of CCWater to end October 2018. The Board was advised that there was a year to date underspend of £83k and a forecast year end underspend of £140k. The Board was updated on the reasons that the forecast year-end underspend had increased and noted that work was underway to establish how the forecast underspend might be utilised.

148/18P **Board Committee Membership**

148/18P The Board considered a paper that requested its approval to changes to the membership of Board Committees to respond to the departure of Tom Taylor from the Board at the end of December 2018.

The Board agreed to:-

- (i) appoint Tony Redmond to the Audit and Risk Management Committee from 1 January 2019;**
- (ii) remove Tony Redmond from the Advisory Committee and appoint Julie Hill as Chair of that Committee from 1 January 2019.**

149/18P Annual Review of Code of Governance

149/18P The Board considered a paper that presented the reviewed and updated Code of Governance to the Board for approval.

The Board approved the updated Code of Governance as presented.

150/18P Regional/Wales round up

150.1P The Board considered and noted a paper that updated it on key strategic matters in each of the English Regions/Wales. Each Chair gave a brief supplementary verbal update and key points raised included:-

- Thames Water would not meet its 2018/19 leakage reduction targets. The Board noted that Thames was reviewing its plans for this area of work;
- The recent meeting of the Central and Eastern Regional Committee in public at which CCWater had presented the approach it would take to assess the customer acceptability of the draft determinations. There had been concern by some retailers that CCWater's research would only involve household customers;
- The Central and Eastern Chair had recently returned from a working visit to Victoria, Australia. The Board was updated on the visit particularly the Thriving Communities Partnership project; the Regional Chair would write a blog to update staff on his visit;

Action: B Crump

- The National and Wales Chairs had met with Hannah Blythyn AM, Minister for the Environment, in November;
- Yorkshire Water was experiencing shortages of water in the Pennine area and had applied for drought permits to increase extraction from two rivers;
- Water Plus complaints performance had improved in Q3 although it was not yet where CCWater would want it to be; and
- Wessex Water had been fined £975,000 for a series of sewage spills in Swanage Bay.

151/18P Other business

151.1P The Chair explained that this was the last Board meeting that Tom Taylor would be attending before he stood down from the Board at the end of the month. On behalf of the Board the Chair thanked Tom for his contribution as Wales Chair over the past three years.

152/18P Date of next meeting

152.1P The next meeting in public would be on 5 March 2019 in the Central and Eastern Region.

The meeting closed at 14:25

Consumer Council for Water Board
5 March 2019
Agenda Item 190/18P

Title:
Chief Executive's Report

Report by:
Tony Smith, CEO

Responsible Lead:
Tony Smith, CEO

Paper for information

Appendix: Yes (1) Performance Scorecard

Purpose

1. This report provides customers and other stakeholders with an update on the Consumer Council for Water's (CCWater) activities and achievements since the Board last met in public on 11 December 2018. The report covers activity between December 2018 and February 2019 (unless otherwise stated), together with complaint and performance data for third quarter of 2018-2019.

Recommendations

2. The Board is asked to note the paper.

First impressions of Ofwat's Initial assessment of Plans

3. January marked a key milestone in the 2019 Price Review, a process whereby Ofwat will ultimately set limits for water customers' bills for 2020-25. Ofwat published its initial assessment of water companies' business plans in January, which we immediately responded to following our own detailed assessment of how well plans reflect customers' expectations and priorities.
4. Overall, Ofwat's assessment broadly mirrored our views of the business plans - most notably, that no plans were deemed 'exceptional', with most falling into the categories of 'slow track' and 'significant scrutiny', which requires plans to be re-submitted to Ofwat in April. Only three companies' plans - Severn Trent Water, South West Water and United Utilities - were given a broad green light by the regulator and will be fast-tracked to the next stage of the price-setting process.

5. Our own analysis revealed that not one plan can be considered the finished article, and we were pleased that Ofwat recognises that there is still scope for improvement across the board, with many companies failing to stretch themselves on issues like reducing leakage and supporting customers facing financial hardship. We also raised concerns about the potential for unexpected bill hikes once inflation and customer-funded financial rewards are taken into account.
6. Over the coming weeks and months, we will continue to challenge companies - and the regulator - to ensure all those plans being resubmitted are fully reflective of customers' priorities.

Water company bills announcement

7. In early February, the water industry announced a 2% rise in the average water and sewerage bill in England and Wales, which equates to around £8 extra a year and takes effect on 1 April 2019.
8. Responding to this announcement, CCWater continued its campaign to secure more help for consumers in vulnerable circumstances by calling for more water companies to contribute their own cash to social tariff schemes. Most of these schemes are currently subsidised through other customers' bills, which heavily constrains their ability to reach everyone that needs them. At present assistance for customers struggling to afford bills only reaches about a quarter of those who say they need it.

Alternate Dispute Resolution (ADR) and customer complaints about water companies

9. The industry's trade body, Water UK, appointed the Consumer Dispute Resolution Centre at Queen Margaret University (QMU) in Edinburgh to undertake an independent review of the final two stages of the industry's complaints handling process, namely CCWater and WATRS. Water UK had suggested the report would be published in January 2019 but as yet it has still not been published.
10. CCWater has considered the report's specific recommendations to improve the customer experience in the post-company complaints process. We are discussing our position with our Board today. On the whole we found the recommendations to be sensible and aimed at improving things for customers, which will continue to be CCWater's priority.

Affordability and vulnerability

11. Helping customers who are struggling to pay their water bills - or facing other difficult circumstances - remains a key area of focus for us. Our work with water companies to establish social tariff schemes and to identify and share good practice in reaching hard to reach customers continues to help drive growth in the number of customers supported. The number of customers helped by social tariff schemes increased by a further 17% to 460,613 in the first six months of 2018/19. In total, over 600,000 customers are now being helped with lower bills through the social tariff and WaterSure schemes.

Benefits entitlement calculator

12. Our online benefits calculator and grant search tools, which we launched in January 2016, continue to provide useful support to consumers. From April 2018 to 31st January 2019, 2,690 customers used the benefits calculator to identify a total potential annual benefit entitlement of over £9 million. The grant search tool was used by 618 customers in the same period.

Water meter calculator

13. Our online water meter calculator helps customers to consider whether switching to a meter might save them money, by comparing their current unmetered bill with a likely metered bill.
14. Across Q3, 62,000 consumers used our water meter calculator and recorded potential savings of £3 million. The number of visitors is an increase of 42% compared to the same period in 2017, due to a spike in usage in October.

Getting water companies to resolve customer problems: Right first time
Overall complaints to CCWater (household and non-household)

15. In Q3 2018-19, CCWater received 2,864 complaints about water companies (wholesalers and retailers). This is 19% more than the 2,399 we received in Q3 2017-18, and continues the trend of higher complaint numbers since the non-household retail market opened in April 2017. Billing and charges continued to be the most common cause of complaints, accounting for half of all the complaints we received.

CCWater's Complaint Handling

16. In Q3 2018-19, we acknowledged 100% of cases within five working days (0.5 percentage points above our target of 99.5%), closed 80.3% of cases within 20 working days (0.3 percentage points above our target of 80%) and closed 89.4% of cases in 40 working days (1.6 percentage points below our target of 91%). After our case performance measures dipped in Q1 - due to high complaint volumes and a focus on resolving cases which were delayed by issues with some retailers and wholesalers - we saw an improvement in our performance in Q2 and are pleased to see this has continued in Q3, with us exceeding two of our three targets.
17. Across Q3 2018-19, 69.3% of customers were satisfied with the quality of our service, 5.7 percentage points below our target of 75%. Whilst still below target, we are pleased that satisfaction has increased by 8.2 points compared to Q2, when 61.1% of customers were happy with our service. We expect to see the improvement in customer satisfaction levels continue into Q4. 55.6% of customers were happy with the outcome of their case following our mediation (5.4 percentage points below our target of 61%, but 2.3 points up on Q2), and 67.4% were happy with the speed of our service (12.6 percentage points below our target of 80% but 5.2 points higher than in Q2). 92.6% were happy with our courtesy (against a target of 93%, and 0.3 points higher than in Q2). It is heartening to see an increase in customer satisfaction across all four of our KPI measures.

18. I explained in my last report that our Consumer Relations team had explored and secured specialist agency support to provide additional, flexible resource in busy periods when we receive many complaints or we are challenging some companies to speed up their resolution for customers. We have used this flexible resource across Q3 and this is one of the factors contributing to our increasingly positive performance and satisfaction results. We intend to use the specialist resource throughout our busy billing period to ensure this performance is maintained throughout the remainder of this financial year. We have also commenced a procurement exercise to secure a call-off contract with an agency, for up to a four-year period, to ensure that we can meet any future customer demands on our service.

Non-household (NHH) water retail market

19. The third quarter of the year saw a small reduction in the number of complaints we received against retailers when compared to the second quarter. It is too early to say whether this will be the beginning of an improving trend. Water Plus, Wave and Castle Water are the larger companies that remain a concern. For the smaller companies, we received above average complaints per 10,000 connections against Clear Business Water and SES Business Water. We will be looking at what other actions we can take against companies who are continually delivering poor service to their customers beyond public criticism.

Financial redress

20. In Q3 2018-19 we have secured £330,000 in compensation and rebates for customers who had complained about their water or sewerage service.

A resilient water supply and sewerage system

Resilience

21. We continue to be fully engaged in a number of groups being led by Defra and the Environment Agency that are steering water resources planning policy and management in both the short and longer term. All companies apart from Thames and Affinity have now issued their statements of response to the comments they received on their Water Resources Management Plans. Generally, our concerns have been addressed and we continue to assess how companies are tackling resilience through our analysis of their business plans. We await Affinity Water's revised Water Resources Management Plan and will press for progress in the company securing resilience.

Speaking up for and informing consumers

22. We use a range of communication channels to inform consumers about issues that are important to them. For many journalists - including broadcasters such as the BBC and national and local newspapers - we are also the trusted source of opinion and insight on water consumers' views of the sector, as well as the performance of water companies and the regulator.

23. This year has seen a noticeable step-change in the quality of media coverage received by CCWater, as we have capitalised on the opportunities for more high-profile, national coverage that have arisen from the heightened focus on the water industry among journalists and politicians.

Media and social media

24. Up until the end of Q3 2018-19, CCWater featured in more than 1,730 individual pieces of media coverage with the potential to reach an audience of more than 266 million people (an 82% increase compared to the same period last year).
25. In January, ITV's Martin Lewis Money Show included some footage of Martin using CCWater's water meter calculator to help a customer potentially cut her annual bill by a third.
26. That prompted a huge surge of interest in our calculator and in the 24 hours following the programme, more than 11,600 people visited our website, compared to 920 the day before.
27. CCWater's Communications team engaged directly with a number of customers on social media, giving them advice on whether they might benefit from trialling a meter.
28. This coverage generated a high level of engagement including Martin Lewis retweeting one of our Twitter posts with a link to our calculator to his 500,000-plus followers.
29. Our messages on affordability following February's bills announcement were featured in 212 individual items of coverage across print, broadcast and online media, reaching a potential audience of 21.9 million people. This included coverage in six print editions of national newspapers, including The Daily Mail, The Daily Mirror, The Guardian and iNewspaper.
30. This activity also attracted regional media interest, being featured in print editions of the Yorkshire Post and Western Mail as well as in 199 items of online coverage, much of which was regional. We were also interviewed by BBC Radio Oxford.
31. So far in 2018-19, our social media activity has attracted a total of 2.1 million visits, likes and shares across all platforms (107% of our annual target for 2018-19).
32. CCWater's statement following Ofwat's Initial Assessment of water companies' business plans - which I mentioned earlier - received some high-profile media coverage, featuring in The Times, the Financial Times and the Daily Mail as well as several regional and trade media outlets.

Chief Executive's Report

- CCWater website
33. Over 288,000 people have visited our website so far in 2018-19, with Money Saving Expert, the online money advice service, remaining the top referring site.

TONY SMITH
Chief Executive

Consumer Council for Water: Performance 'Scorecard' (year to the end of March 2019)

Benefits for Customers

- In Q3 2018-19 we secured £330,000 in compensation and rebates for customers who had complained about their water or sewerage service.
- During the same period our water meter calculator generated potential customer savings of £3.5 million, bringing the year to date total to £6.4 million.

Our complaint handling performance and customer satisfaction:

Performance	Actioned within 5 days	Closed within 20 days	Closed within 40 days
Target*	99.5%	80%	91%
Q3 2018-19	100%	80.3%	89.4%
Q3 2017-18	99.7%	83.3%	93.2%
2018-19 YTD	99.6%	72.7%	87.1%

Customer satisfaction	Service	Outcome	Speed	Courtesy
Target*	75%	61%	80%	93%
Q2 2018-19	61.1%	53.3%	62.2%	92.3%
Q3 2017-18	76.6%	66.3%	72.1%	94.5%
2018-19 YTD	62.9%	51.2%	61.6%	92.8%

*Operational Business Plan target

Governance and Financial Performance

Financial

- Between April and December 2018 we spent £3.973m, compared to a budget of £4,054m. Our under spend will be used later in the year to fund additional resources in the Consumer Relations team.
- Our budget for the 2018-19 financial year was set at £5.6m, and we have increased this by last year's underspend of £91k to fund the Freeze / Thaw research.
- By sharing some of our office space with Government bodies and departments, we have contributed £49,650 in public sector savings so far since April this year.

Governance

- CCWater complies fully with all Government spending restrictions.
- As part of our Board's focus on different regional issues and stakeholders in each part of England and in Wales it holds meetings in public in each of CCWater's regions/Wales. Five meetings in public have been held during 2018/19 in Truro in April, Newcastle in June, Portsmouth in October, Cardiff in December and Coventry today.
- The next meeting in public will be in the Western region on 16 April 2019.
- These meetings give us the chance to hear directly from water companies in our English regions and in Wales, and raise issues of importance on behalf of consumers.

Employees

- Absence due to sickness from 1 April to 29 January – 352 days for the period. This was an average of 4.88 days per person for the period, compared to the public sector average of 8.5 days per annum.
- Two employees have left CCWater since 1 April 2018. To date we have provided twenty one individual and thirty four team training events using Civil Service Learning, internal delivery and other providers.

Reputation and External Activities

- From April 2018 - January 2019, our media messages have potentially reached 266 million people through print and broadcast channels.
- Our website has attracted over 288,000 visitors so far this year.
- Our posts on social media have been viewed, liked and shared by just over 2.1 million people so far in 2018-19.

Consumer Council for Water Board

5 March 2019

Agenda Item 191/18P

Title: Finance Report (to January 2019)

Report by:

Usha Nayyar, Finance Manager

Responsible Lead:

Marie Perry, Head of Finance & Procurement

Paper for noting

Purpose

1. The purpose of this report is to provide a summary of financial performance for the year to date to 31 January 2019 and highlight risks and opportunities for the year end.

Recommendations

2. The Board is asked to note the contents of this report.

Summary Financial Performance

3. In-month spend for the month of January was £454k compared to a revised budget of £447k, an over spend of £7k (2%).
4. The year to date spend is £4,426k compared to a revised budget of £4,501k, an under spend of £75k (2%). Some of these variances are timing differences between the revised budget profile and actual spend, although there are expected to be some under spends at the year end.
5. Our budget for 2018-19 was agreed at £5.6m. Following approval from Defra and the Board, the carry forward budget from 2017-18 of £91k has increased the budget to £5.691m.
6. The forecast outturn at the financial year end (31 March 2019) is estimated to be between £5,520k and £5,550k, an underspend of £140-170k. This is made up of £87k unallocated budget, £41k depreciation and £10-40k on various small underspends across other budget heads. The Executive team continue to work on identified projects to ensure delivery this financial year and escalate delivery wherever possible to reduce this underspend.

Finance System Update

Finance report

7. The new finance system project team has now moved on to the second phase of the project, Exchequer 365 which will deliver electronic purchasing for cost centre managers and e-expenses modules for Staff, Board Members and LCAs. The system configuration is complete and the finance team are currently testing the modules.
8. The roll out of training for Staff, Board members and LCAs will take place between March and April, with a phased roll out of live e-expenses and e-purchasing expected during April and May.

In Month Performance against budget

9. In January, actual spend was £454k, an over spend of £7k (2%) compared to a budget of £447k.

	Month Actual Jan 19 £	Month Budget Jan 19 £	Variance in Month £	Var %
TOTAL STAFF COSTS	316	314	-2	(1%)
RESEARCH SERVICES	40	39	-1	(3%)
TOTAL PERSONNEL OVERHEADS	15	10	-5	(50%)
TRAINING	8	6	-2	(33%)
PUBLICITY, LIBRARY & PARLIAMENT	5	7	2	29%
COMPUTER SERVICES	16	- 2	-18	900%
OFFICE SUPPORT COSTS	14	18	4	22%
ACCOMMODATION	32	21	-11	(52%)
DEPRECIATION & NON CASH ITEMS	8	34	26	76%
CCWATER REVENUE TOTAL	454	447	-7	(2%)
CAPITAL	-	-	-	0%
CCWATER GRAND TOTAL	454	447	-7	(2%)

10. The over spend of £7k is predominantly due to: -
 - a) Personnel Overheads over spend of £5k mainly due to budget being transferred to meetings and hospitality in line with actual spend on committee meetings.
 - b) Computer Services over spend of £18k this due to budget adjustments for the new ICT Infrastructure lease contract now accounted for as a Finance lease.
 - c) Accommodation costs over spend over spend of £11k mainly due to budget adjustments to reflect the lower rent in Cardiff Office forecasted for the year.
 - d) Depreciation and non-cash under spend of £26k mainly due to lower than expected depreciation due to ICT Infrastructure lease contract now accounted for as a Finance Lease.
 - e) Small under spends on a number of other budget heads make up the balance.

Other variances against budget were less than £5k or 10%.

Budget Transfers

11. Budget transfers are common practice within the public sector, both as a means of ensuring financial control, as cost centre managers always have a clear and up to date budget to work within, and to assist managers to fully utilise financial resources where in year under spends are identified, enabling budgets to be reallocated to other service areas or projects.
12. The overall budget remains at £5.691m, with transfers reflecting either changes to the planned timing of spend, allocation of budgets which are not known at the beginning of the year (e.g. carry forward budgets or pay awards) or movement of under - utilised budgets between budget heads (e.g. staff vacancy underspend being re-allocated to additional research projects). Once budgets are issued at the start of the financial year, budget transfers are considered by Executive leads at each quarter end.
13. The table below shows the original budget to the end of January of £4,510k, compared to the revised budget at the end of January of £4,501k. Explanations for the £9k of budget movements made during the period (over £5k or 10%) are below:
 - a) Staff Costs budgets have been re-profiled and increased by £72k, the main changes for the full financial year are:
 - £6k transferred from the Policy Regulation team due to PR19 post vacancy which was filled in late June 18.
 - £15k re-profiled to the CEO from unallocated budget, where the budget is held at the beginning of the year until the approval from the Remuneration Committee
 - £9k allocated to the Consumer Relations team for Maternity cover.
 - £67k allocated to the Consumer Relations teams for specialist agency staff to deal with the increase in consumer complaints received.
 - £16k re-profiled from superannuation budget to posts that have been re-benchmarked for various teams.
 - PRP budget profiled for all teams.
 - £11k transferred for Wales Chairs vacancy to unallocated budget.
 - £9k transferred for the LCA overtime to unallocated budget as unlikely to be spent for year.
 - b) Research budgets have been re-profiled by £17k mainly due under spend on the 2019 Price review support contract and the Markets and Competition call off contract which is not expected to be used this year. The budget has been re-allocated for the increased in Consumer Expectations of CCWater research project and the Lean process review mainly from underspends identified above and Legal advice not required for the year.
 - c) Personnel overheads have decreased by £9k due to fewer meetings have been held than expected for several teams.
 - d) Computer Services have decreased by £24k due to accounting for the ICT Infrastructure lease contract, this is now accounted for this as a Finance Lease.
 - e) Office support costs have increased by £9k, £5k mainly for the call handling service to deal with the volume of complaints and enquiries alongside some sickness absence and

Finance report

£4k for office maintenance work (lighting upgrade, floor boxes and cable tidying) for the Birmingham office.

- f) Accommodation costs budget have decreased by £44k, the main changes for the full financial year are:
- £6k credit for the balance of the 2016/17 service charge received, compared to an expected charge of the same value so effectively a £12k reduction.
 - £16k reduction for the Cardiff office accommodation budget due to actual costs being confirmed as significantly lower than budgeted.
 - £14k reduction for minor and major works transferred, of which £4k to office support costs to cover maintenance carried out in the Birmingham office as mentioned above.
 - £20k reduction for the co tenants in the Birmingham office, Government Property Agency from mid October 18.
 - £14k increase for Establishment fee for Birmingham Office.
- g) Depreciation and Non-cash items have increased by £24k due to accounting for the ICT Infrastructure lease contract, this is now accounted for as a Finance Lease.
- h) Carry forward of £91k for 2017-18 under spend, budget was largely allocated to cover the Freeze/Thaw research and additional resources in the Consumer Relations team. This budget is profiled in the year to match the anticipated spend.
- i) Capital budget of £22k has been re-profiled to match the spend. We have also transferred £25k to revenue as we are expecting to spend less on the Finance system upgrade and contingency budget than originally estimated.

Table showing budgets transfers April to January 2018

	Original Budget to Jan 19 £	Forecast Budget to Jan 19 £	Budget movement £	Year to Date Actual to Jan 19 £	Variance Actual to Revised Budget £	Var %	Budget Remaini ng £	Foreca st Budget Total £
TOTAL STAFF COSTS	2,946	3,018	72	3,015	3	0%	741	3,756
RESEARCH SERVICES	407	390	-17	390	0	0%	175	565
TOTAL PERSONNEL OVERHEADS	204	195	-9	171	24	12%	74	245
TRAINING	36	38	2	38	0	0%	22	60
PUBLICITY, LIBRARY & PARLIAMENT	71	71	0	72	-1	(1%)	16	88
COMPUTER SERVICES	231	207	-24	197	10	5%	48	245
OFFICE SUPPORT COSTS	141	150	9	134	16	11%	47	181
ACCOMMODATION	374	330	-44	332	-2	(1%)	65	397
DEPRECIATION & NON CASH ITEMS	50	74	24	51	23	31%	57	108
CCWATER REVENUE TOTAL	4,460	4,473	13	4,400	73	2%	1,245	5,645
CAPITAL	50	28	-22	26	2	7%	20	46
CCWATER GRAND TOTAL	4,510	4,501	-9	4,426	75	2%	1,265	5,691

Year to Date Financial Summary

14. The actual expenditure for the year to date is £4,426k compared to the budget of £4,501k an under spend of £75k (2%). The variances are as follows:
- a) Personnel Overheads is under spent by £24k, as fewer meetings have been held than expected for several teams. £14k of this is for meetings and hospitality for the Communications team which is set aside to delivery parliamentary / assembly member sessions, which may not proceed this year, due to low take up of the invitations issued to date, the Communications team are currently reviewing this.
 - b) Computer services is under spent by £10k. This under spend will be utilised on enhancement to Application Programme Interface for the Tap system. This budget is expected to be used in full during the course of the year and we will be monitoring spend.
 - c) Office Support is under spent by £16k mainly due to under spend of Telecoms of £8k and IT Equipment of £4k. This budget is expected to be used in full during the course of the year and we will be monitoring spend.
 - d) Depreciation and non-cash items is under spend by £23k due to lower than expected capital spend and the new ICT Infrastructure lease contract accounted as a Finance Lease as mentioned above.

Other variances against budget were less than £5k or 10%. A detailed breakdown can be found in Annex one (by cost centre) and two (by activity).

Forecast Outturn

15. The table below shows the forecast outturn compared to the revised budget: -

	2018-19 Budget	2018-19 Forecast Outturn	Variance	Comment
STAFF COSTS	3,669	3,658	10	Vacant posts
RESEARCH SERVICES	566	581	(15)	Projects escalated to utilise under spend
PERSONNEL OVERHEADS	245	236	9	Minor under spends on a number of cost centres
TRAINING	60	66	(6)	Training requests escalated to utilise under spend
PUBLICITY, LIBRARY & PARLIAMENT	88	86	1	
COMPUTER SERVICES (INCL FINANCE LEASE DEPRECIATION)	245	244	1	
OFFICE SUPPORT COSTS	181	175	6	
ACCOMMODATION	397	395	1	
UNALLOCATED	87		87	£50k original budget, plus underspends transferred from savings on accommodation (£37k) and consultancy (10k), previously reported in risks and opportunities.
SUB TOTAL (LICENCE FEE)	5,537	5,441	96	
NON CASH DEPRECIATION	108	67	41	Relates to expected depreciation on ICT infrastructure, due to the new contract being treated as a finance lease.
REVENUE TOTAL	5,645	5,508	137	
CAPITAL	46	39	7	Document Management System will not be complete by March
BUDGET TOTAL	5,691	5,547	144	

Risks and Opportunities

16. Most of the previously reported risks and opportunities have been mitigated, and budgets transferred to where they are needed during the Q3 budget review. There are, however, some events which are uncertain, either in value or outcome which could affect the outturn position.

- a) The spend on Brand refresh may not proceed this year, which could result in a further £5k under spend.
- b) Parliamentary sessions may not proceed in this financial year, which could result in a further underspend of £10k. This is as a result of low take-up of the invitations issued to date, possibly as a result of work on the EU exit taking precedence.
- c) The annual leave accrual could fall or rise compared to last year, as a result of the number of annual leave days' staff have outstanding at the end of the year. The impact could be up to +/- £10k.
- d) There is a provision for the dilapidation repairs to Victoria Square House in the balance sheet, which was updated for inflation last year. It is proposed that the same treatment is applied this year and this will be discussed with our new audit team, Ernst & Young. The impact could be around £3-5k of additional cost.

Annex One

COST CENTRE TITLE	SPEND TO January 19	PROFILE TO January 19	VAR January 19	VAR %	FULL YR BUDGET	OFFICE %
OFFICE OF CHIEF EXECUTIVE	181,132	182,711	1,579	1%	217,807	4%
BOARD	268,928	270,430	1,502	1%	319,412	6%
GOVERNANCE	226,559	227,467	908	0%	304,372	5%
ICT SERVICES	322,747	343,036	20,289	6%	415,948	7%
HUMAN RESOURCES	202,493	198,902	-3,591	(2%)	264,579	5%
WALES LCAs	24,830	26,119	1,289	5%	31,444	1%
WALES POLICY	73,595	72,663	-932	(1%)	87,697	2%
TOTAL OFFICE OF DEPUTY CHIEF EXECUTIVE	1,300,284	1,321,328	21,044	2%	1,641,259	29%
POLICY	115,125	114,992	-133	(0%)	138,125	2%
SOCIAL POLICY	171,597	169,143	-2,454	(1%)	204,951	4%
ENVIRONMENT	174,369	176,958	2,589	1%	213,712	4%
REGULATION	326,642	333,620	6,978	2%	431,265	8%
MARKET INTELLIGENCE	469,751	471,026	1,275	0%	601,332	11%
CENTRAL AND EASTERN LCAs	21,022	22,045	1,023	5%	27,310	0%
NORTHERN LCAs	14,394	14,755	361	2%	17,764	0%
WESTERN LCAs	17,934	18,408	474	3%	22,450	0%
LONDON & SOUTH EAST LCAs	28,391	28,431	40	0%	33,946	1%
TOTAL POLICY AND RESEARCH	1,339,226	1,349,378	10,152	1%	1,690,855	30%
FACILITIES AND PROCUREMENT	405,865	408,255	2,390	1%	492,419	9%
FINANCE AND RESOURCES	154,613	155,021	408	0%	185,961	3%
TOTAL FINANCE AND PROCUREMENT	560,477	563,276	2,799	0%	678,380	12%
COMMUNICATIONS	242,039	254,722	12,683	5%	304,643	5%
TOTAL COMMUNICATIONS	242,039	254,722	12,683	5%	304,643	5%
CONSUMER RELATIONS	312,571	312,605	34	0%	379,338	7%
BIRMINGHAM - CRM, SCC	198,422	199,095	673	0%	271,213	5%
BIRMINGHAM - CRM, CC	239,269	240,968	1,699	1%	299,596	5%
CARDIFF - CRM, SCC	182,029	181,994	-35	(0%)	220,310	4%
TOTAL CONSUMER RELATIONS	932,290	934,662	2,372	0%	1,170,457	21%
UNALLOCATED	0	0	0	0%	87,101	2%
DEP'N & NON CASH ITEMS	25,905	49,943	24,038	48%	72,127	1%
CCWATER REVENUE TOTAL	4,400,222	4,473,309	73,087	2%	5,644,822	99%
CAPITAL	25,821	27,678	1,857	7%	46,178	1%
CCWATER GRAND TOTAL	4,426,044	4,500,987	74,943	2%	5,691,000	100%

Finance report

Annex Two

Annex 3	MONTH	BUDGET		YEAR TO DATE			BUDGET	
	Actual January 19	Budget January 19	Actual to January 19	Budget to January 19	Variance	Var %	Remaining	Total
TOTAL STAFF COSTS	315,723	314,075	3,015,246	3,017,806	2,560	0%	740,524	3,755,770
RESEARCH SERVICES	40,011	38,992	389,687	389,777	90	0%	175,814	565,501
TOTAL PERSONNEL OVERHEADS (Excluding Training)	14,746	9,797	171,508	195,457	23,949	12%	73,595	245,103
TRAINING	8,007	6,028	37,766	37,387	-379	(1%)	22,014	59,780
PUBLICITY, LIBRARY & PARLIAMENT	5,118	6,823	71,979	71,475	-504	(1%)	15,651	87,630
COMPUTER SERVICES	16,460	-1,600	196,744	206,520	9,776	5%	48,076	244,820
OFFICE SUPPORT COSTS	14,565	18,475	134,316	150,634	16,318	11%	47,049	181,365
ACCOMMODATION	31,855	20,799	331,699	330,310	-1,389	(0%)	65,027	396,726
SUB TOTAL	446,486	413,389	4,348,946	4,399,366	50,420	1%	1,187,749	5,536,695
DEPRECIATION & NON CASH ITEMS	7,897	33,542	51,277	73,943	22,666	31%	56,850	108,127
CCWATER REVENUE TOTAL	454,383	446,931	4,400,222	4,473,309	73,087	2%	1,244,600	5,644,822

CAPITAL	0	0	25,821	27,678	1,857	7%	20,357	46,178
CCWATER GRAND TOTAL	454,383	446,931	4,426,044	4,500,987	74,943	2%	1,264,956	5,691,000

Consumer Council for Water Board
5 March 2019
Agenda Item 192/18P

Title:

Forward Work Programme 2019-22 & Operational Business Plan 2019-2020

Report by:

Jenny Suggate, Senior Policy Manager

Responsible Lead:

Phil Marshall, Deputy CEO

Paper for decision - Yes

Appendix: Yes (Annex 1 - Respondents to the consultation; Annex 2 - More significant changes made to the draft FWP; Annex 3 - Final Forward Work Plan and Annex 4 - Operational Business Plan)

Purpose

1. This report presents the Board with the Draft Forward Work Programme (FWP) for 2019 to 2022 and the Draft Operational Business Plan (OBP) for 2019-20.

Recommendations

2. The Board:
 - Review the more significant changes made to FWP.
 - Review the draft OBP.
 - Approve the FWP and OBP for publication on our website.
 - Give the CEO and Chair delegated approval for any final amendments which arise as a result of this meeting.

Background

3. CCWater has a statutory obligation to produce and publish its FWP by 1 April each year. The FWP uses our four strategic priorities to provide a framework for what we should deliver for consumers over the coming period, in order to meet our strategic aim. The strategic priorities are unchanged from our draft FWP. The OBP, which we publish at the same time, concentrates on our work which feeds into the strategic priorities over the next twelve months.

These are:

- **Strategic Priority 1:** Advocate for affordable charges that all current and future consumers see as fair and value for money
- **Strategic Priority 2:** Challenge companies to provide their service right first time, protect household and business consumers when things go wrong and provide an easy-to-access service for all
- **Strategic Priority 3:** Press companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term
- **Strategic Priority 4:** Shape the water sector by informing and engaging all consumers so that consumers' voices are acted upon by decision makers and the industry

5. Both the FWP and OBP have been produced after liaison with stakeholders via our Consumer Matters workshops; early engagement meetings with Defra and Welsh Government, and our internal stakeholders in the Policy and Research Team, Consumer Relations Team and Local Consumer Advocates. The Board agreed the draft FWP in October 2018. We then issued a formal consultation on the FWP that closed on 10 January 2019. Feedback on the draft FWP has been taken into account, and changes to the final version (compared to the draft version) are listed in Annex 2.

England and Wales differences

6. To ensure we reflect the different strategic framework for the water industry in Wales, and to show that our work in Wales reflects those differences, we have outlined in the FWP:
- i) The key policy divergences between England and Wales stating our role is to assess impacts on consumers.
 - ii) How our FWP aligns with the Water Strategy for Wales - FWP content encompasses commitments made in our response to the strategy consultation.
 - iii) Reference to key legislative development in Wales, i.e. the Wales Act, Environment (Wales) Act, and the Well-being, Future Generations Act, and the Green Growth Bill.

As a result, we have an England and Wales FWP which is well aligned with both Defra and Welsh Government policy objectives (as expected by our Government sponsors).

Consultation analysis

7. We emailed the draft FWP consultation to over 90 stakeholders, and had 16 responses from companies and stakeholders. Overall, they were very positive with general support for the FWP and our priorities. Those who responded are listed in Annex 1
8. Defra did not provide comments on the consultation as they had provided comments as the draft was being created, but they had given specific consideration of the wording relating to their objectives in the water sector. Both Government sponsors received a copy of the amended FWP in February. Any further comments they may have will be incorporated in the final versions of the FWP and OBP.

9. We will publish the responses we received and our comments in relation to these on our website around the same time we publish our FWP and OBP. Key changes to the FWP are outlined in [Annex 2](#). These include:

- Adding a reference in the body of the document on Customer Challenge Groups;
- Adding a reference into considering systemic industry wide complaint issues, such as why billing and charging complaints are consistently the largest category of complaint we receive;
- Adding a reference to raising awareness of customer side leakage on private supply pipes;
- Adding working on SuDs issues;
- Added reference to monitoring ODI performance in the last year of the PR14 settlement;
- Added reference to 'new appointees' (NAVs) to ensure our work in this area is explicitly noted;
- Added reference to Defra's recent Water Conservation report and that we would input the consumer perspective as required;
- Revised long term look diagram;

It is not anticipated that these issues will require additional resources, and in the main were planned activities that weren't explicitly referenced in the draft FWP.

The Operational Business Plan

10. The OBP 2019-20 outlines our work during 2019-20 and lists the outcomes we want to achieve. It is our achievement against these outcomes that we will report to the Board after the completion of the 2019-20 year. The OBP also identifies the key campaigns we will be working on over the coming year, which are:

1. Continuing pressure on poor performing water companies

We'll do this by:

- Addressing underperformance in complaints, leakage, resilience, sewerage and service problems with companies and retailers directly and publicly, and looking at how the complaint process can be improved.
- Maintaining pressure on Ofwat to penalise poor performing water companies where necessary.

2. Getting companies to share their estimated £500m windfall from financial outperformance with customers to improve service levels or reduce bills

We'll do this by:

- Highlighting the financial performance of water companies, and encouraging great transparency from companies on how their financial performance benefits customers.
- Negotiating with water companies to share their financial outperformance with customers to help improve perceptions on fairness of charges, value for money and the credibility of the company with its customers.

3. A price review (PR19) that delivers for consumers

We'll do this by:

- Testing with customers the acceptability of Ofwat's PR19 Draft Determinations and pushing for change where plans fall short.

- Pressing for the customer experience measure (C-MeX) to strongly incentivise material improvement in companies' performance.
- Challenging Ofwat's regulatory incentive regime (ODIs) so that it only rewards companies for exceptional performance in areas that consumers value the most.
- Keeping pressure on Ofwat's decisions on cost of capital and incentives to make sure PR19 is less generous than previous price reviews.

4. Securing more help for consumers in vulnerable circumstances

We'll do this by:

- Supporting companies in surpassing their targets to help 500,000 financially vulnerable customers by April 2020.
- Pressing companies to contribute to their social tariff out of their profits and thereby improving their credibility in the eyes of their customers.
- Keeping the pressure on companies to consider all consumers in vulnerable circumstances, including those regarded as 'transient vulnerable consumers' - during unplanned interruptions.
- Keeping the pressure on companies to offer meaningful help and raise awareness of support to all consumers.

5. A non-household retail market that works better for customers

We'll do this by:

- Putting pressure on wholesalers and retailers to resolve the billing and data issues that are causing problems for customers.
- Effecting a significant reduction in business customers' complaints to us by the end of 2020, compared to 2017-18 levels.
- Working with third parties to raise awareness amongst micro, small and medium-sized businesses (SMEs).

11. We have also ensured that all of the activities in the OBP can be referenced to the FWP.

Resource Implications

12. Our work for 2019-2020 will cost each water bill payer about 22p per year. For 2019-20, we will have a proposed licence fee of £5.783m, an increase from £5.523m during 2018-19. This is due to the need for more resources to effectively handle increased complaint numbers to CCWater, particularly from non-household customers. It also reflects a continuation of our 2019 Price Review work, and some inflationary pressures. Some of the upward cost pressures have been offset by a reduction in our accommodation costs through sharing our office accommodation with another government body from early 2019. We have a proposed budget of £5.9m. Our proposed licence fee and budget is subject to Board agreement and then approval by Defra and Welsh Government.
13. We are confident that we can deliver our 2019/20 FWP and OBP commitments within the resources we will have available after the small licence fee increase. However, this ability to deliver the FWP would be stretched if vacancies were not filled; if our Tailored Review were announced and took place; or if some other significant, unforeseen issue were to arise.

Risk

14. While we have considered resources while developing the plans there is always the risk that there may be a major government announcement, shift in complaint workload or regulatory announcement that requires substantial resources devoted to the resulting work stream. In those circumstances, we may have to defer work on issues of lower strategic importance with the expectation that we will return to them in subsequent years (and therefore within the time bounds of the FWP).

Next Steps

15. Once the England and Wales FWP and OBP are agreed by Board, the following will occur:
- The Chair and CEO will sign off publication, accounting for any amendments discussed at this meeting.
 - The Communications Team will commission the translation of the FWP into Welsh, finalise their design and prepare for publication.
 - The final signed off versions of the FWP and OBP will be published by 1 April 2019, ready for the new business year.
 - A table of the feedback we have received, together with our responses, will be published online around the same time as our FWP and OBP are published.

Summary

16. The Board is asked to consider and agree the FWP and OBP, and provide delegated powers to the CEO and Chair to sign off the finalised documents should there be any amendments arising from or after this meeting.

Annex 1:

Responses to our 2019-2022 FWP Consultation were received from:

<ol style="list-style-type: none"> 1. Anglian Water 2. Auriga 3. John Baker 4. Bristol Water 5. Business Stream 6. Deryck Hall Associates 7. Future Generations Wales 8. Northumbrian Water 	<ol style="list-style-type: none"> 9. Portsmouth Water 10. South East Water 11. South West Water 12. Thames Water 13. United Utilities 14. WaterPlus 15. Welsh Government 16. Wessex Water
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Respondents were generally supportive of our programme and work plans. Some common themes are illustrated below.

Generally supported	Key areas where there are questions or suggestions
<ul style="list-style-type: none"> • Challenging companies to improve • Helping those struggling to pay • Helping consumers in vulnerable circumstances • Work on the price review • Helping business customers • Improving the complaint process • Consideration of wholesaler/retailer performance • Using water wisely work • Increasing SME awareness of retail market in England • Sharing good practice • Research work 	<ul style="list-style-type: none"> • Plan to publish financial performance information, particularly around duplicating work Ofwat is doing • Publishing a league table, due to information being on Discover Water • Should make references to SUDS • Should make reference to companies' social contract

Annex 2:

Significant changes to the Forward Work Programme following the consultation with stakeholders.

Comment on the draft FWP	Change that has been made	Comment by?	Additional workload compared to draft FWP?
There should be clearer reference to your work with CCGs	We now say: We will continue to challenge companies locally and in Wales on their business plans. We will do this directly via our quarterly meetings with the companies and through the Customer Challenge Groups (CCGs).	External stakeholder	No, this work was already planned.
We should inform/educate consumers about their responsibility re supply side pipe leakage	Added We will also help to raise awareness of customers' responsibility for private supply pipes and for dealing with any leaks on these pipes and in their homes.	External stakeholder	Yes, this wasn't part of Communications messaging strategy
Should include reference to educating public about using sewers and flushing properly?	Added We will also help inform consumers about what not to flush down the sewer.	External stakeholder	No, it was already in shaping the sector section.
As CAP will be replaced this action should be dropped	Removed If needed, we will consider how any replacement scheme for CAP following our exit from the EU could affect water consumers.	Internal stakeholder	No
CCWater should explore ways in which the Alternative Dispute Resolution (ADR) scheme could be enhanced and how independent dispute resolution schemes, such as through the Water Redress Scheme (WATRS) could be used to help resolve typical disputes	Added red text We will work with the industry and the adjudication provider WATRS to ensure the occurrence of protracted customer complaints are minimised and customers can achieve a resolution without unnecessary delay.	External stakeholder	No, this work was already planned
Why is there no mention of SuDs?	Added We will continue to encourage companies to share good practice and knowledge on surface water drainage systems.	External stakeholder	No, this work was already planned
Suggest identify and review any lessons learned from the 2020 price review in Wales. Future challenges and regulatory approach should be identified and developed based on evidence from Wales, focussing on our specific economic and environmental circumstances and the needs and expectations of customers and partners of water companies in Wales.	Added: <i>In England and Wales:</i> The first year of this FWP leads with the final push to ensure customers get the best deal possible from the 2019 Price Review. Looking forward, we will consider how the 2019 Price Review in England and Wales has delivered for customers, how well customers' views have influenced the outcome of the price review and what should change for the future.	External stakeholder	No, this work was already planned
Help micro, small and medium-sized businesses think	Tick put into delivery timetable for 2019-20 in FWP and OBP.	Internal stakeholder	No, this work was already planned

Comment on the draft FWP	Change that has been made	Comment by?	Additional workload compared to draft FWP?
about water efficiency through our partnership links.			
We should include our work monitoring performance of ODIs during the last year of this price review.	<u>Added</u> Monitor and challenge the final year of PR14's Outcome Delivery Incentive (ODI) performance during 2019-20, particularly where outperformance leads to financial rewards for shareholders paid for by consumers. The challenge on how rewards are used also applies to Dŵr Cymru.	Internal stakeholder	No, this work was already planned
Remove as very business as usual	<u>Removed</u> Using our comparative analysis to ensure and highlight good performance.	Internal stakeholder	No change to workload
Remove as very business as usual	<u>Removed</u> Publish and share with Ofwat and MOSL data on non-household customers' complaints against retailers.	Internal stakeholder	No change to workload
We don't mention our highlights report from Water Matters	<u>Added</u> This includes our highlights report, which each year will focus on an area of consumer detriment as revealed by the data.	Internal stakeholder	No, this work was already planned
Within the Water Matters work, there is an element in this work of getting companies to look at the value for money of the services that they provide. This doesn't seem to be covered.	<u>Added in red</u> This includes our highlights report, which each year will focus on an area of consumer detriment as revealed by the data, such as value for money, and what the industry can do to positively change perceptions.	Internal stakeholder	No, this work was already planned
FWP doesn't reflect our NAV work	<u>Added</u> references to new appointees.	Internal stakeholder	No, this work was already planned
As the Wales Act 2017 provisions have not been enacted, this isn't relevant. As the regulations are statutory, the text is not appropriate.	<u>Removed</u> Press for the continuation of the requirement for English-based landlords of Dŵr Cymru Welsh Water and Severn Trent to register their tenants who are liable for the water and sewerage bills to remain after the water boundary alignment has taken place. <u>Removed</u> Ticks in appendix that relate to actions taking place regarding the Wales Act Commencement up to 2021	Internal stakeholder	No
We need to reflect that now companies have been asked to further examine strategic transfer options, we need to ensure that in doing so they (the companies and regulators) fully consider the customer impacts in terms of security of supply, potential impact on levels of service and the impact on bills (sharing of costs) for customers of both	<u>Amended to:</u> As companies further examine strategic water transfer options; in response to firm proposals, we will seek assurance/and be satisfied that costs are fairly allocated without exposing either customer base to any additional risks or potential cross-subsidy. (original version)	Internal stakeholder	No

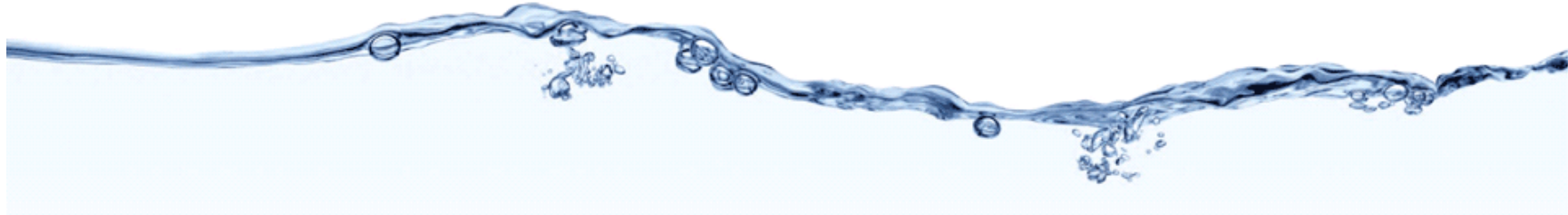
Comment on the draft FWP	Change that has been made	Comment by?	Additional workload compared to draft FWP?
the exporting and importing companies.	Explore whether water transfers disadvantage consumers of any particular company		
Removed direct reference to a single league table in the main part of the FWP - although it is still mentioned in the appendix	<u>Changed to:</u> We will use our analysis of complaint data; customers' views about each companies' performance develop a league table to inform consumers about their water and/or sewerage company's performance, relative to others. We will use information already available to show overall performance based on the metrics and measures that matter to consumers. We will use this to identify areas or companies of concern or worthy of praise.	Internal stakeholder	No
Remove as already part of our DD review work.	<u>Removed:</u> We will consider how the draft determinations have considered vulnerability in the round. We want to be sure that help for customers will develop and expand over the next five years and will challenge where this appears weak.	Internal stakeholder	No
Review horizon scan/long-term look after December Board strategy session	This has changed and the Board were emailed with the revised version and gave suggestions by email in January 2019.	Outcome of Board strategy session	No
Query on what this would involve.	<u>Removed:</u> Consider hosting an industry workshop around innovations, good practice and future policy options around charges.	Internal stakeholder	No
Broaden out as Defra Report covers a number of issues In England, if the industry or Defra consider customer supply pipe adoption, we will provide the consumer insight required.	<u>Amended to</u> In England, we will respond to any further consultation by Defra on the proposals contained in the recent Water Conservation Report to Parliament, and provide the consumer insight required.	Internal stakeholder	No
What do we mean by "explore"? We have to be careful as we don't have responsibility for private supplies.	<u>Changed to:</u> In Wales, we will work with other stakeholders to explore how consumers of private water supplies can be supported in times of need. <u>Original</u> Explore how we could represent consumers of private water supplies in times of need.	Internal stakeholder	No
Outcomes is consistent with terminology used in the OBP	<u>Changed</u> word deliverables to outcomes in terms of our measures of success	Internal stakeholder	No
FWP doesn't reflect the need to look at industry wide complaint issues, such as on billing and charges complaints,	<u>Added</u> into Right first time and Shaping the sector section (in red):	Internal stakeholder	Yes, new focus compared to draft.

Comment on the draft FWP	Change that has been made	Comment by?	Additional workload compared to draft FWP?
which we should be considering	<p>We will look at systemic industry wide complaint issues, so we can press companies to resolve the root causes of complaints.</p> <p>We will work with the media both regionally and across England and Wales to help inform consumers about water and sewerage issues. This could be by highlighting local companies' decisions around profits, by putting reputational pressure on poor performing companies to improve their service, or looking across at industry wide complaints issues to tackle the root cause of complaints.</p>		
Some duplication in the appendix	Removal of further competition in England section in appendix as it is covered in section on pressing for service standards for business customers in England and Wales to be excellent	Internal stakeholder	No
<p>Some duplication with section within consumers in vulnerable circumstances section which says:</p> <p>Locally, we will review how companies are informing, protecting and supporting consumers during unplanned supply interruption incidents, and other major events. We will share good practice from within and outside the sector and will review company progress against their submitted action plans to Ofwat in response to the "Beast from the East 2018"</p>	<p><u>Removal of:</u></p> <p>Monitor companies' consumer-facing activity and communications, where major supply, water quality or flooding incidents occur, providing challenge and feedback to the company as appropriate at our quarterly meetings or meetings in public. We will also provide information and advice to affected consumers. We will use our knowledge of good practice in these areas to provide advice and encourage innovation. We will consider if lessons from the 'Beast from the East' reports have been learnt.</p>	Internal stakeholder	No
<p>Remove as does not exist now.</p> <p>Work with the 21st Century Drainage Programme Board to deliver a resilient drainage system for the next 50 years and beyond.</p>	Removed	Internal stakeholder	No
We should say something on ODIs in our DD section	<p><u>Text in red added:</u></p> <p>Challenge Ofwat on their draft determinations, if performance commitments are lacking in their ambition; don't reflect consumers' views on ODIs or the customer priority of the incentive in question</p>	Internal stakeholder	No

CONSUMER COUNCIL FOR



CYNGOR DEFNYDDWYR



“Securing the best outcomes for all water consumers - present and future”

The Consumer Council for Water

The statutory water consumer body

Forward Work Programme for England and Wales 2019 - 2022

draft of final FWP V4 (for Board papers)

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A word from our Chair

A warm welcome to our Forward Work Programme, which I hope will give you a clear picture of our priorities when it comes to standing up for the interests of all water consumers over the next three years.

It is never an easy task developing our programme of work but this year has felt particularly challenging given the intense scrutiny that surrounds the provision of our most precious resource - water.

A political storm has raged over the future of water companies and whether the interests of consumers would be better served by an alternative model of ownership. Tellingly, much of the debate has centred around issues we have raised repeatedly over the past decade. Addressing consumers' concerns over the fairness of bills and value for money, while water companies enjoy the spoils of an overgenerous regulatory system, has always been high on our agenda - and still is today.

Too often in the past year we've also seen some companies come up short of customers' expectations. Missed leakage targets and the poor handling of major supply interruptions like those experienced by more than 200,000 customers during the bout of freezing weather in March 2018 have further eroded the industry's credibility.

It has left the sector at a crossroads and the path it takes now could define its future. As we press into the final year of the 2019 Price Review, companies have an opportunity to change the perception of a large proportion of customers that tell us they are not getting a fair deal. If companies fail to rise to this challenge, customer confidence in the industry will continue to seep away.

But what does this stark challenge mean for us as the consumer body and the priorities mapped out on the following pages?

It means keeping the pressure on water companies and Ofwat to deliver a final deal at the 2019 Price Review that is acceptable and affordable to customers: a deal that strikes the right balance between tackling the investment needs of current and future generations, while providing stable bills in the long term. We will call out any plan that falls short of customers' expectations and press for changes to be made.

It means challenging the regulatory system to ensure water companies only receive financial rewards for exceptional performance on services that matter most to customers. Rewarding companies for simply 'doing the day job' is not acceptable to us or customers.



“Companies have an opportunity to change the perception of a large proportion of customers who tell us they are not getting a fair deal..”

Alan Lovell

A word from our Chair (cont'd)

It means making sure water companies share the fruits of their financial success with their customers and not just shareholders. That might mean reducing bills or more likely pouring extra investment into the services that matter most to customers. Doing so can help to nurture the perception that customers are getting a fair deal and value for money.

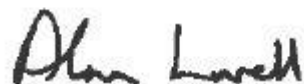
It means improving water companies' support and response to the needs of consumers in vulnerable circumstances. We've helped water companies lay strong foundations through our guidance and support but the failures witnessed during the cold weather disruption showed there is much more to do. We'll work with the industry to ensure it adopts a more effective approach to supporting customers who unexpectedly find themselves in vulnerable circumstances during unplanned disruption.

It means demanding water companies show more ambition in supporting the 3 million households who tell us their water bills are unaffordable. That includes dipping into their own pockets to fund the expansion of social tariffs and other schemes that can provide meaningful assistance to customers struggling to pay. Using their own profits to fund these schemes - rather than relying on other customers' goodwill and cross-subsidy - can help companies demonstrate they genuinely care about the people they serve.

It means continuing to drive down customer complaints by naming and shaming poor performers and pressing the industry to address the root causes of their underperformance. We'll also maintain our pressure on Ofwat to use the full force of its regulatory powers to penalise companies who continue to lag behind.

Much of what you'll see in our Forward Work Programme has been shaped through our conversations not just with consumers, but with other organisations who attended our thought-provoking Customer Matters workshops held in London and Cardiff. They have given us an invaluable insight into how we can continue to be an effective champion for consumers during these turbulent times.

We're now ready to pour our enthusiasm, energy and expertise into delivering on these priorities so we can secure the best outcomes for customers, present and future.

A handwritten signature in black ink, reading "Alan Lovell". The signature is written in a cursive, slightly stylized font.

Alan Lovell
Chair

1 About us

1.1 Our organisation - who we are, what we do and what we cost

Who we are

CCWater is the independent ‘water watchdog’, championing the interests of water consumers in England and Wales. Our aim is to secure the best outcomes for all water consumers, present and future.

Representing household, business and other non-household water consumers, we use our own research and complaints data to hold the water industry to account, helping to ensure that customers remain at the heart of decision-making.

Established in 2005, CCWater is a Non-Departmental Public Body (NDPB), and a statutory body.

What we do

We campaign both regionally and nationally to make sure that the voices of consumers are heard and we help shape the sector in England and Wales, making the water consumers’ case to governments, the industry regulator Ofwat, local water companies (including new smaller appointees), non-household retailers and other stakeholders, such as the Environment Agency and Natural Resources Wales.

We provide consumers with advice and information on water matters and investigate complaints where water customers have tried and failed to resolve issues directly with their water companies and retailers.

Since we were established in 2005, we have supported consumers with more than 380,000 complaints and enquiries by holding water companies to account and helped to return more than £27 million in financial redress to aggrieved household and business customers.

Our independent research into consumer attitudes and perceptions gives us a unique understanding of long-term industry trends, customer perceptions and day-to-day problems. This insight helps us to ensure the views and interests of consumers remain at the heart of the industry’s price-setting process.

Advocacy and Partnership

We work in collaboration with the industry and beyond to provide advocacy for water and sewerage consumers. In addition to helping with complaints, central to our work is making the water consumers’ case to governments, the industry regulator Ofwat, local water companies, non-household retailers and our other stakeholders, such as the Environment Agency or Natural Resources Wales. Where our interests appear to overlap with those of Ofwat and the Drinking Water Inspectorate, we seek to have effective partnerships with those organisations.

What we cost

Our work for 2019-2020 will cost each water bill payer about 22p per year.

We are committed to providing value for money and minimising our costs to water consumers through real-term cost reductions. On average, our cost increases have remained below retail price index (RPI) for the past ten years.

For 2019-20, we have a licence fee of £5.783m, an increase from £5.527m during 2018-19, and a budget of £5.9m. This is due to the need for more resources to effectively handle increased complaint numbers to CCWater, particularly from non-household customers. It also reflects a continuation of our 2019 Price Review work, and some inflationary pressures. This increase is offset by a reduction in our accommodation costs through sharing our office facilities with another government body from early 2019.

1.2 Our successes - what we delivered for water consumers in 2017-18

During 2017-18, we used our influence to deliver considerable benefits for consumers across England and Wales. Some quantifiable highlights from our 2017-18 Annual Review are outlined below.



OVER £14.5 MILLION identified as potential savings for MORE THAN 346,000 people who used our water meter calculator in 2017-18 to see if they could save money by switching to a meter.



LOWER WATER BILLS received by **ALMOST 400,000 low-income households**, over 57,000 in Wales, after we worked with water companies to boost awareness of the help available through social tariff schemes, an increase of more than **50%** on the previous year.



NEARLY £1.4 MILLION of financial redress secured for customers who sought our help resolving a complaint against their water company. This included **£20,000** for customers of water companies in Wales. We have returned more than **£27 MILLION** to customers since our formation in 2005.



MORE THAN £9.33 million potential entitlement to welfare benefits identified as OVER 3,400 consumers used our Benefits Calculator.



ALMOST 19,000 consumers helped with their complaints and enquiries about water companies. This brings the total number of complaints and enquiries we have handled to around **380,000** since we were formed in 2005.



OVER 4,100 non-household consumers helped with their complaints and enquiries about retailers during the first year of the retail market.



AUDIENCE OF 218 MILLION potentially saw or heard our consumer advice and insight through another unprecedented year of media coverage.

For more information on what we achieved for consumers in 2017-18, download our Annual Review [here](#).

2 Our strategy and what we'll deliver for 2019-20

2.1 Our strategic aim: Securing the best outcomes for all water consumers - present and future

This Forward Work Programme is a plan to help us achieve our aim on behalf of water consumers in England and Wales. In doing so, we'll focus on four key strategic priorities, which have been informed by consumers' expectations of what they want us to do.



Where we refer to 'consumers' we mean household, business and other non-household consumers.

Our Values

These values reflect how we work as an organisation and guide us in our day-to-day work and decisions.



We are a Dementia Friendly organisation.

Our 5 key campaigns for 2019-20

We have ambitious plans for the next three years, and have outlined five key areas where we'll be campaigning to make a real difference on behalf of water consumers in England and Wales. Our 2019-20 main campaign objectives are shown below, and these will be supported by our continuing statutory work on helping customers with their complaints, reviewing companies' charges schemes and social tariff proposals:

1. Continuing pressure on poor performing water companies

We'll do this by:

- Addressing underperformance in complaints, leakage, resilience, sewerage and service problems with water companies and retailers directly and publicly, and looking at how the complaint process can be improved.
- Maintaining pressure on Ofwat to penalise poor performing water companies where necessary.

2. Getting companies to share their estimated £500m windfall from financial outperformance with customers to improve service levels or reduce bills

We'll do this by:

- Highlighting the financial performance of water companies, and encouraging greater transparency from companies on how their financial performance benefits customers.
- Negotiating with companies to share their financial outperformance with customers to help improve perceptions on fairness of charges, value for money and the credibility of the company with its customers.

3. A price review (PR19) that delivers for consumers

We'll do this by:

- Testing with customers the acceptability of Ofwat's PR19 Draft Determinations and pushing for change where plans fall short.
- Pressing for the customer experience measure (C-MeX) to strongly incentivise material improvement in companies' performance.
- Challenging Ofwat's regulatory incentive regime (ODIs) so that it only rewards companies for exceptional performance in areas that consumers value the most.
- Keeping pressure on Ofwat's decisions on cost of capital and incentives to make sure PR19 is less generous than previous price reviews.

4. Securing more help for consumers in vulnerable circumstances

We'll do this by:

- Supporting companies in surpassing their targets to help 500,000 financially vulnerable customers by April 2020.
- Pressing companies to contribute to their social tariff out of their profits and thereby improving their credibility in the eyes of their customers.
- Keeping the pressure on companies to consider all consumers in vulnerable circumstances, including those regarded as 'transient vulnerable consumers' - during unplanned interruptions.
- Keeping the pressure on companies to offer meaningful help and raise awareness of support to all consumers.

5. A non-household retail market that works better for customers

We'll do this by:

- Putting pressure on wholesalers and retailers to resolve the billing and data issues that are causing problems for customers.
- Effecting a significant reduction in business customers' complaints to us by the end of March 2020, compared to 2017-18 levels.
- Working with third parties to raise awareness amongst micro, small and medium-sized businesses (SMEs).

2.2 Measuring success - the outcomes we are aiming for during 2019-20

Strategic Priority	Outcomes
Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them	<ul style="list-style-type: none"> - Stakeholders' messages influenced by and reflective of our key positions - More informed water consumers and stakeholders, with our media messages reaching a potential audience of 150m and our web and social media messaging reaching 2m
Press companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term	<ul style="list-style-type: none"> - All water companies meet or exceed their leakage targets - Fewer consumers need to complain to CCWater about supply interruptions, with complaints to us falling below 170 by March 2020 - Fewer consumers need to complain to CCWater about sewer flooding and complaint numbers to us reduce to 368 or below by March 2020
Challenge companies to provide their service right first-time, protect household and business consumers when things go wrong, and provide an easy-to-access service for all	<ul style="list-style-type: none"> - An upward trend in consumer awareness of additional help available for consumers in vulnerable circumstances¹ - Consumers receive a satisfactory and prompt response from us when complaining about their water company, and we meet or exceed our complaint handling performance standards outlined here - Poor performing water companies improve their service and receive significantly fewer complaints and contacts, as shown in our 2020 Complaints Report
Advocate for affordable charges that all current and future consumers see as fair and value for money ²	<ul style="list-style-type: none"> - An increased number of consumers rating their water and sewerage bill as representing value for money - More consumers finding their bills affordable by 2020 - More consumers considering their bills to be fair

¹ Reported in our 2019 Water Matters survey

² These factors will all be measured in our 2019 Water Matters survey

3 Delivering our strategic priorities for 2019-22

3.1 Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them

Outcomes: Stakeholders' messages influenced by and reflective of our key positions. Consumers are more informed about water issues, with our media messages reaching a potential audience of 150m and our web and social media messaging reaching 2m.

Why this priority is important:

We speak up for consumers in a number of ways; for example, we are very active in the media; we provide a trustworthy, independent voice that informs water and sewerage consumers about key issues and ensures governments, water companies and other stakeholders understand consumers' views. We will continue to exert our influence on the issues consumers care about, especially the five key campaign areas outlined on page 10. We advocate for consumers and use our research and insight to inform the action taken by decision-makers on key industry issues.

For example, we believe consumers are not always at the heart of decision making because the corporate behaviour of some water companies can have a damaging effect on consumers' perception of them. This behaviour when accompanied by severe service failure, can damage customers' perception of the water sector, the fairness of bills and profits. If companies are clear about the services that they provide, the specific local improvements that they make to their network, and the services that they offer to consumers, this could help to reduce dissatisfaction in this area.

Discussions on ownership models and what style of consumer representation could work best under different ownership structures look set to continue across 2019-20, and we will contribute to these where required.

To deliver our objectives under this strategic priority, we will undertake several core (business as usual) activities, which will be supported by a number of time-limited projects during this three-year plan.

Shaping the water sector: Core activity

Being an advocate for water consumers so their voices are heard

Improving customer perception of the industry hinges on companies delivering what customers think is important. Our role is to ensure companies, Ofwat and the governments know what customers think on issues, so they can act appropriately. If the sector ignores customers' views, it puts the credibility of the industry at risk.

We will work with the media both regionally and across England and Wales to help inform consumers about water and sewerage issues. This could be by highlighting local companies' decisions around profits, by putting reputational pressure on poor performing companies to improve their service, or looking across at industry wide complaints issues to tackle the root cause of complaints.

Press for service levels for business customers in England and Wales to improve

As awareness of the retail market in England is growing slowly in terms of micro and SME, we will press retailers to engage with micro, small and medium-sized businesses so that they understand there is a market that gives them choice of retailer service provider and what the price and service offerings are.

In Wales, we will monitor business customer feedback and will inform the Welsh Government on lessons learnt by the retail market in England. When needed, we will help with communications, messaging and support through the changes on eligibility for Welsh Water's business customers in England (due to commencement of Wales Act 2017).

We will meet with problem retailers to address complaints about service, especially in cases where complaints appear to be escalating, in an effort to get that trend reversed. We also press wholesale water and sewerage companies to help improve service levels.

Shaping the water sector: Time limited projects

Monitoring and challenging companies to improve the credibility of the sector, including on financial performance

We will publish a report on companies' financial performance and the consumer implications; press companies to share outperformance with customers; ensure Ofwat is aware and takes account of performance at price reviews; and where necessary, press companies to explain whether their financial structures, performance and policies are in the consumer interest.

We will use our analysis of complaint data, and customers' views about each companies' performance to identify areas or companies of concern or worthy of praise.

The Wales Perspective

As part of our analysis of company finances, performance and sharing of outperformance with customers we will engage with Dŵr Cymru Welsh Water in a discussion on sharing/reinvesting profits or rewards in their businesses for the benefits of customers.

We will continue to monitor implications of the establishment of a new Wales only company, Hafren Dyfrdwy, including continuing to challenge any implications on customers, particularly in relation to impacts on their charges.

For a detailed breakdown and timing of our delivery please read Appendix 1 ([Strategic priority 1](#))

3.2 Press companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term

Outcomes: All water companies meet or exceed their leakage targets. Fewer consumers need to complain to CCWater about supply interruptions, and complaint numbers to us reduce below 170 by March 2020. Fewer consumers need to complain to CCWater about sewer flooding and complaint numbers to us reduce to 368 or below by March 2020.

Why this priority is important:

The resilience and reliability of the water and wastewater service over the long-term is an issue that requires urgent action. The National Infrastructure Commission in its report '*Preparing for a drier future*'¹ highlighted the need for a 'twin track' approach using leakage reduction, widespread water efficiency/metering and new resource developments to provide additional capacity and resilience to extreme drought up to 2050¹. This is needed to meet customer and environmental needs. We have long supported the call for more resilience and have always supported a twin track approach. As these recommendations are taken forward it will be essential that the implications for consumers are central to any decision-making and development of future strategies. Some of these proposals would have a very direct and immediate effect on consumers through for example metering or investment in new sources of supply, others will have less obvious effect as it may involve changes in water treatment and recycling processes. However, the decisions taken over the next few years will potentially change the way the water sector plans for and delivers water services in future and it is therefore essential that there is strong (and consistent) consumer representation, both at national level and locally where the impacts would be felt.

There is a need to ensure that problems associated with ageing infrastructure are minimised to ensure customers get the quality and reliability of service they need every day. Our long-standing call for companies to reduce leakage levels in order to meet their customers' expectations is also gaining momentum. Ofwat has given the industry a 15% reduction target for 2020-25, but we think there is opportunity for companies to be even more ambitious, particularly where leakage remains high and/or companies have failed to meet previous targets. The number of water companies opting to meet but not exceed Ofwat's leakage target is disappointing. In Wales, as part of the Environment Act (Wales), there is a particular emphasis on the resilience of natural resources and enhancement of the natural environment and we will represent water consumers as policies are considered and developed. Defra's 25-year Environment Plan also highlights leakage as an issue in achieving its ambition of 'clean and plentiful water'.

To deliver our objectives under this strategic priority, we will undertake several core (business as usual) activities, which will be supported by a number of time-limited projects during this three-year plan.

Safe, reliable water and wastewater services: Core activity (Water Resources)

Pressing for affordable, safe, resilient water supplies that deliver the best value for money now and in the long-term.

The outcome of the 2019 Price Review and Water Resources Management Planning process (WRMP19) will determine what action will be taken by companies in 2020-2025. It is therefore crucial that Ofwat's final determination (FD) ensures good progress on the need to provide affordable services with investment appropriately paced to deliver high quality, resilient services in the long term. We know customers prefer their bills to be stable, without peaky increases - this is true for annual bills but also applies at each Price Review - keeping bills low in the short-term should not result in a significant step change at the following Price Review.

Challenging leakage levels when performance is poor. Press companies to beat their leakage performance commitments.

We have consistently highlighted the issue of leakage over the years in our 'Delving into Water' reports and in 2017 and 2018, our 'Water, water everywhere?' resilience reports. Over the next three years, we will press companies to improve performance where they are not meeting their customers' expectations; identify good practice, innovations and highlight those that have made significant improvements in their leakage management. We will tackle this at a national level across England and Wales, but also locally with each water company, to keep the pressure up face-to-face. We will also help to raise awareness of customers' responsibility for private supply pipes and for dealing with any leaks on these pipes and in their homes.

Influencing and promoting activity to help consumers understand why it is important to use water wisely.

With increasing pressure on our water resources, it continues to be important to help customers understand why they should use water wisely and see the 'bigger picture'. We will continue to work with governments, the sector and stakeholders, such as Waterwise, Water Resources in the South East, and Water Resources East, to encourage customers to reduce their water use. We will understand the barriers in Wales and ensure there is joined-up action on water resources for the long term. Locally, we will press companies who have high usage per person, especially in areas of water stress. We will work with other stakeholders to raise awareness of the pressures on our water supplies and to encourage consumers to be more water efficient.

Safe, reliable water and wastewater services: Time-limited projects (Water Resources)

Advising on the customer implications of any metering programmes and potential changes in metering policy in England.

With the delivery phase of a number of the compulsory metering schemes in England coming to an end, we will ensure any outstanding customer issues are dealt with appropriately. We will continue to work closely with those water companies still implementing compulsory metering programmes to ensure experience and learning is captured, and good practice shared more widely. Where compulsory or smart metering plans are included in 2019 Price Review packages, locally, we will scrutinise implementation plans, including support for customers during and after the transition to metered bills. If changes in metering policy in England are proposed, we will represent consumers' interests in discussions and through related consultations.

Contributing to discussions with companies and governments on customer supply pipe adoption.

We are already working with the Welsh Government as it considers options around customers supply pipe adoption, and if it is necessary in Wales.

We will use the observations made through our joint water supply pipe transfer research to inform any future discussions and communication relating to progressing any policy changes in Wales. We understand that the Welsh Government is considering a phased approach to the issue of ownership.

Improving resources to everyone

As companies further examine strategic water transfer options; in response to firm proposals, we will seek assurance/and be satisfied that costs are fairly allocated without exposing either customer base to any additional risks or potential cross-subsidy.

In England, we will respond to any further consultation by Defra on the proposals contained in the recent Water Conservation Report to Parliament, and provide the consumer insight required.

In Wales, we will work with other stakeholders to explore how consumers of private water supplies can be supported in times of need.

Safe, reliable water and wastewater services: Our work on water quality

Core Activity

Provide the consumer perspective into debates on customer expectations around service issues like taste and odour and appearance of the water supply.

Concerns about water quality issues are one of the top five reasons why customers felt their charges were unfair. Where our complaints show this as an issue with certain water companies, or the Drinking Water Inspectorate (DWI) highlights an issue, we will address this with the companies at our quarterly meetings or meetings in public, involving the DWI where needed.

Time-Limited Projects during this three-year plan

Provide the consumer perspective into company solutions to lead in the water supply in Wales and England

We will continue to monitor developments in drinking water quality and consider their impact on water consumers. Where required, we will consider different company approaches and provide consumers' views on lead pipe replacement.

In Wales, we will provide the consumer perspective on reducing lead in water (through pipe replacement). We will also work on delivering joint messages and customer facing communication about lead informed by consumers' preferences. We will work with partners such as the Water Health Partnership for Wales and the Wales Water Forum.

Safe, reliable water and wastewater services: Core activity (wastewater)

Pressing for investment in sewerage systems and innovative future plans that demonstrate the best value for money over the long term

It is clear that short, sharp heavy rainfall events can and do inundate public sewers' capacity, affecting some customers' homes, gardens, businesses and communities. If the water industry does nothing we can expect an increase in the future will challenge companies to provide improvements for the long term, particularly in light of Defra's 25 year Environment Plan; and its challenge to get companies to look further ahead with their sewerage planning; and the Welsh Government's challenge to identify drainage solutions which help mitigate the increasing risk of flooding in Wales.

Review company performance on sewer flooding so we can target and challenge poor performers; identify good practice and innovative solutions. Press companies to beat, not just meet their sewer flooding performance commitments.

We want fewer household and business consumers to experience sewer flooding. We will use our analysis of company performance to push companies to reduce sewer flooding, and also target those companies whose comparative performance is poor. We will also highlight and share areas of good practice. We will challenge companies at our quarterly local meetings and exert pressure on them to aim to be the best on performance.

We will also help inform consumers about what not to flush down the sewer.

Supporting pragmatic, sometimes innovative solutions to water and wastewater problems, such as catchment schemes

We will continue to encourage companies to share good practice and knowledge on surface water drainage systems.

Tackling pollution from a wide range of sources can add to the price consumers pay now and over the long term, so we will continue to support catchment management schemes where partnership working can reduce the impact on the costs of water treatment.

We will engage in the development of Drainage and Sewerage Plans by the water industry both at the early stages of the companies' consultation and at the later stages of consultation before the plans are published by December 2022.

For a detailed breakdown and timing of our delivery please read Appendix 1 ([Strategic priority 2](#))

3.3 Challenge companies to provide their service right first-time, protect household and business consumers when things go wrong, and provide an easy-to-access service for all

Outcomes: An upward trend in consumer awareness of additional help available from water companies for consumers in vulnerable circumstances³. Consumers receive a satisfactory and prompt response from us when complaining about their water company, and we meet or exceed our complaint handling performance standards outlined on page 24. Poor performing water companies improve their service and receive significantly fewer complaints and contacts.

Why this priority is important:

Our Water Matters¹ research found that the direct experience of service is a key factor influencing whether customers think charges are unfair. Over the last four years those who think charges are unfair are more likely to have made contact with the company within the previous 12 months and are more likely to be dissatisfied with that contact.

Getting the job done right first time to avoid complaints, and resolving complaints effectively, is critical to each company and the credibility of the industry. If a complaint does happen, we need to ensure the customer has a prompt process to follow to achieve a resolution to their complaint. This is why we will be looking at how the complaint process can be improved and our role in that. It is unacceptable that business customers are getting a poor service from retailers, we need to see a significant reduction in business customer complaints to us by the end of 2020, compared to 2017-18 levels.

To deliver our objectives under this strategic priority, we will undertake several core activities, which will be supported by a number of time-limited projects during this three-year plan.

³ Reported in our 2019 Water Matters survey.

Consumer advice & complaints

We will look at industry wide complaint issues, so we can press companies to resolve the root causes of complaints. Where issues arise from complaints, we will press retailers, companies and the industry as a whole to take action. Where we see good practice, we will share it.

Poor performing companies will be highlighted in our household complaints report and will update us quarterly on the initiatives they are taking to improve service. We will undertake complaint assessments, share good practice and make recommendations.

We will provide help and advice to household and business consumers when they have a complaint or query.

Business Customers

We will help to create a well-functioning retail market in England by highlighting to Ofwat, MOSL and others where the market is delivering for business customers, and where we have concerns that need addressing. We will work towards ensuring good practice is shared with and adopted by retailers and wholesalers so businesses customers in England and Wales receive improved service.

We will analyse and report on retailers' complaint performance so business customers in England can compare the service provided. Complaints help show how retailers are managing their customer service relationships with business customers, and how wholesalers and retailers are managing their interactions with each other.

Consumers in vulnerable circumstances

We will champion inclusive design and delivery of services for all consumers but particularly those in vulnerable circumstances, including those who are classed as transient vulnerable during events such as water supply interruptions. We will look at examples of good practice from in the water and other sectors to identify where there are still gaps in realising inclusive design.

Right first-time: Time-limited projects

Improving the complaint process for customers

We will work with the water industry and the adjudication provider WATRS to ensure the occurrence of protracted customer complaints are minimised and customers can achieve a resolution without unnecessary delay. Regardless of the communication channels, we will be pressing companies to deal with complaints effectively and reduce the number of steps and time complaints take to resolve.

Supporting business customers in Wales

We will support business customers in border areas, such as Powys, Chester and Herefordshire, who want to find out information on their ability to switch water and sewerage suppliers, following the creation of Hafren Dyfrdwy or the full commencement of the Wales Act 2017. We will monitor any concerns they might have.

Investigating how comprehensive water companies' emergency plans are in event of an incident (esp. to vulnerable consumers).

Locally, we will review how well companies deal with unplanned supply interruption incidents, and other major events and whether the company has put into action our research insights from customers' experiences of unplanned supply interruptions during the 'Beast from the East'. Companies must show they are acting on lessons learned from incidents and improving how they help, protect and support consumers before, during and after an incident. This includes considering how transient vulnerable consumers should be contacted and having the capacity to respond to unplanned events, so customers' supplies are promptly restored and emergency water is accessible.

The standards we deliver to consumers when handling their complaints

In terms of our own complaint handling performance standards, we compare well to similar organisations. However, we are not complacent. We are always aiming to improve further and maintain our good standards, regardless of the new and varied complaints we receive. We set ourselves challenging targets in case acknowledgement and resolution times, as well as in customer satisfaction and aim to meet or exceed them year on year. This has proved more challenging in the last 18 months, due to the increase in complaints from business customers, following the opening of the retail market. This additional workload means we have had to increase our resource capacity to answer customers' calls and handle high complaint levels, which has impacted on our Licence Fee for 2019-20.

Our performance standards	Our consumer satisfaction targets
<ul style="list-style-type: none">• 99.5% of complaints acknowledged within five working days.• 80% of complaints resolved within 20 working days.• 91% of complaints resolved within 40 working days.	<ul style="list-style-type: none">• 75% of consumers satisfied with the quality of our complaint handling service.• 61% of consumers satisfied with their complaint outcome.• 80% of consumers satisfied with the speed of our service.

These performance standards and consumer satisfaction targets compare favourably to other comparator organisations.

For a detailed breakdown and timing of our delivery please read Appendix 1 ([Strategic priority 3](#))

3.4 Advocate for affordable charges that all current and future consumers see as fair and value for money

Outcomes: An increased number of consumers rating their water and sewerage bill as representing value for money. More consumers finding their bills affordable in 2020. More consumers considering their bills to be fair.

Why this priority is important:

Consumers have told us that value for money and fairness are key issues for the water sector. We know that consumers' perceptions of fairness and value for money lag behind other metrics and need to be improved urgently to improve the legitimacy of the industry.

The first year of this FWP involves the final stage to ensure customers get the best deal possible from the 2019 Price Review. Looking forward, we will consider how the 2019 Price Review in England and Wales has delivered for customers, how well customers' views have influenced the outcome of the price review and what should change for the future. We will also represent the interests of consumers whose companies appeal their determination to the Competition and Markets Authority (CMA).

As the question of fairness of charges and how that links into the credibility of the industry is under our spotlight, we will continue our quest to improve the fairness of charges through our annual reviews of companies' charges schemes and press for social tariff schemes to reflect good practice.

To ensure help gets to those who need it, we will continue to press for an expansion of the support offered by companies through social tariffs, and companies making a bigger financial contribution towards the funding of those social tariffs.

To deliver our objectives under this strategic priority, we will undertake several core activities, which will be supported by a number of time-limited projects during this three-year plan.

Consumer Protection

We will help ensure companies deliver effective financial assistance to those most in need, who are struggling to pay, using insights from our consumer research and examples of good practice from within the water industry and from other sectors.

We will continue our statutory work of reviewing company charging proposals to both press for the adoption of good practice and to ensure companies do not introduce charging policies that are unfair or inconsistent with Ofwat's charging rules. We will ensure that any changes are implemented in a way which avoids significant bill shocks for any customers. We will give particular scrutiny to charges for customers of Hafren Dyfrdwy.

Local and Wales Challenges

We will challenge companies locally to ensure the ambition and promises in companies' business plans are put into action and progress monitored effectively via our quarterly meetings. We will also challenge at our local meetings in public where we have concerns about progress.

We will continue our performance conversations directly with each company through our quarterly monitoring meetings and committee meetings in public. We will focus on poor company performance and delivery of value for money; while also highlighting areas of good performance; sharing good practice and innovations. We will also discuss issues such as affordability plans and changes to consumer policies, such as on debt.

Price Review - Draft Determinations

We will research customers' acceptability of Ofwat's price review draft determinations for each company, and when customer acceptability is low, we will challenge Ofwat on how it will address those issues for the final determination.

Performance commitments/ financial incentives

There could be a customer backlash if companies get regulatory rewards paid for by higher customer bills, for performance that is not stretching and / or exceptional, especially when the water industry is under increased political and media focus. We will continue to challenge Ofwat to take account of customers' views, if performance commitments are lacking in ambition.

Reviews and representation

We will continue to challenge companies locally and in Wales on their business plans. We will do this directly via our quarterly meetings with the companies and through the Customer Challenge Groups (CCGs).

We will review the price review process from the perspective of the customer. This will look at CCGs; what the future could look like; and techniques for customer and stakeholder engagement, participation and co-design, to identify and promote innovation and good practice.

If necessary, we will represent customers at any CMA inquiry, if a water company appeals against Ofwat's final determination.

Affordable, fair, value for money charges: Time-limited projects - consumer protection

Pressing for a long-term social tariff funding model

The current social tariff arrangements have the potential to help only around a quarter of the customers who need support, as they rely on customers' willingness to fund the tariff through bills. We will encourage companies to do more to contribute to the funding of such schemes and, looking ahead, we will continue to press for a long-term funding model to alleviate water poverty.

Sharing the innovations arising from data sharing developments

We will work with the industry, governments and other stakeholders to help ensure the new data sharing provisions of the Digital Economy Act 2017 deliver real benefits in terms of the effective targeting of financial assistance to customers in England and Wales.

For a detailed breakdown and timing of our delivery please read Appendix 1 ([Strategic priority 4](#))

4. Informing our work through research

Our research helps tell us what is important to consumers. We gather information each year so we can constantly review what we need to do as a result of the consumer insight gained from our research. Where appropriate, we will work with water companies on areas of joint interest or work in partnership with other organisations to promote good consumer engagement, while recognising that our independent voice is also valued by the industry.

We will use the comparative information that companies share with us about their operational performance, as well as what customers tell us about their views of their water company, to identify and praise good practice and criticise poor performance. We will use this information to act as a reputational incentive for poorer performers to improve and for the industry leaders to share good practice, through the publication of reports; presentations at conferences; in the media and in our local discussions with each company.

Our plans are below but are subject to change:

Research that supports our delivery:	2019-20	2020-21	2021-22	2022 and beyond
Tracking research				
Water Matters - our extensive yearly household consumer research, which provides a comprehensive view of consumers' positions on water and sewerage issues, including on value for money and satisfaction with service.	✓	✓	✓	✓
Testing the Waters – our large scale survey of business customers in England and Wales to measure how they feel about water and sewerage issues that affect them, including value for money, while gauging their perceptions of the water industry.	✓		✓	
Other research				
Understanding what future customers will need from the water industry - how things might change for customers in the future, and how the water industry will have to adapt	✓			
If needed, test models on increased competition for household customers in England	✓			
Price Review research				
PR19 research - Acceptability of Ofwat's draft determinations	✓			
Understanding the needs of customers in the company business planning process	✓	✓		
PR24 research - research in preparation for the next price-setting process.		✓	✓	
Publish our supplementary insight reports gained from our understanding of research - This includes our highlights report, which each year will focus on an area of consumer detriment as revealed by the data, such as value for money, and what the industry can do to positively change perceptions.	✓	✓	✓	✓

5. Beyond 2019-22 - issues affecting the sector in the coming decades

We have looked across a 25-year period to assess the challenges ahead to consider what the sector should be ready for. The NIC's report⁴ reflects our view that the challenge for the water sector to continue to provide a good quality water and sewerage service in the face of climate change, population growth and ageing assets - while keeping bills affordable - should not be underestimated. It will take innovative approaches and an urgent and more strategic approach to planning that allows an appropriate phasing of investment and pace for improvements. We remain committed to helping the sector rise to this challenge and developing its engagement with consumers so that the short-term and long-term expectations of consumers are met and excellent service and value for money delivered. Below are listed some of the issues the sector could face over the next few years, although there could be differences between England and Wales:

Consumer issues	Growing levels of household debt/ Aspirations of zero water poverty	Ageing population, mental health issues increase in young	Ever increasing need for AI web communication/ presence/ technical innovations	Unacceptable bill impacts caused by need for increased maintenance; renewal of major assets; or upstream competition
Climate change impacts	Water impacts More extreme weather leads to further regional disparity on water resource availability	Water impacts Increased risk of extreme drought leading to water supply restrictions/ cut off	Sewerage impacts Extreme, intense rainfall leads to increased sewer flooding	Water and sewage impacts Degradation of raw water quality reducing resource availability and increasing treatment costs
Climate change responses	Aspiration of zero leakage, zero water supply interruptions	Pressure for water transfer/ water trading Pressure for new reservoirs/ infrastructure or desalination	Increased pressure to compulsorily meter and reduce usage per person (PCC)	Aspiration of zero sewer flooding Separate surface water systems Additional responsibility to companies for flooding
Changing expectations/issues	Evolution of consumer representation in line with new ownership models or household competition	Expectation for sector to perform wider societal role	Post-EU United Kingdom - concerns over access to financing and broader societal and water industry issues, such as insufficient workers	Adoption of water supply pipes due to water supply interruptions and changing lead standards

⁴ National Infrastructure Commission's report 'Preparing for a drier future'. Link [here](https://www.nic.org.uk/wp-content/uploads/NIC-Preparing-for-a-Drier-Future-26-April-2018.pdf). <https://www.nic.org.uk/wp-content/uploads/NIC-Preparing-for-a-Drier-Future-26-April-2018.pdf>

6. Maintaining our links with Governments in England and Wales

CCWater's activities align with the strategies set out by both Defra and the Welsh Government. The priorities and activities outlined under each of the four key themes in this Forward Work Programme accord with these governmental objectives.

Our work with the Department for Environment, Food and Rural Affairs

We work with the UK Government to ensure we play our part in helping it deliver its objectives in its 25-year environment plan, and in particular on its two over-arching priorities of protecting consumers and securing long-term resilience. Defra's goals for water are primarily outlined in their [*Strategic Priorities and Objectives for Ofwat*](#), which are:

Protecting customers - the water sector to go further to identify and meet the needs of customers who are struggling to afford their charges

Assistance - companies to improve the availability, quality, promotion and uptake of support to low income and other vulnerable household customers

Securing long-term resilience - the water sector should plan, invest and operate to meet the needs of current and future customers, in a way which offers best value for money over the long term

Small Business - water companies should have an enhanced focus on the needs of small business customers that may struggle to access the best deals

Making Markets Work - the sector should drive innovation and achieve efficiencies in a way that takes account of the need to further: (i) the long-term resilience of water & wastewater systems/ services; and / or (ii) the protection of vulnerable customers

Water supply - The sector should further a reduction in the long-term risk to water supply resilience from drought and other factors, including through new supply solutions, demand management and increased water trading

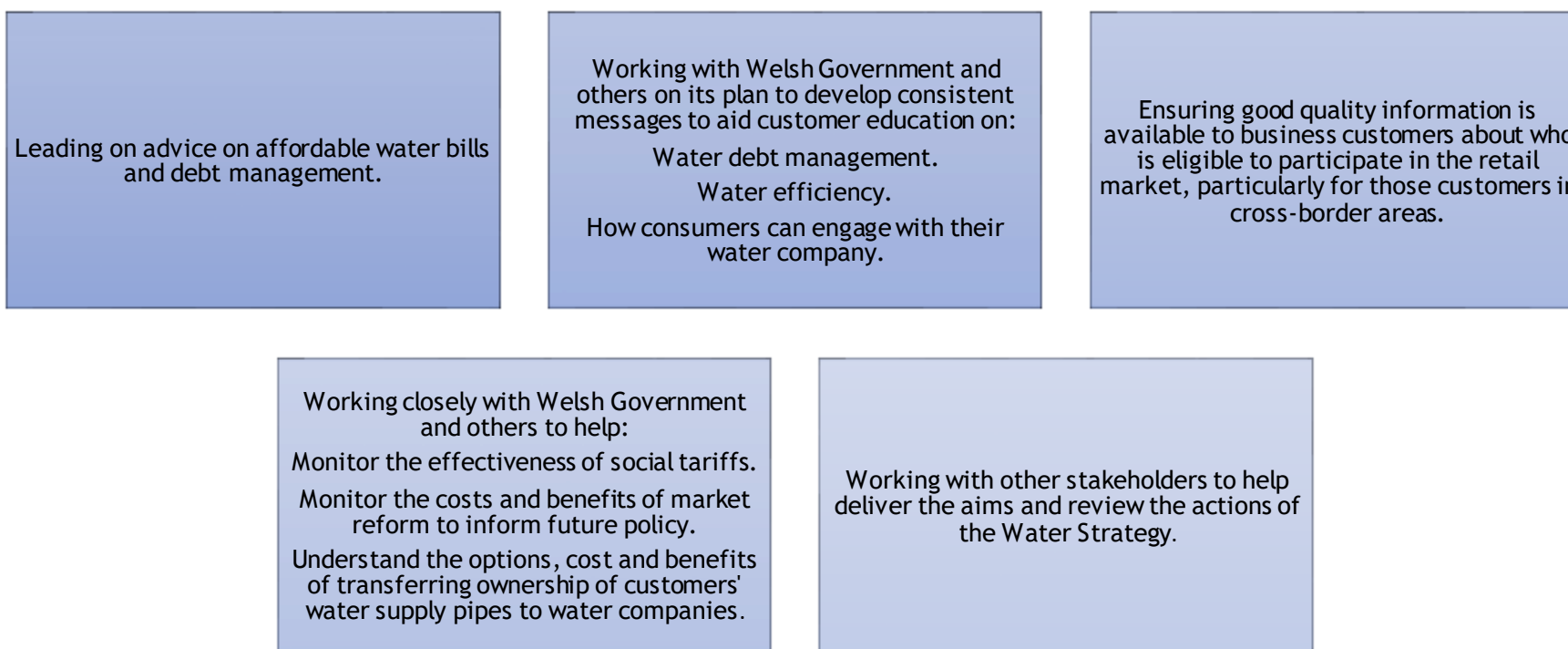
Wastewater - companies should improve planning and investment to meet the wastewater needs of current and future customers

Resilience - water companies should make sure that they assess the resilience of their system and infrastructure against the full range of potential hazards and threats and take proportionate steps to improve resilience where required

Resilience - companies should further the resilience of ecosystems that underpin water & wastewater systems, by encouraging the sustainable use of natural capital & by having appropriate regard to the wider costs & benefits to the economy, society & the environment

Our work with the Welsh Government

In Wales we work with the Welsh Government to ensure we play our part in helping it deliver the Well-being and Future Generations Act, the Environment (Wales) Act, and its water and sewerage specific accompanying policies. In the next few years we will work closely with the Government and companies in Wales on the commencement of the Wales Act 2017 provisions, which will realign the water industry regulatory boundaries in Wales from wholly or mainly to Wales-only and England-only. We continue to work guided by the Water Strategy for Wales as it outlines an action plan for water resources and water and sewerage services in Wales and provides the context for our work in Wales (see below). We are aware that some of the priorities within that Strategy are changing with increasing emphasis on lead removal and sustainable sewerage/drainage in Wales becoming topical priorities as well as the discussion on water resources and trading with the benefit of Welsh citizens in mind. Social justice and a review of assistance schemes for the companies in Wales could also be framed by a reconsideration of Welsh Government guidance. Welsh Government has also outlined its priorities for Ofwat in its [Strategic Priorities and Objectives statement](#). Finally, we are aware and participate in all discussion on the Green Growth Bill and will continue to participate in the discussion with emphasis on water and sewerage customer best interest in the future.



For a breakdown of the water sector related differences between England and Wales, please see [Appendix 2](#).

Consumer Council for Water
Victoria Square House
Victoria Square
Birmingham
B2 4AJ

CCWater Wales
General Buildings
31-33 Newport Road
Cardiff
CF24 0AB

Appendix 1



Shaping the water sector: Timing of delivery


























Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them	2019 -20	2020 - 21	2021 -22	2022 +	England and Wales action	Action for local team
Being an advocate for water consumers to get the consumers' voice heard						
Influence decision makers in governments, regulators and the water industry to ensure that consumers' and developers' views are considered in the development of policy, proposals or initiatives that will affect them.	✓	✓	✓	✓	✓	✓
Proactively seek opportunities to raise consumer issues, such as on using water wisely; water bills; refill scheme; fats, oils and grease disposal, in broadcast, print and online media, nationally and locally, in conferences and in the water sector media. Engage consumers and stakeholders on key issues through existing and new social media channels.	✓	✓	✓	✓	✓	✓
Publish a single league table to show company performance on areas that matter most to customers that we can influence, on a comparative basis. <i>(subject to an initial trial)</i>	✓	✓	✓	✓	✓	
Encourage innovation in responding to customer service aspirations, as well as water and wastewater developments and consumer engagement.	✓	✓	✓	✓	✓	✓
Press for service standards for business customers in England and Wales to be excellent						
Locally we will challenge retailers, wholesalers and water companies operating in England and Wales, to work improve service standards for business customers.	✓	✓	✓	✓	✓	✓
Help to raise customer awareness of the water and sewerage retail market in England and what it offers, by pressing retailers to engage with businesses and by working with business representative groups, particularly those linked to micro businesses and Small and Medium Enterprises (SMEs), and those in border areas.	✓	✓	✓	✓	✓	
Understand how the market in England is working for participants, including micro businesses and SMEs; sort problems out as they arise, and raise systemic problems with decision makers, and build on our strong relationships with trade organisations.	✓	✓	✓	✓	✓ E Means England only action	

Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them	2019 -20	2020 - 21	2021 -22	2022 +	England and Wales action	Action for local team
Protect customers by working on NHH market code amendments, feeding into consultations, and supporting good practice as necessary.	✓	✓	✓	✓	✓ E	
We will focus on ensuring business and other non-household customers get excellent customer service, and, where relevant, advise Defra and the Welsh Government of emerging issues through our monitoring of non-household customer contact.	✓	✓	✓	✓	✓	
During the commencement and implementation of the Wales Act 2017, we will work with Welsh Government and water companies on messaging for Dŵr Cymru Welsh Water business customers who are based in England.			✓	✓	✓ W Means Wales only action	
Monitor business customer feedback on the advantages and disadvantages of retail competition, and will inform the governments on lessons learnt by the market in England, and inform any future discussions on further competition in England.	✓	✓	✓	✓	✓	
Help micro, small and medium-sized businesses think about water efficiency through our partnership links.	✓	✓	✓		✓	
Monitoring and challenging companies to improve the credibility of the sector, including on financial performance						
Publish information on company financial performance in order that companies challenge themselves to consider how their approach to profits, dividends and senior salaries appears to consumers and affects their credibility more widely.	✓	✓	✓	✓	✓	
Challenge water companies to share their success if there is evidence of financial outperformance or windfalls (e.g. resulting from higher inflation) to ensure a fair balance between shareholders and customers.	✓	✓	✓	✓	✓	✓
To monitor and challenge companies to improve consumers' view on fairness of charges in the sector with regard to their financial performance e.g. dividends, taxation and corporate structures.	✓	✓	✓	✓	✓	✓
Monitor and challenge Outcome Delivery Incentive (ODI) performance during 2019-25 (includes final year of PR14), particularly where outperformance leads to financial rewards for shareholders paid for by consumers. Encourage the involvement of consumers in considering how financial rewards should be used for the benefit of consumers. We will also challenge Dŵr Cymru Welsh Water on how it uses financial rewards despite having no shareholders.	✓	✓	✓	✓	✓	✓

Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them	2019 -20	2020 - 21	2021 -22	2022 +	England and Wales action	Action for local team
In Wales, continue to challenge if licence changes from Severn Trent's acquisition of Dee Valley (now Hafren Dyfrdwy) cause changes that could adversely affect <u>any</u> customers.	✓	✓	✓		✓	
The Wales Act 2017 commencement in Wales						
As the commencement of the Wales Act 2017 provisions on realigning regulatory boundaries for the water industry in England and Wales takes place, ensure we champion customers interests and we collaborate with the water companies on implementing different Welsh Government policies in a way that is beneficial and clears to customers (e.g. landlord registration of occupiers, sewerage and wastewater legislation and policy.)			✓	✓	✓	
Work with Welsh Government on messaging around moving its responsibility for water to the Wales/England border, rather than on Dŵr Cymru Welsh Water's boundary.			✓	✓	✓W	
Informing consumers and holding companies to account						
Publish comparative information on company performance to challenge companies to deliver an increasingly reliable service to their consumers and to increase customer satisfaction with service.	✓	✓	✓	✓	✓	
Publish information on company performance and good practice on affordability and vulnerability to challenge companies to raise the bar in their provision of support for their customers.	✓	✓	✓	✓	✓	
Publish information on company performance on household and non-household complaints to challenge companies and retailers to deliver performance that compares well to the best companies in the sector.	✓	✓	✓	✓	✓	
Easy access to our services						
Ensure easy access to CCWater for customers who need us for advice or to resolve a water complaint by telephone, email, social media or letter.	✓	✓	✓	✓	✓	
We also hold meetings in public across the English regions and in Wales which allow consumers opportunities to talk to us face to face and use our services.	✓	✓	✓	✓	✓	
To ensure everyone can access our services, we have access to language translation services and regularly translate information into Welsh in line with our commitments under our Welsh Language Obligations.	✓	✓	✓	✓	✓W	

Safe, reliable water and wastewater services: Timing of delivery

Key  = main period of activity  = indicates ongoing activity

Safe, reliable water and wastewater services that consumers can trust now and in the long term	2019-20	2020-21	2021-22	2022 +	England and Wales action	Action for local team
Water Resources						
Pressing for affordable, safe, resilient water supplies that deliver the best value for money now and in the long-term.						
We will challenge if Ofwat's draft determination (DD) does not strike the right balance between the need to provide affordable services with the need to invest appropriately in delivering high quality, resilient services in the long term.						
Ensure that each company has conducted appropriate consumer engagement on its Water Resource Management Plan (WRMP) & Drought Plans, so proposals are supported by consumers.						
Challenge companies where their WRMP proposals are unclear, do not reflect evidence of customers' views or may not deliver a sustainable water service over the long-term.						
As governments develop their long-term water resources planning and management policies CCWater will provide the consumer perspective using its consumer insight.						
Challenging leakage levels when performance is poor. Press companies to beat their leakage performance commitments.						
We will challenge companies performing poorly on leakage through our local work, but also ensure customers' views on leakage stay on the industry's agenda. We will also help to raise awareness of customers' responsibility for private supply pipes and for dealing with any leaks on these pipes and in their homes.						
Influencing and promoting activity to help consumers understand why it is important to use water wisely.						
Work to raise household and business consumers' awareness of the challenges the sector faces, what is being done to address these challenges, and explain the reasons why it is important for everyone to use water wisely.						

Safe, reliable water and wastewater services that consumers can trust now and in the long term	2019-20	2020-21	2021-22	2022+	England and Wales action	Action for local team
Work with the stakeholders in England and Wales, including the Welsh Government on their plans to develop consistent messages helping consumers understand the 'bigger picture' (of why we need to use water responsibly) and encouraging consumers to use water wisely now and in the future.	✓	✓	✓	✓	✓	✓
Advising on the customer implications of any metering programmes and potential changes in metering policy in England.						
Represent consumers' views if there are Government proposals to change its metering policy.	✓	✓	✓	✓	✓	
Advise companies on the consumer-facing aspects of compulsory metering programmes in England to ensure consumers are given the information and support they need to make the transition to metered charging and to help secure affordable water and sewerage bills.	✓	✓	✓	✓		✓
Review what the compulsory programmes have delivered, and what issues have emerged/lessons learned from different approaches. And importantly, the impact they have had on consumers' attitudes and behaviours and bills.		✓			✓	
Contributing to discussions with companies and governments on customer supply pipe adoption.						
Advise governments on consumer responses to potential scenarios for transferring responsibility for customer owned water supply pipes to water companies, as a response to water supply interruptions due to customer side leakage and stricter lead standards.	✓	✓	✓	✓	✓	
Improving resources to everyone						
As companies further examine strategic water transfer options; in response to firm proposals, we will seek assurance/and be satisfied that costs are fairly allocated without exposing either customer base to any additional risks or potential cross-subsidy.	✓	✓	✓	✓	✓	
In England, we will respond to any further consultation by Defra on the proposals contained in the recent Water Conservation Report to Parliament, and provide the consumer insight required.	✓	✓			✓E	
In Wales, we will work with other stakeholders to explore how consumers of private water supplies can be supported in times of need.	✓	✓	✓		✓W	

Safe, reliable water and wastewater services that consumers can trust now and in the long term	2019-20	2020-21	2021-22	2022+	England and Wales action	Action for local team
Water Quality						
Provide the consumer perspective into debates on customer expectations around service issues like taste and odour and appearance of the water supply.						
Where we have persistent or a large number of complaint issues on water quality, we will address them at our quarterly meetings with companies or at meetings in public, involving the Drinking Water Inspectorate (DWI) where needed.	✓	✓	✓	✓		✓
Provide the consumer perspective into company solutions to improving standards on lead in the water supply in Wales						
In Wales, we will continue to engage with Welsh Government, and use the evidence from our customer research, as it considers options around the costs versus the benefits of customers supply pipe adoption by companies, and if it is necessary in Wales.	✓	✓	✓	✓	JW	
Wastewater						
Pressing for investment in sewerage systems and innovative, future plans that demonstrate the best value for money over the long term						
Engage in the development of Drainage and Sewerage Plans by the water industry to ensure the consumer perspective has been considered, especially in terms of value for money, and planning for long-term resilience.	✓	✓	✓		✓	✓
In Wales, we will represent consumers in Wales' interests, where needed on the Green Growth Bill, as it looks to streamline drainage legislation.	✓				JW	
We will represent consumer interests in discussion on sewerage and drainage reform following the Welsh Government consultation on sustainable management of natural resources, including on any future drainage legislation.	✓	✓	✓	✓	JW	
Review company performance on sewer flooding						
Review company performance on sewer flooding so we can target and challenge poor performers; identify good practice and innovative solutions. Press companies to beat, not just meet their sewer flooding performance commitments.	✓	✓	✓	✓		✓

Safe, reliable water and wastewater services that consumers can trust now and in the long term	2019-20	2020-21	2021-22	2022 +	England and Wales action	Action for local team
Supporting pragmatic, sometimes innovative solutions to water and wastewater problems, such as catchment schemes						
Encourage innovation with partnership working on drainage issues. We will continue to encourage companies to share good practice and knowledge on surface water drainage systems.	✓	✓	✓	✓	✓	✓
Raise consumer awareness of the misuse of sewers, such as flushing wet wipes down the toilet, or putting oils and fats down the drain, and help them understand the impact of this.	✓	✓	✓	✓	✓	✓

Right first-time: Timing of delivery

Key ✓ = main period of activity ✓ = indicates ongoing activity

An easy-to-access service is provided right first time for all	2019-20	2020-21	2021-22	2022 +	England and Wales action	Action for local team
Consumer advice & complaints						
We will look at systemic industry wide complaint issues, so we can press companies to resolve the root causes of complaints.	✓	✓	✓	✓	✓	✓
Publish annual Household Complaints Report highlighting poor performers, and press for improvements by individual poor performing companies and where there is a significant cross-industry issue.	✓	✓	✓	✓	✓	
Work with Ofwat and companies to ensure the future C-MeX (customer measure of experience) is effective in improving customer service, increasing customer satisfaction, reducing complaints and delivering benefits for consumers.	✓	✓	✓	✓	✓	
Conduct assessments of companies' complaint and debt practices.	✓	✓	✓	✓		✓
Highlight and share good practice and innovations in the spirit of continuous improvement through our publications.	✓	✓	✓	✓	✓	✓

An easy-to-access service is provided right first time for all	2019-20	2020-21	2021-22	2022 +	England and Wales action	Action for local team
Provide good quality, impartial advice and help to household, business and self-serve water consumers, when they have an enquiry about their water service or a complaint against their water company, retailer or third party intermediary.	✓	✓	✓	✓	✓	
Work with the Water Redress Scheme (WATRS) to ensure good outcomes for those consumers where CCWater's intervention has not given them the result they wanted.	✓	✓	✓	✓	✓	
Business Customers in England and Wales						
Press retailers and water companies so business and other non-household customers in England and Wales receive good or improved services from their retailers or wholesalers.	✓	✓	✓	✓	✓	✓
Publish an annual report of complaints from non-household customers covering retailers in England and water companies in Wales to allow customers to see the performance of each retailer.	✓	✓	✓	✓	✓	
Publish quarterly monitoring information on complaints to CCWater from non-household customers.	✓	✓	✓	✓	✓	
Hold business customer forums and use the feedback to inform our work representing customers and pressing for the retail market to deliver the right outcomes for customers.	✓	✓	✓	✓	✓	
Consumers in vulnerable circumstances						
Share good practice and innovations through our publications on water companies reaching consumers in vulnerable circumstances.	✓	✓	✓	✓	✓	✓
Explore opportunities to champion inclusive design, improve safeguarding, priority services and other ways to assist consumers in vulnerable circumstances.	✗	✗	✓	✓	✓	✓
Encourage companies to raise awareness of assistance for consumers in vulnerable circumstances.	✓	✓	✓	✓		✓
Improving the complaint process for customers						
Work with the industry to speed up their complaint handling and minimise delays to the complainant.	✗	✗			✓	
Supporting business customers in Wales						
Advise and support business and other non-household customers in border areas of England (Herefordshire, Chester), whose ability to access the competitive retail market has either changed through the new Hafren Dyfrdwy license.	✓	✓	✓	✓		✓

An easy-to-access service is provided right first time for all	2019-20	2020-21	2021-22	2022 +	England and Wales action	Action for local team
Investigating how comprehensive water companies' emergency plans are in event of an incident (esp. to vulnerable consumers).						
Locally, we will review how companies are informing, protecting and supporting consumers during unplanned supply interruption incidents, and other major events. We will share good practice from within and outside the sector and will review company progress against their submitted action plans to Ofwat in response to the "Beast from the East 2018".	✓	✓	✓	✓		✓

Affordable, fair, value for money charges: Timing of delivery

Key ✓ = main period of activity ✓ = indicates ongoing activity

Affordable charges that all current and future consumers see as fair and value for money	2019-20	2020-21	2021-22	2022 +	England and Wales action	Action for local team
Consumer Protection - assistance schemes						
Help further enhance awareness and access to assistance schemes for consumers who are experiencing affordability issues.	✓	✓	✓	✓	✓	
TIME-LIMITED PROJECTS - Data sharing Help secure the effective implementation and use of data sharing (Digital Economy Act).	✓	✓	✓		✓	
Share innovations and good practice in data sharing.	✓	✓	✓	✓	✓	✓
Work with companies as they review and enhance social tariffs and other assistance schemes. Monitor the effectiveness of social tariffs and identify improvements to maximise assistance to those in need.	✓	✓	✓	✓	✓	✓
TIME-LIMITED PROJECT - Pressing for a long-term social tariff funding model Investigate consumers' views on affordability and consumer expectations around social tariffs - consider what the next generation of social tariffs should look like.	✓				✓	

Affordable charges that all current and future consumers see as fair and value for money	2019-20	2020-21	2021-22	2022+	England and Wales action	Action for local team
Due to concerns around the impacts from changes, work with the water companies operating in Wales where they might end up reviewing their social tariff (HelpU) and assistance schemes to address new customer feedback, revised guidance and the need to adapt to changing needs of financially and otherwise vulnerable groups.	✓	✓	✓	✓	JW	
Work with Welsh Government, Ofwat, water companies in Wales and consumer organisations on delivering principal actions from the Water Strategy for Wales to address the key issues regarding access to affordable water and sewerage services, tackling debt, ensuring a strong consumer focus and promoting the efficient use of water.	✓	✓	✓	✓	JW	✓
Challenge Hafren Dyfrdwy to implement the requirements for landlords in Wales and register their tenants who are liable for the water and sewerage bills.	✓				JW	✓
Consumer Protection - Fair Charges						
Represent water consumers' interests in charging matters to water companies, new appointees, regulators and Governments, and share good practice.	✓	✓	✓	✓	✓	
Ensure customers are aware of options to cut bills, including through metering, surface water drainage rebates and affordability assistance.	✓	✓	✓	✓	✓	
TIME-LIMITED PROJECT - Consider creating a one stop shop tool for consumers to look at all options to reduce bills.			✓	✓	✓	
Ensure bill shocks are avoided/mitigated, including for customers of Hafren Dyfrdwy following the acquisition by Severn Trent of Dee Valley Water.	✓	✓	✓	✓	JW	
TIME-LIMITED PROJECT - Work with the water companies to ensure that the implementation of the Fire Sprinkler regulations does not result increased charges for water customers in Wales.	✓	✓	✓		JW	
Local and Wales Challenges						
We will challenge companies locally to ensure they deliver their business plans and progress effectively via our quarterly meetings. We will also challenge at our local meetings in public where we have concerns about progress.	✓	✓	✓	✓		✓

Affordable charges that all current and future consumers see as fair and value for money	2019-20	2020-21	2021-22	2022+	England and Wales action	Action for local team
Keep the pressure up on companies to improve customers' perception of value for money, as this impacts on customer's view of how much they trust their water company, through our publications, conference appearances and in the media.	✓	✓	✓	✓	✓	✓
The 2019 Price Review						
Draft Determinations						
TIME-LIMITED PROJECT We will acceptability test Ofwat's draft determinations with each company's consumers, pressing for the final determination to meet customers' expectations.	✓				✓	
TIME-LIMITED PROJECT We will review and respond to Ofwat's draft determinations, including their final view on the cost of capital.	✓				✓	✓
TIME-LIMITED PROJECT Review whether the draft determinations address financial and wider vulnerability.	✓				✓	
Performance Commitments						
TIME-LIMITED PROJECT Challenge Ofwat on their draft determinations, if performance commitments are lacking in their ambition; don't reflect consumers' views on ODIs or the customer priority of the incentive in question.	✓				✓	
Reviews and Representations						
TIME-LIMITED PROJECT Consider the impact of the 2019 Price Review in England and Wales from the consumer perspective and what aspects could be more consumer-focused in the future.	✓				✓	
TIME-LIMITED PROJECT Consider the future of consumer engagement in price reviews.	✓	✓			✓	
TIME-LIMITED PROJECT We will represent customers at any CMA inquiry, if a water company appeals against Ofwat's final determination.	✓				✓	✓

Appendix 2 - Water sector related differences between England and Wales

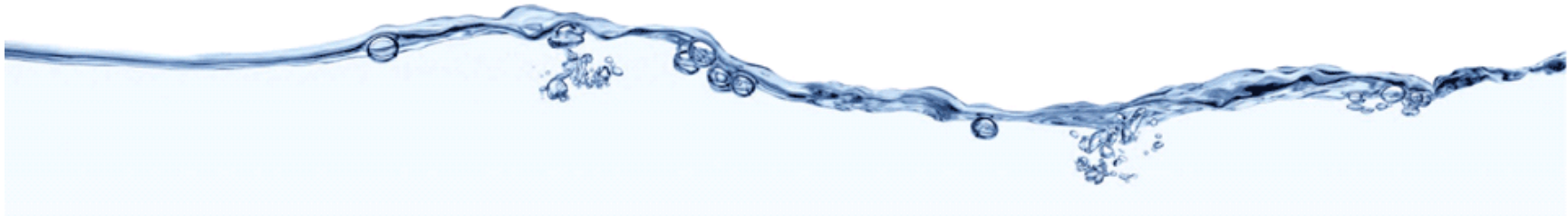
We keep a close watch on the development of policies and legislation to ensure we understand how emerging policy differences between Wales and England are likely to affect water consumers either side of the border. The most notable differences are:

England	Issue	Wales
Open for all eligible non-household water and sewerage customers	Retail market for business customers	Open only to non-household water customers who use more than 50ML
Under consideration	Upstream competition where retailers are able to choose their wholesale water providers (a bilateral market)	Not applicable
Voluntary scheme	Landlord registration of occupiers	Compulsory registration
Being implemented through secondary legislation	Abstraction reform	Following consultation, process will now set out timescales for policy development
Not applicable	Have regard to Well-being of Future Generations Act & Well Being plans by Public Service Boards	Have regard & facilitate enactment of the WFG Act. Support synergies between plans
On hold	New build sewer standards And Sustainable Drainage Standards	New SUDS regulations effective from 9 January 2019
On hold	Sewerage and drainage reform	Following consultation, process will now set out timescales for policy development
Guidance suggests cross-subsidy up to 1.5% yearly	Social tariffs	Guidance suggests cross-subsidy up to 2.5% yearly
SIM for business customers not applicable since 2015	Quantitative Service Incentive Mechanism (SIM) score monitoring for business customers	Applicable based on business customer written complaint information
Likely implications on some cross-border consumer segments and companies	The enactment of Wales Act provisions to realign water industry regulatory boundaries.	Likely implications on some cross-border consumer segments and companies
Not applicable	Environment (Wales) Act	Applicable
Potential legislative and policy developments that we will build into our programme, as and when they are confirmed:		
May be explored by government (Defra) in due course	Household competition	Not being explored by Welsh Government
Not applicable	Transferring ownership of customer-owned water supply pipes to companies	Costs and benefits being investigated. Follow up on outcomes post consultation
Not applicable	Compulsory Fire Sprinkler installation on all new properties in Wales	Monitor implications on segments of consumers, their charges and services

CONSUMER COUNCIL FOR



CYNGOR DEFNYDDWYR



“Securing the best outcomes for all water consumers - present and future”

The Consumer Council for Water

The statutory water consumer body

DRAFT Operational Business Plan 2019-20

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1. About Us

1.1 Our organisation - who we are, what we do and what we cost

Who we are

CCWater is the independent ‘water watchdog’, championing the interests of water consumers in England and Wales. Our aim is to secure the best outcomes for all water consumers, present and future.

Representing household, business and other non-household water consumers, we use our own research and complaints data to hold the water industry to account, helping to ensure that customers remain at the heart of decision-making.

Established in 2005, CCWater is a Non-Departmental Public Body (NDPB), and a statutory body.

During this document where we refer to ‘consumers’ we mean household, business and other non-household consumers.

What we do

We campaign both regionally and nationally to make sure that the voices of consumers are heard and help shape the sector in England and Wales, making the water consumers’ case to governments, the industry regulator Ofwat, local water companies (including new smaller appointees), non-household retailers and other stakeholders, such as the Environment Agency and Natural Resources Wales.

We provide consumers with advice and information on water matters and investigate complaints where water customers have tried and failed to resolve issues directly with their water companies and retailers.

Since we were established in 2005, we have supported consumers with more than 380,000 complaints and enquiries by holding water companies to account and helped to return more than £27 million in financial redress to aggrieved household and business customers.

Our independent research into consumer attitudes and perceptions gives us a unique understanding of long-term industry trends, customer perceptions and day-to-day problems. This insight helps us to ensure the views and interests of consumers remain at the heart of the industry’s price-setting process.

Advocacy and Partnership

We work in collaboration with the industry and beyond to provide advocacy for water and sewerage consumers. In addition to helping with complaints, also central to our work is making the water consumers’ case to governments, the industry regulator Ofwat, local water companies (including new appointees), non-household retailers and our other stakeholders, such as the Environment Agency or Natural Resources Wales. Where our interests appear to overlap with those of Ofwat and the Drinking Water Inspectorate, we seek to have effective partnerships with those organisations.

What we cost

Our work for 2019-2020 will cost each water bill payer about 22p per year.

We are committed to providing value for money and minimising our costs to water consumers through real-term cost reductions. On average, our cost increases have remained below retail price index (RPI) for the past ten years.

For 2019-20, we have a licence fee of £5.783m, an increase from £5.527m during 2018-19, and a budget of £5.9m. This is due to the need for more resources to effectively handle increased complaint numbers to CCWater, particularly from non-household customers. It also reflects a continuation of our 2019 Price Review work, and some inflationary pressures. This increase is offset by a reduction in our accommodation costs through sharing our office accommodation with another government body from early 2019.

1.2 Delivery and management of the plan

Our Operational Business Plan for 2019-20 has been structured to show how we will deliver the first year of our Forward Work Programme.¹

In delivering our Operational Business Plan, we will:

- Fulfil our legal duties set out in [Appendix A](#)
- Maintain a strong focus on consumer advocacy
- Consider sustainable development by balancing economic, environmental and social aspects in all that we do
- Continue to consider and deliver our obligations under our Welsh Language Scheme
- Continue to develop CCWater's approach to supporting consumers who are experiencing vulnerable circumstances and apply it to all projects we undertake, including helping consumers in need of extra assistance such as large print, Braille, and other translation services to access our services.

For each area of work, we have identified our strategic priority and targets to measure how our work delivers for consumers.

The Operational Business Plan forms part of our monitoring and measurement framework aligned to our Forward Work Programme.

To help us to measure our performance we:

- Carry out annual tracking consumer research to assess the effects of our work and to monitor consumers' views about water and sewerage services.
- Assess consumers' experience of using our complaints handling service.
- Have a series of performance measures and milestones to track the progress in delivering the plan. This report is regularly reviewed by the Executive Team to ensure that we are delivering our commitments. Remedial action is taken where there is a delay in delivery due to internal reasons.

We are focusing resources on those issues where we believe we can make a significant and positive contribution for water consumers. We will work towards delivery of other projects outlined in this plan, where resources allow, but we may need to defer some activity in the light of external influences such as changes in the direction and scope of either the UK Government's or Welsh Government's water-related policies. As ever, we will remain flexible, anticipating or responding to changing circumstances, which could include responding to a Tailored Review². If a Review is announced, we anticipate there will be work required to inform the Review Team of our governance procedures; operational processes; financial commitments and value delivered for consumers, as well as reporting on our successes on behalf of consumers; and our plans for the future.

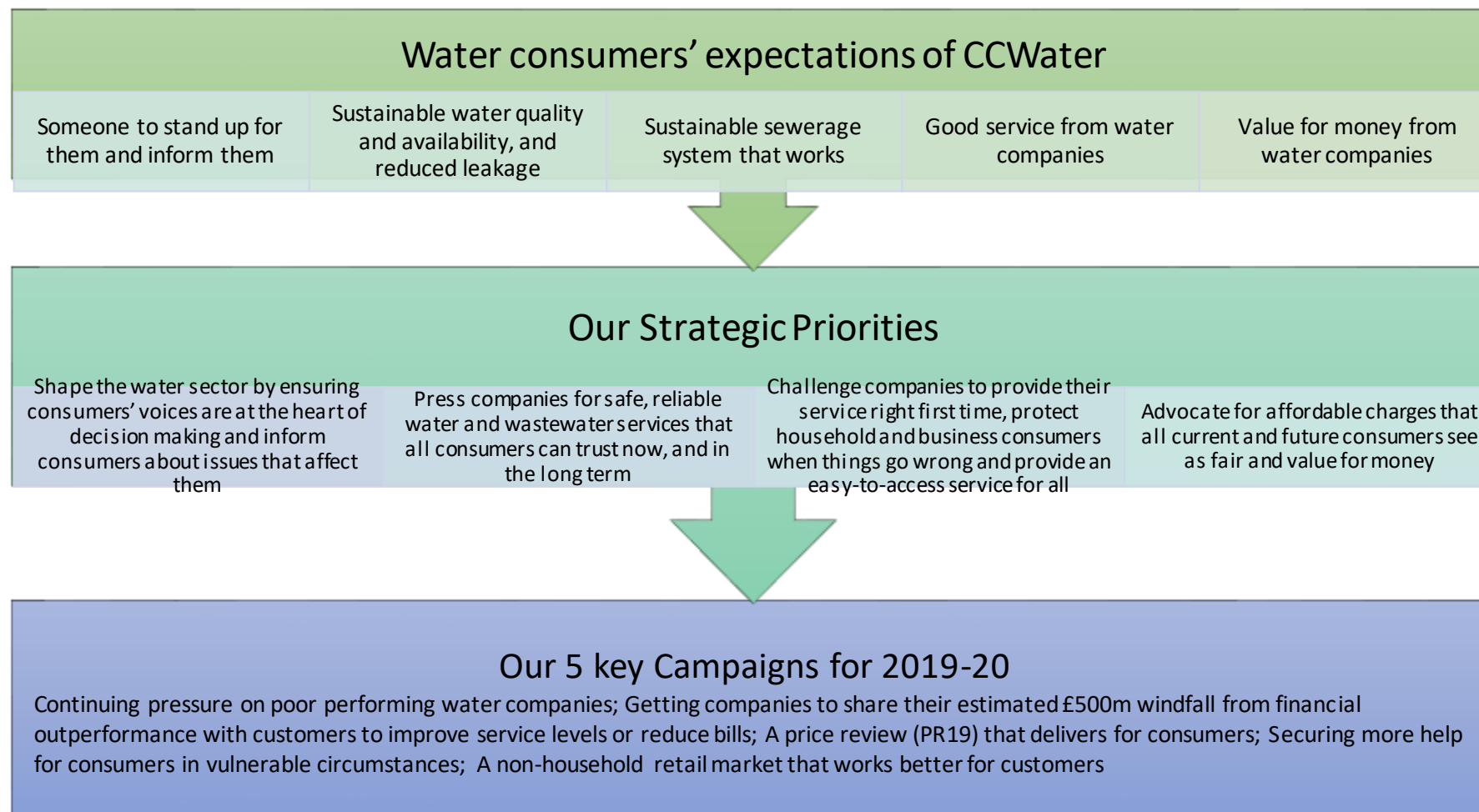
¹ CCWater Forward Work Programme 2019-22. Link [here](#).

² A Tailored Review is a Government level focused review of the organisation.

2 Our strategy and what we'll deliver in 2019-20

2.1 Our strategic aim: Securing the best outcomes for all water consumers - present and future

This Operational Business Plan is a plan to help us achieve our aim on behalf of water consumers in England and Wales. In doing so, we'll focus on four key strategic priorities, which have been informed by consumers' expectations of what they want us to do.



2.2 Our Values

These values define shape how we do our work and guide us in our day-to-day work and decisions.



We are a dementia friendly organisation.

2.3 Our 5 key campaigns for 2019-20

We have ambitious plans and have outlined five key areas where we'll be campaigning to make a real difference on behalf of water consumers in England and Wales during 2019-20. Our main campaign objectives are shown below, and these will be supported by our continuing statutory work to help customers with their complaints, review companies' charges schemes and assess social tariff proposals:

1. Continuing pressure on poor performing water companies

We'll do this by:

- Addressing underperformance in complaints, leakage, resilience, sewerage and service problems with water companies and retailers directly and publicly, and looking at how the complaint process can be improved.
- Maintaining pressure on Ofwat to penalise poor performing water companies where necessary.

2. Getting companies to share their estimated £500m windfall from financial outperformance with customers to improve service levels or reduce bills

We'll do this by:

- Highlighting the financial performance of water companies, and encouraging greater transparency from companies on how their financial performance benefits customers.
- Negotiating with companies to share their financial outperformance with customers to help improve perceptions on fairness of charges, value for money and the credibility of the company with its customers.

3. A price review (PR19) that delivers for consumers

We'll do this by:

- Testing with customers the acceptability of Ofwat's PR19 Draft Determinations and pushing for change where plans fall short.
- Pressing for the customer experience measure (C-MeX) to strongly incentivise material improvement in companies' performance.
- Challenging Ofwat's regulatory incentive regime (ODIs) so that it only rewards companies for exceptional performance in areas that consumers value the most.
- Keeping pressure on Ofwat's decisions on cost of capital and incentives to make sure PR19 is less generous than previous price reviews.

4. Securing more help for consumers in vulnerable circumstances

We'll do this by:

- Supporting companies in surpassing their targets to help 500,000 financially vulnerable customers by April 2020.
- Pressing companies to contribute to their social tariff out of their profits and thereby improving their credibility in the eyes of their customers.
- Keeping the pressure on companies to consider all consumers in vulnerable circumstances, including those regarded as 'transient vulnerable consumers' - during unplanned interruptions.

- Keeping the pressure on companies to offer meaningful help and raise awareness of support to all consumers.

5. A non-household retail market that works better for customers

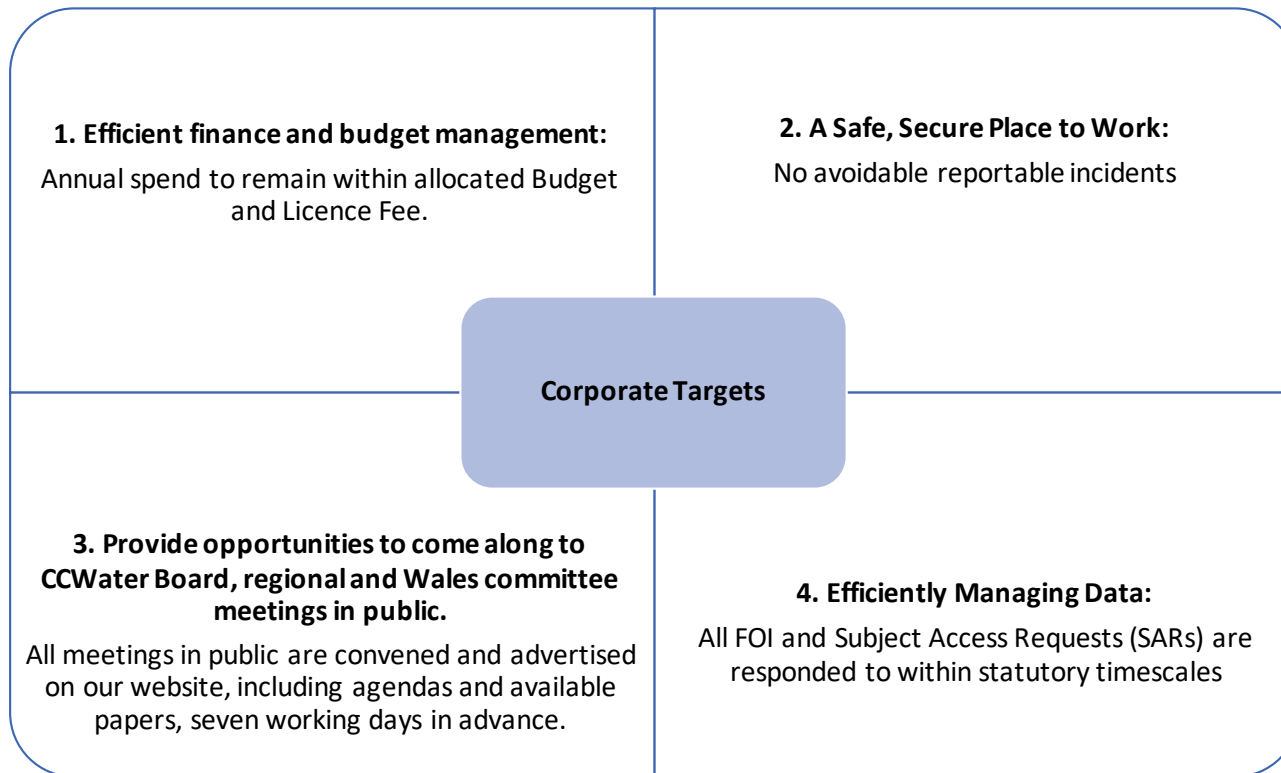
We'll do this by:

- Putting pressure on wholesalers and retailers to resolve the billing and data problems that are causing issues for customers.
- Effecting a reduction in business customers' complaints to us by the end of March 2020, compared to 2017-18 levels.
- Working with retailers and third parties to raise market awareness amongst micro, small and medium-sized businesses (SMEs).

2.4 Our Corporate Targets

These are targets we are working to achieve.

A full list can be found under [Section 5](#) *Making sure our support services are effective and value for money.*



3. Delivering our strategic priorities for 2019-20

3.1 Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them

Headline outcomes from our Forward Work Programme:

- Stakeholders' messages influenced by and reflective of our key positions.
- Consumers are more informed about water issues, with our media messages reaching a potential audience of 150m and our web and social media messaging reaching 2m.

Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them WHAT WE WILL DO:	OUTCOMES	England and Wales action	Action for local team
Being an advocate for water consumers to get the consumers' voice heard			
Influence decision makers in Governments, regulators and the water industry to ensure that consumers' and developers' views are considered in the development of policy, proposals or initiatives that will affect them.	Stakeholders' messages influenced by and reflective of our key positions	✓	✓
Proactively seek opportunities to raise consumer issues, such as on using water wisely; water bills; refill scheme; fats, oils and grease disposal, in broadcast, print and online media, nationally and locally, in conferences, and in the water sector media. Engage consumers and stakeholders on key issues through existing and new social media channels.	Consumers are more informed about water issues, with our media messages reaching a potential audience of 150m and our web and social media messaging reaching 2m	✓	✓
Publish a single league table to show company performance on areas that matter most to customers, that we can influence, on a comparative basis. <i>(subject to an initial trial)</i>	Due to trial nature of this, this won't have a measure during 2019-20	✓	

Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them WHAT WE WILL DO:	OUTCOMES	England and Wales action	Action for local team
Encourage innovation in responding to customer service aspirations, as well as water and wastewater developments and consumer engagement.	Stakeholders' messages influenced by and reflective of our key positions	✓	✓
Press for service standards for business customers in England and Wales to be excellent			
Locally we will challenge retailers, wholesalers and water companies operating in England and Wales, to work improve service standards for business customers.	Non-household complaints to retailers and CCWater fall	✓	✓
Help to raise customer awareness of the water and sewerage retail market in England and what it offers, by pressing retailers to engage with businesses and by working with business representative groups, particularly those linked to micro businesses and Small and Medium Enterprises (SMEs), and those in border areas.	The sector raises business customers' awareness of retail competition in England to 60% by March 2020	✓	
Understand how the market in England is working for participants, including micro businesses and SMEs; help sort problems out as they arise, and raise systemic problems with decision makers, and build on our strong relationships with trade organisations.	Non-household complaints to retailers and CCWater fall	✓ E Means England only action	
Protect customers by working on NHH market code amendments, feeding into consultations, and supporting good practice as necessary.	Market codes are amended where needed to resolve issues. Good practice is adopted as market standard and companies improve policies and procedures as a result	✓ E	
We will focus on ensuring business and other non-household customers get excellent customer service, and where relevant, advise Defra and the Welsh Government of emerging issues through our monitoring of non-household customer contact.	Our monitoring framework shows business customers are satisfied and receive excellent customer service	✓	

Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them WHAT WE WILL DO:	OUTCOMES	England and Wales action	Action for local team
Monitor business customer feedback on the advantages and disadvantages of retail competition, and will inform the governments on lessons learnt by the market in England, and inform any future discussions on further competition in England.	Decisions by Defra and Welsh Government reflect our positions, as influenced by customer feedback, as WG considers future policy on market reform in Wales, and Defra considers lessons learnt from the NHH retail market in England	✓	
Help micro, small and medium-sized businesses think about water efficiency through our partnership links.	NHH water usage falls	✓	
Monitoring and challenging companies to improve the credibility of the sector, including on financial performance			
Publish information on company financial performance in order that companies challenge themselves to consider how their approach to profits, dividends and senior salaries appears to consumers and affects their credibility more widely. To monitor and challenge companies to improve consumers' view on fairness of charges in the sector with regard to their financial performance e.g. dividends, taxation and corporate structures.	Water companies share more financial details and consumers' view of fairness of charges improves	✓	
Challenge water companies to share their success if there is evidence of financial outperformance or windfalls (e.g. resulting from higher inflation) to ensure a fair balance between shareholders and customers.	Water companies will share outperformance and/or windfalls with consumers to ensure a fair balance	✓	✓
Monitor and challenge the final year of PR14's Outcome Delivery Incentive (ODI) performance during 2019-20, particularly where outperformance leads to financial rewards for shareholders paid for by consumers. Encourage the involvement of consumers in considering how financial rewards should be used for the benefit of consumers.	Companies have listened to customers when taking ODI rewards	✓	✓

Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them WHAT WE WILL DO:	OUTCOMES	England and Wales action	Action for local team
We will also challenge Dŵr Cymru on how it uses financial rewards despite having no shareholders	Dŵr Cymru/ Welsh Water clearly communicates how consumer views have influenced their return of value decisions		
In Wales, continue to challenge if licence changes from Severn Trent's acquisition of Dee Valley (now Hafren Dyfrdwy) cause changes that could adversely affect <u>any</u> customers.	The future bill profile for customers of Hafren Dyfrdwy does not show sudden increases in their bills. Or where increases are necessary, the rise is mitigated No changes in customer policies and service which would disadvantage customers of Hafren Dyfrdwy	✓	
Informing consumers and holding companies to account			
Publish comparative information on company performance to challenge companies to deliver an increasingly reliable service to their consumers and to increase customer satisfaction with service.	Performance of companies in England and Wales improves and consumers' perception of service improves	✓	
Publish information on company performance and good practice on affordability and vulnerability to challenge companies to raise the bar in their provision of support for their customers.	More consumers get the support they need, eg: social tariffs and services that are accessible for all Consumers' awareness of support increases	✓	
Publish information on company performance on household complaints to challenge companies to deliver performance that compares well to the best companies in the sector.	Performance of companies in England and Wales improves	✓	
Easy access to our services			
Ensure easy access to CCWater for customers who need us for advice or to resolve a water complaint by telephone, email, social media or letter.	Consumers are able to contact us via a variety of communication methods	✓	

Shape the water sector by ensuring consumers' voices are at the heart of decision making and inform consumers about issues that affect them WHAT WE WILL DO:	OUTCOMES	England and Wales action	Action for local team
We also hold meetings in public across the English regions and in Wales which allow consumers opportunities to talk to us face to face and use our services.	The stakeholder survey shows that this aspect of our work is valued Consumers attend our committee and Board meetings in public	J	
To ensure everyone can access our services, we have access to language translation services and regularly translate information into Welsh in line with our commitments under our Welsh Language Obligations.	Consumers who request Welsh communication receive this support	JW Means Wales only action	

3.2 Press companies for safe, reliable water and wastewater services that all consumers can trust now, and in the long term

Headline outcomes from our Forward Work Programme:

- All water companies meet or exceed their leakage targets.
- Fewer consumers need to complain to CCWater about supply interruptions, and complaint numbers to us reduce below 170 by March 2020.
- Fewer consumers need to complain to CCWater about sewer flooding and complaint numbers to us reduce to 368 or below by March 2020.

Our work on water resources

Safe, reliable water and wastewater services that consumers can trust now and in the long term WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Water Resources			
Pressing for affordable, safe, resilient water supplies that deliver the best value for money now and in the long-term.			
We will challenge if Ofwat's draft determination (DD) does not strike the right balance between the need to provide affordable services with the need to invest appropriately in delivering high quality, resilient services in the long term.	Ofwat's final determination is influenced by and reflective of our key positions.	✓	
As governments develop their long-term water resources planning and management policies CCWater will provide the consumer perspective using its consumer insight.	Governments' policies influenced by and reflective of our key positions	✓	
Challenging leakage levels when performance is poor. Press companies to beat their leakage performance commitments.			
We will challenge companies performing poorly on leakage through our local work, but also ensure customers' views on leakage stay on the industry's agenda. We will also help to raise awareness of	All water companies meet or exceed their leakage targets	✓	✓

Safe, reliable water and wastewater services that consumers can trust now and in the long term WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
customers' responsibility for private supply pipes and for dealing with any leaks on these pipes and in their homes.			
Influencing and promoting activity to help consumers understand why it is important to use water wisely.			
Work to raise household and business consumers' awareness of the challenges the sector faces, what is being done to address these challenges, and explain the reasons why it is important for everyone to use water wisely.	Consumers have the bigger picture of why we need to use water wisely and this message is communicated by stakeholders we have influenced as well as ourselves	✓	✓
Work with the stakeholders in England and Wales, including the Welsh Government on their plans to develop consistent messages helping consumers understand the 'bigger picture' (of why we need to use water responsibly) and encouraging consumers to use water wisely now and in the future.		✓	✓
Advising on the customer implications of any metering programmes and potential changes in metering policy in England.			
Represent consumers' views if there are Government proposals to change its metering policy	Governments policies influenced by and reflective of our key positions	✓	
Advise companies on the consumer-facing aspects of compulsory metering programmes in England to ensure consumers are given the information and support they need to make the transition to metered charging and to help secure affordable water and sewerage bills.	Consumers are given advice and help to transition to metered charging		✓
Contributing to discussions with companies and governments on customer supply pipe adoption.			
Advise governments on consumer responses to potential scenarios for transferring responsibility for customer owned water supply pipes to	Governments policies influenced by and reflective of our key positions	✓	Page 1

Safe, reliable water and wastewater services that consumers can trust now and in the long term WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
water companies, as a response to water supply interruptions due to customer side leakage, and stricter lead standards.			
Improving resources to everyone			
As companies further examine strategic water transfer options; in response to firm proposals, we will seek assurance/and be satisfied that costs are fairly allocated without exposing either customer base to any additional risks or potential cross-subsidy.	Stakeholders views influenced by and reflective of our key positions	✓	
In England, we will respond to any further consultation by Defra on the proposals contained in the recent Water Conservation Report to Parliament, and provide the consumer insight required.	Stakeholders views influenced by and reflective of our key positions	✓E	
In Wales, we will work with other stakeholders to explore how consumers of private water supplies can be supported in times of need.	Consider the feasibility of this additional work, so we can contribute to Welsh Government's policy development	✓W	

Our work on water quality

Safe, reliable water and wastewater services that consumers can trust now and in the long term WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Provide the consumer perspective into debates on customer expectations around service issues like taste and odour and appearance of the water supply.			
Where we have persistent or a large number of complaint issues on water quality, we will address them at our quarterly meetings with companies or at meetings in public, involving the Drinking Water Inspectorate (DWI) where needed.	Complaint numbers on water quality fall for the poor performing company		✓
Provide the consumer perspective into company solutions to improving standards on lead in the water supply in Wales and England			
In Wales, we will continue to engage with Welsh Government, and use the evidence from our customer research, as it considers options around the costs versus the benefits of customers supply pipe adoption by companies, and if it is necessary in Wales.	The Welsh Government's policies influenced by and reflective of our key positions	✓W	

Our work on wastewater

Safe, reliable water and wastewater supplies that consumers can trust now and in the long-term WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Pressing for investment in sewerage systems and innovative, future plans that demonstrate the best value for money over the long term			
Engage in the development of Drainage and Sewerage Plans by the water industry to ensure the consumer perspective has been considered, especially in terms of value for money, and planning for long-term resilience.	Consumers' views and perspectives have been accounted for in the Drainage and Sewerage Plans	✓	✓
In Wales, we will represent consumers in Wales' interests, where needed on the Green Growth Bill, as it looks to streamline drainage legislation.	Consumers' views and perspectives have been accounted for in the legislation in Wales	✓W	
We will represent consumer interests in discussion on sewerage and drainage reform following the Welsh Government consultation on sustainable management of natural resources, including on any future drainage legislation.	Consumers' views and perspectives have been accounted for	✓W	
Review company performance on sewer flooding.			
Review company performance on sewer flooding so we can target and challenge poor performers; identify good practice and innovative solutions. Press companies to beat, not just meet their sewer flooding performance commitments.	Fewer consumers need to complain to CCWater about sewer flooding and complaint numbers to us reduce to 368 or below by March 2020		✓
Supporting pragmatic, sometimes innovative solutions to water and wastewater problems, such as catchment schemes			
Encourage innovation with partnership working on drainage issues. We will continue to encourage companies to share good practice and knowledge on surface water drainage systems.	Consumers benefit from innovative ideas through bill reductions	✓	Page 20

Safe, reliable water and wastewater supplies that consumers can trust now and in the long-term WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Raise consumer awareness of the misuse of sewers, such as flushing wet wipes down the toilet, or putting oils and fats down the drain, and help them understand the impact of this.	Consumers are more informed about water issues, with our media messages reaching a potential audience of 150m and our web and social media messaging reaching 2m	✓	✓

3.3 Challenge companies to provide their service right first-time, protect household and business consumers when things go wrong, and provide an easy-to-access service for all

Headline outcomes from our Forward Work Programme:

- An upward trend in consumer awareness of additional help available from water companies for consumers in vulnerable circumstances³.
- Consumers receive a satisfactory and prompt response from us when complaining about their water company, and we meet or exceed our complaint handling performance standards outlined [here](#).
- Poor performing water companies improve their service and receive significantly fewer complaints and contacts.

WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Consumer advice & complaints			
We will look at systemic industry wide complaint issues, so we can press companies to resolve the root causes of complaints.	Complaints against companies to CCWater about billing and charges reduce below our 2018-19 level.	✓	✓
Publish annual Household Complaints Report highlighting poor performers, and press for improvements by individual poor performing companies and where there is a significant cross-industry issue	Poor performing water companies improve their service and receive significantly fewer complaints and contacts, as shown in our 2020 Complaints Report	✓	
Work with Ofwat and companies to ensure the future C-MeX (customer measure of experience) is effective in improving customer service, increasing customer satisfaction, reducing complaints and delivering benefits for consumers.	C-Mex design reflects our key positions. Over time the C-Mex scores improve and the industry compares well to other sectors	✓	

³ Reported in our 2020 Water Matters survey.

An easy-to-access service is provided right first time for all WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Conduct assessments of companies' complaint and debt practices.	Customers complain less about company debt management practices		✓
Highlight and share good practice and innovations in the spirit of continuous improvement through our publications.	Services to consumers improve as water companies and retailers adopt our good practice recommendations and improve complaint and debt management	✓	✓
Provide good quality, impartial advice and help to household, business and self-serve water consumers, when they have an enquiry about their water service or a complaint against their water company, retailer or third party intermediary.	Consumers get a satisfactory and prompt response from us when complaining about their water company or retailer, with 99.5% getting a response within 5 days, and 75% satisfied with our service during 2019-20. The full list of our standards are outlined here	✓	
Work with the Water Redress Scheme (WATRS) to ensure good outcomes for those consumers where CCWater's intervention has not given them the result they wanted.	Eligible complaints are signposted to WATRS or a retailer's choice of ADR provider The journey will be seamless, low-effort and timely for customers	✓	
Business Customers in England and Wales			
Press retailers and water companies so business and other non-household customers in England and Wales receive good or improved services from their retailers or wholesalers.	Non-household complaints about retailers and wholesalers reduce over time	✓	✓
Publish an annual report of complaints from non-household customers covering retailers in England and water companies in Wales to allow customers to see the performance of each retailer.	Non-household complaints about retailers and wholesalers reduce over time	✓	
Publish quarterly monitoring information on complaints to CCWater from non-household customers.	Non-household complaints about retailers and wholesalers reduce over time	✓	
Hold business customer forums and use the feedback to inform our work representing customers and pressing for the retail market to deliver the right outcomes for customers.	Non-household complaints about retailers and wholesalers reduce over time	✓	

WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Consumers in vulnerable circumstances			
Share good practice and innovations through our publications on water companies reaching consumers in vulnerable circumstances.	Consumers benefit as companies adopt our good practice recommendations as part of our collaborative work with them	✓	✓
Explore opportunities to champion inclusive design, improve safeguarding, priority services and other ways to assist consumers in vulnerable circumstances.		✓	✓
Encourage companies to raise awareness of assistance for consumers in vulnerable circumstances.	The percentage of consumers aware of priority services in our Water Matters research will increase from 43% (in 2017)	✓	✓
Improving the complaint process for customers			
Work with the industry to speed up their complaint handling and minimise delays to the complainant.	The average time taken to resolve customer complaints reduces over time	✓	
Supporting business customers in Wales			
Advise and support business and other non-household customers in border areas of England (Herefordshire, Chester), whose ability to access the competitive retail market has changed through the new Hafren Dyfrdwy license.	Consumers are supported and informed about the changes		✓
Investigating how comprehensive water companies' emergency plans are in event of an incident (esp. to vulnerable consumers).			
Locally, we will review how companies are informing, protecting and supporting consumers during unplanned supply interruption incidents, and other major events. We will share good practice from within and outside the sector and will review company progress against their submitted action plans to Ofwat in response to the "Beast from the East 2018".	Fewer consumers need to complain to CCWater about supply interruptions, and complaint numbers to us reduce below 170 by March 2020		✓

The standards we deliver to consumers when handling their complaints

In terms of our own complaint handling performance standards, we compare well to similar organisations. We are always aiming to improve further and maintain our good standards, regardless of the new and varied complaints we receive. We set ourselves challenging targets in case acknowledgement and resolution times, as well as in customer satisfaction and aim to meet them year on year. This is more challenging lately due to the increase in complaints from business customers. This additional workload means we have had to increase our capacity to answer customers' calls, which has impacted on our Licence Fee for 2019-20.

Our performance standards	Our consumer satisfaction targets
<ul style="list-style-type: none">• 99.5% of complaints acknowledged within five working days.• 80% of complaints resolved within 20 working days.• 91% of complaints resolved within 40 working days.	<ul style="list-style-type: none">• 75% of consumers satisfied with the quality of our complaint handling service.• 61% of consumers satisfied with their complaint outcome.• 80% of consumers satisfied with the speed of our service.

These performance standards and consumer satisfaction targets compare favourably to other comparator organisations.

3.4 Advocate for affordable charges that all current and future consumers see as fair and value for money

Headline outcomes from our Forward Work Programme:

- An increased number of consumers rating their water and sewerage bill as representing value for money.
- More consumers finding their bills affordable in 2020
- More consumers considering their bills to be fair.

Affordable charges that all current and future consumers see as fair and value for money WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Consumer Protection - assistance schemes			
Help further enhance awareness and access to assistance schemes for consumers who are experiencing affordability issues.	More consumers find their bills affordable in 2020 The number of consumers accessing water company tariff schemes, such as WaterSure and social tariffs, increases by 10 percentage points by March 2020	✓	
Data sharing Help secure the effective implementation and use of data sharing (Digital Economy Act).		✓	
Share innovations and good practice in data sharing.		✓	✓
Work with companies as they review and enhance social tariffs and other assistance schemes. Monitor the effectiveness of social tariffs and identify improvements to maximise assistance to those in need.	More consumers find their bills affordable in 2020 The number of consumers accessing water company tariff schemes, such as WaterSure and social tariffs, increases by 10 percentage points by March 2020	✓	✓
Pressing for a long-term social tariff funding model Investigate consumers' views on affordability and consumer expectations around social tariffs - consider what the next generation of social tariffs should look like.	Stakeholders' messages influenced by and reflective of our key positions	✓	

Affordable charges that all current and future consumers see as fair and value for money WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Due to concerns around the impacts from changes, work with the water companies operating in Wales where they might end up reviewing their social tariff (HelpU) and assistance schemes to address new customer feedback, revised guidance and the need to adapt to changing needs of financially and otherwise vulnerable groups.	Measures are put in place by companies in Wales to mitigate the impacts for financially vulnerable customers which might result from changes to their social tariff schemes	√W	
Work with Welsh Government, Ofwat, water companies in Wales and consumer organisations on delivering principal actions from the Water Strategy for Wales to address the key issues regarding access to affordable water and sewerage services, tackling debt, ensuring a strong consumer focus and promoting the efficient use of water.	The Water Strategy for Wales is successfully delivered on the principal actions we can influence	√W	√
Challenge Hafren Dyfrdwy to implement the requirements for landlords in Wales and register their tenants who are liable for the water and sewerage bills.	Tenants are aware of need to pay water and sewerage bills and avoid build-up of debt	√W	√
Consumer Protection - Fair Charges			
Represent water consumers' interests in charging matters to water companies, NAVs, regulators and Governments, and share good practice.	Our research will show a rising trend in consumers who think their water bill is fair (recorded in our 2020 Water Matters survey)	√	
Ensure customers are aware of options to cut bills, including through metering, surface water drainage rebates and affordability assistance.	An increase in consumers aware of the option to meter and affordability assistance as measured in our Water Matters 2020 survey	√	
Ensure bill shocks are avoided/mitigated, including for customers of Hafren Dyfrdwy following the acquisition by Severn Trent of Dee Valley Water.	The future bill profile for customers in Wales of Severn Trent or Hafren Dyfrdwy does not show sudden increases in their bills. Or where increases are necessary, the rise is mitigated	√W	

Affordable charges that all current and future consumers see as fair and value for money WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
	No changes in customer policies and service which would disadvantage customers in Wales of Severn Trent or Hafren Dyfrdwy		
Work with the water companies to ensure that the implementation of the Fire Sprinkler regulations does not result increased charges for water customers in Wales.	Customers in Wales do not see increased charges due to implementation of the Fire Sprinkler regulations	✓W	
Local and Wales Challenges			
We will challenge companies locally to ensure they deliver their business plans and progress monitored via our quarterly meetings. We will also challenge at our local meetings in public where we have concerns about progress.	Company performance improves and companies meet targets set out in their business plans		✓
Keep the pressure up on companies to improve customers' perception of value for money, as this impacts on customer's view of how much they trust their water company, through our publications, conference appearances and in the media.	Customer satisfaction with value for money in the 2020 Water Matters survey increases	✓	✓
The 2019 Price Review			
Draft Determinations			
We will acceptability test Ofwat's draft determinations with each company's consumers, pressing for the final determination to meet customers' expectations.	80%+ of uninformed customers accept the draft determination. Views of customers who find the determination unacceptable are understood, and this is used to press Ofwat to produce Final Determinations that respond to consumers' concerns and tackle the actions necessary to address the issues of those consumers that are unhappy with the draft determination.	✓	
We will review and respond to Ofwat's draft determinations, including their final view on the cost of capital.	Consumers' bills are less than they would have been as final determination shows the cost of capital is within the range we recommended	✓	✓

Affordable charges that all current and future consumers see as fair and value for money WHAT WE WILL DO	OUTCOMES	England and Wales action	Action for local team
Review whether the draft determinations address financial and wider vulnerability.	Overall the draft determinations show the industry will be providing meaningful help to twice as many financially vulnerable customers by 2025. Any potential improvements (company and/or sector level) we raise are addressed in the Final Determinations	✓	
Performance Commitments			
Challenge Ofwat on their draft determinations, if performance commitments are lacking in their ambition; don't reflect consumers' views on ODIs or the customer priority of the incentive in question.	Performance commitments are ambitious in terms of targets and/or stretching performance 2020-25 when PCs compared across companies and where this is in line with customer expectations	✓	
Reviews and Representations			
Consider the impact of the 2019 Price Review in England and Wales from the consumer perspective and what aspects could be more consumer-focused in the future.	Stakeholders' messages influenced by and reflective of our key positions resulting from our assessment of the 2019 price review and any areas for improvement we identify	✓	
Consider the future of consumer engagement in price reviews.		✓	
We will represent customers at any Competitions and Markets Authority (CMA) inquiry, if a water company appeals against Ofwat's final determination.	The CMA's conclusions influenced by and reflective of our key positions	✓	✓

4. Our plans to deliver consumer insight through research during 2019-20

Our research tells us what is important to consumers. We gather information each year so we can constantly review what we need to do as a result of the consumer insight gained from our research. Where appropriate we will work with water companies on areas of joint interest or work in partnership with other organisations to promote good consumer engagement, while recognising that our independent voice is also valued by the industry.

Our plans are below but are subject to change:

Research that supports our delivery during 2019-20
Tracking research
Water Matters - our extensive yearly household consumer research, which provides a comprehensive view of consumers' positions on water and sewerage issues, including on value for money and satisfaction with service.
Testing the Waters - our large scale survey of business customers in England and Wales to measure how they feel about water and sewerage issues that affect them, including value for money, while gauging their perceptions of the water industry.
Other research or consultancy
Understanding what future customers will need from the water industry - how things might change for customers in the future, and how the water industry will have to adapt.
If needed, test models on further competition for customers in England.
Price Review research
PR19 research - Acceptability of Ofwat's draft determinations.
Understanding the needs of customers in the company business planning process.
Publish our supplementary insight reports gained from our understanding of research - This includes our highlights report, which each year will focus on an area of consumer detriment as revealed by the data, such as value for money, and what the industry can do to positively change perceptions.

5. Making sure our support services are effective and value for money

5.1 Support Services

WHAT WE WILL DO	OUTCOMES
Safe and secure environment for CCWater staff to work in.	Have no occurrences of avoidable reportable workplace incidents as per the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.
Efficient Human Resources Support	Short and long-term sickness levels are managed below those of the public sector (8.5 days - based on figures from Chartered Institute of Personnel and Development, 2018). More than 67% are satisfied with the amount of training they received (as measured by our internal staff survey)
Review our gender pay gap annually	Gender pay gap reporting will communicate to existing staff that CCWater is committed to building a diverse and inclusive workplace, that gives equal opportunities to all employees irrespective of gender.
Efficient systems that support CCWater, which is shown through good governance, internal and external auditing.	Internal auditors confirm that effective systems are in place and external audit identifies no areas of concern which would result in the accounts being 'qualified'.
Efficient finance and budget management to ensure there is accountability for how water customers' money is spent.	Annual spend to remain within allocated Budget of £5.9m and Licence Fee of £5.783 million. All payments will be paid promptly - 80% of undisputed payments within five working days.
Efficient management of data.	All Freedom of Information Act requests and Subject Access Requests (SARs) are responded to within the statutory time scales to ensure we meet requirements such as the General Data Protection Regulations. All staff receive annual training/updates on their individual and organisational responsibilities.
Availability of information on CCWater's new contracts, payments to suppliers and Board members' expenses.	All expenditure details will be published in line with Government instructions and all Board members' expenses will be published within three months of quarter end.

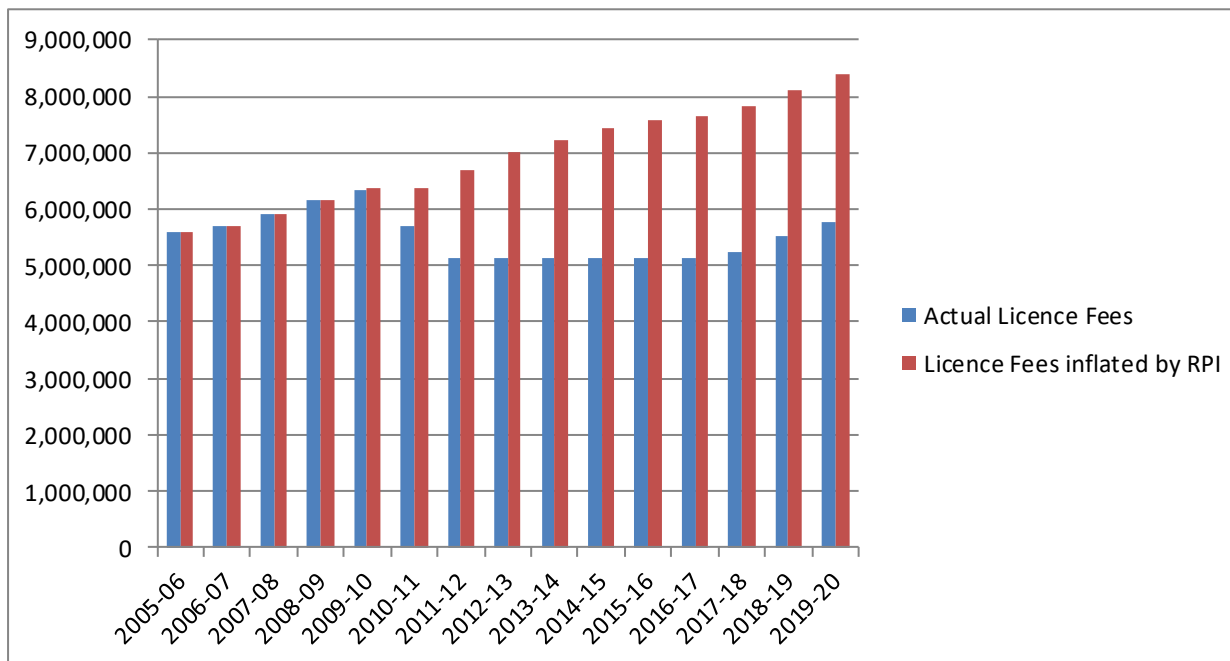
Provide opportunities to come along to CCWater Board, regional and Wales committee meetings in public.

All meetings in public are convened and advertised on our website, including agendas and available papers, seven working days in advance.

5.2 Resources

This section expands on our '[What we cost](#)' information in Section 1.

Actual Licence Fee compared to what it would have been if we had taken an RPI uplift.



We manage the organisation with a headcount of 74 and full time equivalent staff of 71.29. We retain a strong regional and Wales focus through our Chairs, Local Consumers Advocates (LCAs) and policy staff working with the companies at the local level on the issues that matter to consumers. [Section 6](#) on Governance explains this in more detail.

Our organisation's structure is set out in [Appendix B](#).

6. Governance and risk management

CCWater will continue to represent consumers' priorities and interests across England and Wales using our existing network.

Governance

The organisation's governance framework consists of the following key areas:

- The Board, comprising: the Chair of the organisation; the Chief Executive; the Chairs of the four committees in the English regions; the Chair of the Wales committee; and three independent Board members. The Board usually meets eight times a year and five of those meetings are open to the public.
- Three Board standing committees with responsibility for Audit and Risk Management, Human Resources & Remuneration, and an Advisory Committee to provide advice to the CCWater Board as necessary.
- There are 22 LCAs allocated to the four regional committees in England and the committee in Wales.
- The Chief Executive is supported by the Executive Team.

The National Audit Office undertakes the external audit function and internal audit services are provided by RSM under contract.

Risk management

To support and monitor the effective delivery of our work we have a robust and well-embedded risk management framework and risk register. The strategy provides the basis for identifying, assessing and mitigating risks at all levels within the organisation. The framework is set out in our Risk Management Policy.

Risks that are identified within the organisation are scored against likelihood and impact to consumers and the organisation; and are categorised into 'high', 'medium' and 'low'. The risk register is regularly reviewed by the Executive Team. The full risk register is also presented to the Audit and Risk Management Committee (a sub-committee of the Board) every quarter and the highest perceived risks to the organisation are presented to the Board annually.

Alternative Scenarios

When preparing our Operational Business Plan (OBP) and Forward Work Programme (FWP) we have taken into account a horizon scan of potential risks, impact and likelihood which may affect our plan. This has been considered by the Board as a key consideration of our strategy as reflected in the FWP and OBP.

We have built flexibility into the OBP, but if there was a Tailored Review, major new government or regulator initiative that required substantial resources, we may have to defer work on issues of lower strategic importance with the expectation that we will return to them in subsequent years (and therefore within the time bounds of the Forward Work Programme).

Appendix A: Legal functions, duties and powers of CCWater

CCWater's primary functions are to provide advice and represent consumers on water matters and to investigate and handle complaints made against licensed water suppliers or companies. CCWater has duties to represent the interests of consumers, both domestic and business, of licensed water suppliers in the new competition regime that came into operation on 1 December 2005, as well as the interests of consumers of water and sewerage companies.

CCWater has the following specific powers, duties and powers under the Water Industry Act 1991 (as amended by the Water Act 2003):

- **S27A (12) Establishment of the Council and Committees** - requires CCWater to exercise and perform its powers and duties in the manner which it considers is best calculated to contribute to the achievement of sustainable development.
- **S27B Co-operation between Council and other authorities** - requires CCWater to agree a memorandum of understanding with the Authority (Ofwat), the Secretary of State (Defra and DWI) and the Welsh Government.
- **S27C The interests of consumers** - requires CCWater to have regard to the interests of:
 - a) individuals who are disabled or chronically sick;
 - b) individuals of pensionable age;
 - c) individuals with low incomes;
 - d) Individuals residing in rural areas; and
 - e) Consumers who are ineligible to change their water supplier.
- **S27D Acquisition and review of information** - provides for CCWater to obtain and keep under review information about consumer matters and the views of consumers.
- **S27E Provision of advice and information to public authorities** - provides for CCWater to make proposals, provide advice and information about consumer matters and represent the views of consumers to public authorities, undertakers, licensed water suppliers and other persons whose activities may affect consumers.
- **S27F Provision of information to consumers** - provides for CCWater to provide information to consumers about consumer matters.
- **S27G Power to publish information and advice about consumer matters** - (subject to certain conditions) gives CCWater the power to publish advice or information about consumers' matters or consumers' views where it would promote the interests of consumers.
- **S27H Provision of information to the Council** - (subject to certain conditions) provides for CCWater to request information from the Authority, undertakers or licensed water suppliers.
- **S27J Provision of information by the Council** - provides for CCWater to provide information to the Authority, Secretary of State or the Welsh Government.
- **S29 Consumer complaints** - provides for CCWater to deal with complaints about the services provided by an undertaker or licensed water supplier.
- **S29A Power of Council to investigate other matters** - gives CCWater the power to investigate any matter which appears to it to be a matter relating to the interests of consumers.

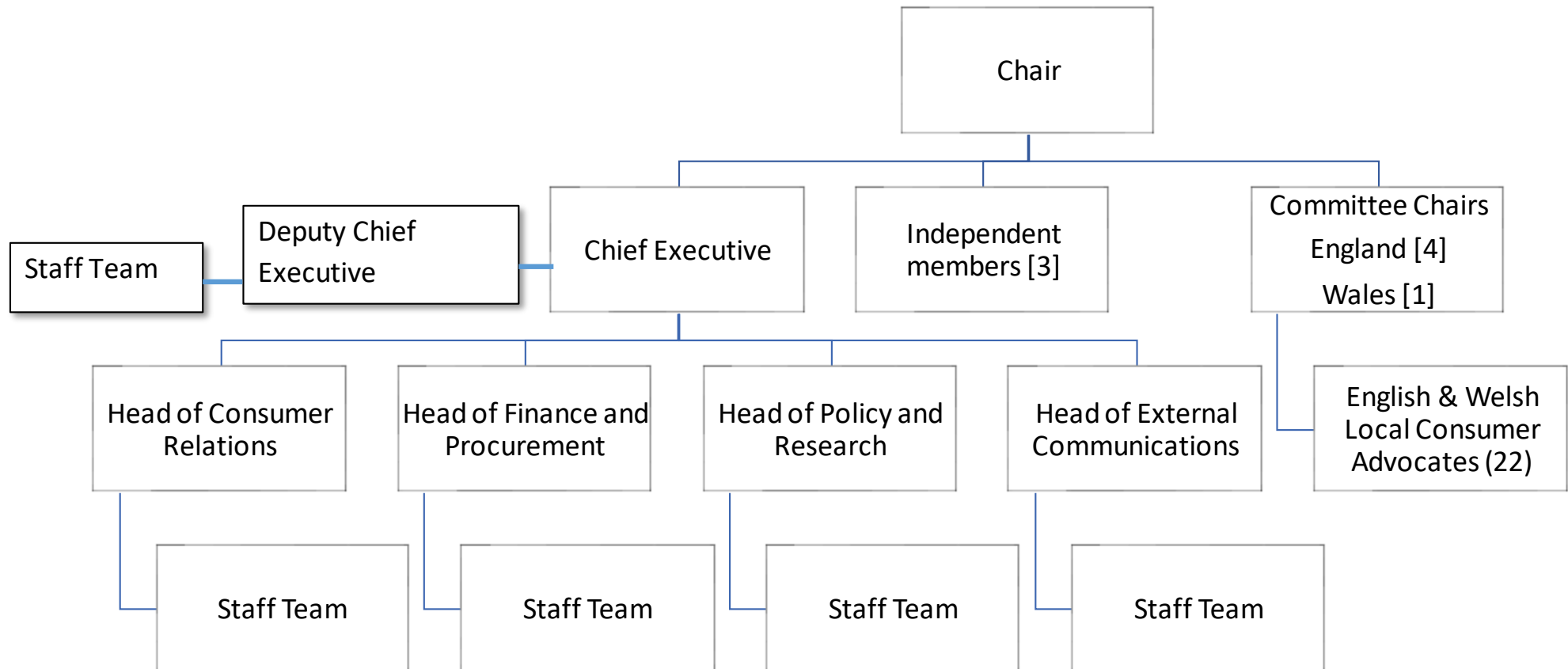
- **S38B Publication of statistical information about complaints: (water)** - requires CCWater to publish statistical information relating to complaints received by undertakers, licensed water suppliers and regulators about water services.
- **S95B Publication of statistical information about complaints (sewerage)** - requires CCWater to publish statistical information relating to complaints received by undertakers and regulators about sewerage services.

The Water Act 2014 gave CCWater some additional responsibilities, which involve being consulted on:

- **S66** The development of market codes, and some charging issues in the lead up to competition widening out to all non-household customers;
- **S43** Incumbents exiting the non-household retail market - the development of Regulations and depending on the final Regulations, possibly separately by companies when they apply to exit;
- **S40B** issues relating to the movement of water to undertakers, by Defra and separately by Welsh Government; and
- **S54** Licence changes as a result of consumer redress schemes;
- **S16** Water companies' charges schemes;
- **S38** Defra and separately the Welsh Government's Charging Guidance and **S24** separately their Strategic Priorities.

We must also represent the interests of consumers supplied by new entrants to the market; require, when necessary, information from the water supply or sewerage licensee; and deal with complaints from customers of water supply and sewerage licensees.

Appendix B: Organisational structure



[You can read our Forward Work Programme here.](#)

Consumer Council for Water
Victoria Square House
Victoria Square
Birmingham
B2 4AJ

CCWater Wales
General Buildings
31-33 Newport Road
Cardiff
CF24 0AB

Consumer Council for Water Board
5 March 2019
Paper 193/18P

Title:

2019-20 Budget and Licence Fee

Report Author:

Marie Perry, Head of Finance & Procurement

Responsible Lead:

Marie Perry, Head of Finance & Procurement

Paper for approval

Purpose

1. To enable the Board to review and approve the proposal for a £5.813m budget and £5.783m licence fee for 2019-20 following the discussion at the November and January Board meetings and in light of the responses to the Forward Work Programme (FWP) consultation.

Recommendation

2. The Board is asked to approve a budget of £5.813m and licence fee of £5.783m subject to final approval from Defra and Welsh Government. The budget will be funded from the licence fee with the exception of the non-cash depreciation charge of £0.03m which is excluded from the licence fee.
3. The revenue budget will increase from the current budget of £5.6m as a result of inflationary pressures, workload associated with PR19 and as a result of investment in the Consumer Relations team in response to an increase in consumer complaints.
4. The Board is asked to specifically consider risks to the budget in paragraphs 12-14.

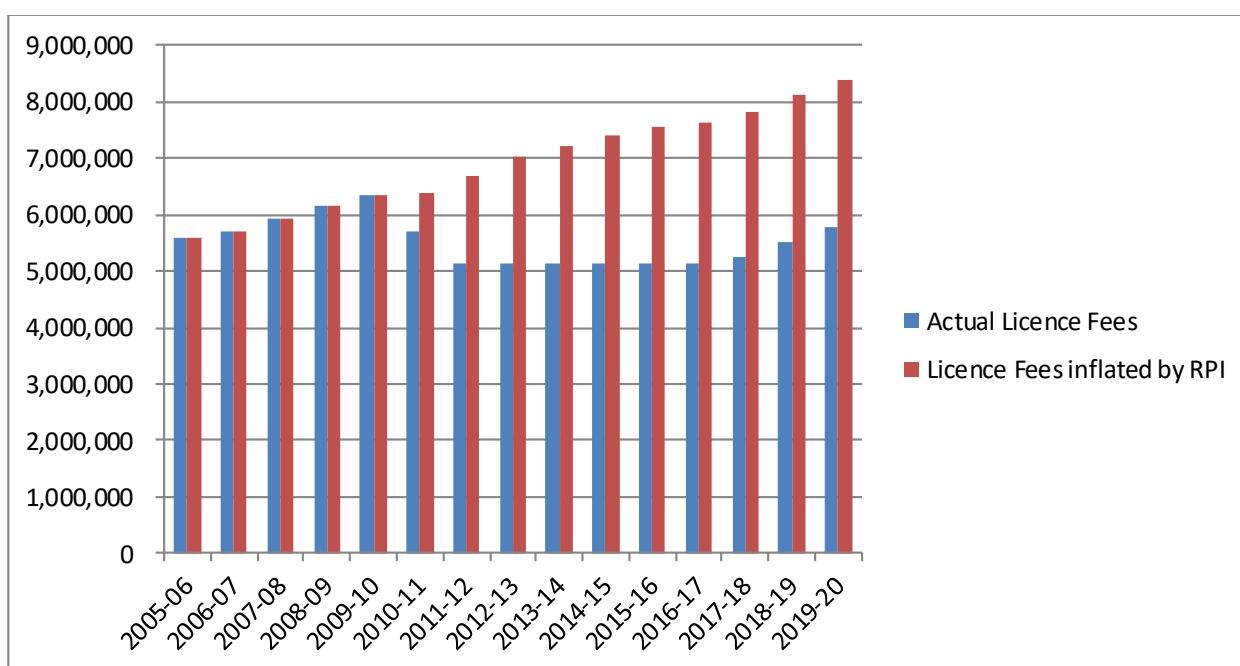
Budget Requirement for 2019-20

5. As previously discussed, there is no formal agreement to carry forward underspends, and Defra has advised that each year any forecast underspends in excess of £100k are considered as part of setting the licence fee for the following year. For 2018-19 we are forecasting an underspend of around £120k against the licence fee element of the budget. In drafting the licence fee at £5.783m, we have taken £40k of this forecast

2019-20 Budget and Licence Fee

underspend into account (i.e. setting the budget and licence fee at £40k lower than expected spend, effectively passing on the effect of the underspend to licensees).

6. It is proposed that the budget is set at £5.813m and the licence fee at £5.783m. Any underspend in excess of £40k will be added to our budget for 2019-20 subject to Defra agreement.
7. Our licence fee costs each bill payer 22p each year.
8. Whilst our licence fee has increased this year due to inflation and resources for the Price Review and Consumer Relations team, we should note that our Licence Fees from 2006/07, as the graph below shows, are well below the Retail Price Index inflation rates (RPI).¹



9. CCWater is committed to keeping costs to a minimum, and has a good track record of this. On average, our licence fee has increased by less than inflation rate, and is 42% less than if RPI had been applied each year, we have operated at RPI minus 2.6% pa since 2006/07.

1. Note: Going forward from 2020, our maximum licence fee will increase by the CPI rather than RPI rate of inflation.

Staff Headcount Changes

10. We are required to agree headcount and full time equivalent (FTE) caps with Defra. Following recent increases in complaints activity, we have advised Defra HR and our sponsorship team of an increase to our headcount information. This increases the “headroom” from 2 FTE to 4 FTE, this allows us to accommodate unexpected events such as new work or maternity leave cover. Our headcount information is summarised in the table below:

	2018/19	2019/20
Budget Headcount (FTE)	74 (71.29)	76 (71.9)
Defra Approved Headcount (FTE)	78 (76)	78 (76)

Assumptions for 2019-20 budgets

11. The assumptions for the 2019-20 budgets are detailed below Annex A shows the movement from 2018-19 expected outturn to the 2019-20 budget:

- The budget includes 4 vacant posts. These are; Wales Chair, 2 x Customer Caseworker posts, and 1 Senior Customer Caseworker. It is expected all these positions will be filled early in the financial year. The estimated cost of these posts is £116k. The post of Chair has been budgeted “as is”.
- Employers’ pension contributions have increased from an average of 21% to an average of 28%, increasing costs by £180k.
- There have been no new posts introduced into the budget for 2019-20, although six posts have been reviewed or benchmarked in 2018-19, increasing costs by £30k.
- £40k is included for staff pay awards for 2018-19.
- £80k extra has been budgeted for flexible resources in the Consumer Relations team, in response to an increase in the number and complexity of complaints.
- £10k remains for additional capacity for LCA additional days and travel costs relating to the increased workload on market reform or Price Review work. This is reduced from 2018-19 and is expected to reduce to nil for 2020-21 as price review work will be complete.
- For consultancy and research £576k has been budgeted, which comprises £480k on policy research, £85k on policy consultancy, £30k on the customer satisfaction survey, £21k for ad- hoc corporate services and governance, this has been adjusted by the £40k savings mentioned below.
- There is a £40k savings target built in to the 2019-20 budget based on the expected underspend at the time of drafting the budget, (i.e. we have reduced the licence fee for 2019-20 by the expected 2018-19 underspend). The underspend is now expected to be around £120k, which will mean we are requesting a carry forward of

£80k. It is not advised to reduce the licence fee further, as Defra have indicated that a carry forward of up to £100k is acceptable and there are some financial risks in 2018-19, including the annual leave accrual which is yet unquantifiable.

- The inbound calls handling service is expected to cost £37k, in 2018-19 this was funded as a pilot from a budgeted Customer Caseworker post which has been kept vacant. Due to the increase in the number of complaints, and following a successful pilot, the additional budget is provided for this call handling service.
- There is £50k contingency set aside for 2019-20, to act as a buffer against unexpected costs.

Risks & Opportunities

12. A benchmarking exercise is underway in response to the relatively poor staff survey response on pay. This could have an impact of between £38k and £70k in 2019-20 and on an ongoing basis should it be decided to implement the recommended changes. There is no budget set aside for this and any decision would rely on a re-prioritisation of other spend, or on savings achieved elsewhere.
13. Any research and consultancy projects which are committed to but not fully complete in 2018-19 will impact on the 2019-20 financial year. This is factored in to the 2019-20 budget based on expected timescales of projects starting in 2018-19, but project slippage could result in a need to carry budget forward to cover specific projects. Should permission for this not be granted by Defra, discretionary spend would have to be reduced.
14. Should there be any other in-year budget pressures identified, decisions would have to be taken to reduce discretionary spend (e.g. research & consultancy or training).

Next Steps

15. Defra and Welsh Government will be asked to approve the budget and licence fee.

2019-20 Budget and Licence Fee

Annex A - Summary of 2019-20 Budget and Comparison to 2018-19 Forecast

	2018-19 Forecast Outturn	2019-20 Budget	Variance	Comment
	£'000	£'000	£'000	
STAFF COSTS	3,569	3,920	351	£180k Pension increase, £80k flexible CR support, £40k pay award 2018-19, £30k benchmarking
RESEARCH SERVICES	559	576	17	Supports research and consultancy programme, including TTW, Water Matters and PR19 Draft Determinations
PERSONNEL OVERHEADS	236	251	15	
TRAINING	60	45	(15)	Increase in training in-year 2018-19, making use of underspends
PUBLICITY, LIBRARY & PARLIAMENT	86	86	0	
COMPUTER SERVICES (INCL FINANCE LEASE DEPRECIATION)	275	285	10	Inflation increase per contracts
OFFICE SUPPORT COSTS	183	185	2	
ACCOMMODATION	395	385	(10)	Reduction in accommodation costs in Birmingham and Cardiff reflected in budget
UNALLOCATED	89	50	(39)	Forecast for 2018-19 includes original £50k plus £39k underspend on accommodation
SUB TOTAL (LICENCE FEE)	5,452	5,783	331	
NON CASH DEPRECIATION	31	30	(1)	
REVENUE TOTAL	5,483	5,813	330	
CAPITAL	39	0	(39)	No planned capital expenditure in 2019-20
BUDGET TOTAL	5,522	5,813	291	

1. Note: Going forward from 2020, our maximum licence fee will increase by the CPI rather than RPI rate of inflation.

Consumer Council for Water Board

5 March 2019

Agenda Item 194/18P

Title:

Regional/Wales Round up - March 2019

Report by:

Regional/Wales Chairs

Responsible Lead:

Regional/Wales Chairs

Paper for information/discussion

Appendix: no

Purpose

1. To update the Board on strategic matters arising in each Chair's area of responsibility.

Recommendations

2. The Board is recommended to note the update and discuss any issues arising from it.

Wales

3. On February 4th, as part of its annual billing media release, Dŵr Cymru Welsh Water (DCWW) announced additional company funding of £12m for its social tariffs in 2019/20.
4. I previously reported that DCWW is changing the eligibility criteria, in order to target the available funding at households with the lowest levels of income. DCWW estimates that 400,000 households in Wales have an annual income of less than £15k, and the lowest household incomes are around £8k per annum. The policy change would, however, result in around a third of households currently receiving help losing their eligibility, because their incomes are between 15k and 16k per annum.
5. We put pressure on DCWW to phase in the impact of the policy change on any affected household which would see a significant increase in their annual water and sewerage charges as a result - around £300 in some cases. The Chief Executive advised me at the end of January that our representations had been reported during their Board's

discussion about the proposed policy change, and affected households would now be given 12 months' notice of the change (from the date of notification) and the impacts would be phased such that the maximum impact on any household in any year would be no more than £1 per week. That indicates phasing of up to six years for those households worst affected by the change.

6. Additionally, many of the affected customers are unmetered single person households and DCWW is confident that they will benefit significantly from the installation of water meter (or a single occupancy assessed charge where a meter cannot be fitted). Following notification, DCWW will therefore contact the customers concerned to offer a meter and provide both water efficiency and debt advice, which will include some form of benefits check. A dedicated team is to be trained up to do this work, and in line with DCWW'S recently published vulnerability strategy, staff will be told to be flexible and not to stick rigidly to the income criteria. In other words, exceptions can and will be made if they judge a household to be in desperate need.
7. The policy change will apply to all new applications from 1 April 2019.
8. Hafren Dyfrdwy (HD) has been carrying out a community engagement exercise, as many of its customers were due to receive their first water bill from the company following the takeover and name change from Dee Valley Water (DVW). The new HD bills are not just branded differently but have a different look and feel to the previous DVW ones. Additionally, payment options have been changed following the takeover, and this has led to an increase in complaints. HD acknowledged that issuing the 2019/20 bills might well trigger further complaints, and it needed to try to mitigate this. The company ran a week of community events, mainly in Wrexham but also in Welshpool, and it has been enclosing an explanatory guide with its bills to help customers understand and adapt to the change. We have encouraged HD to carry out further events, with more in Powys, for example Newtown which has a high proportion of low income households. HD has responded confirming that it is planning further events in the next few months, with a focus on help for vulnerable consumers, and that this will include Newtown.

Northern

9. All companies are very focused on their responses to the PR19 IAP. We are engaging with each of the companies to ensure adequate customer challenge to the responses that companies are developing.

Hartlepool Water

10. The Anglian Water Plan was rated as slow track with expenditure changes expected but non at this stage expected to directly impact significantly on the Hartlepool Water operations.
11. Hartlepool Water are planning to change their billing system later this year (likely to be November/ December). They will adopt the same system as Anglian Water and the company will be informing customers of the changes over the summer. This will see Hartlepool Household customers receiving bills from Anglian Water rather than Hartlepool Water. We challenged the company on the potential negative impact this could have both with customers and stakeholders within Hartlepool but it is claimed by the company

the cost of including Hartlepool Water name on the bill is too great. However, they believe the customer benefits and company efficiencies out way any disadvantages.

12. The company is reviewing how best to shape its engagement with customers for future Performance Reviews.
13. The Hartlepool Water Social Tariff is now up and running and already oversubscribed - the company is not planning to invest any further company money in the scheme.

United Utilities

14. United Utilities Plan was rated as Fast Track and was received the best assessment scores of any company plan. They are working on their responses to ensure they are on track to get a positive draft determination. They are the only one of the three fast track companies to totally opt out of the early certainty principle. Most of the plan changes including on performance commitments they expect to be minor or technical with the exception of the expenditure on waste water and the leakage target. The leakage target will be challenging as in is increased from 15% to 20%.
15. Consumption and leakage levels remain higher than expected and the company is examining why this is so given the extra resources they are presently committing to finding and resolving leakage.

Yorkshire Water Business Stream (YWBS)/Three Sixty

16. A sale has been agreed for Business Stream to acquire the retail business book. Customers will see their bills change to Business Stream in the summer although the deal is not expected to be fully concluded for 18 months. It is uncertain as to whether Business Stream will keep the call centre in Bradford or any other physical presence in Yorkshire after the 18-month transitional period. We have challenged them to improve how they communicate the changes to customers as their plan was in our view inadequate. YWBS have become more aware of the importance of driving down complaints and are looking at different ways to prevent and resolve complaints quickly.

Water Plus

17. We meet with Water Plus next week where we will review their progress against their recovery plan and how effective they have been in recent months at reducing their incoming and existing complaints.

Yorkshire Water

18. Yorkshire Water were rated as Slow Track which was disappointing but not surprising to the company, they have a number of key areas which they are looking to revise. Consumption levels are now back to more of a normal pattern and reservoirs have now returned to 83% capacity despite 50% normal rainfall in January. There are some differences across the region which can be managed by the internal network. Their internal re-organisation is moving with some pace with clear focus now for on services for customers, waste water and clean water. The company will be internalising most waste services over the coming months. The company is clearly adopting a more rigorous approach to how it seeks to manage its operations. The impacts for customers are not visible as yet in terms of improved performance however the early signs do look positive

although the company are clear that the changes they are making are about long term service improvements.

Northumbrian Water

19. Northumbrian Water were rated as Slow Track which was a major disappointment to the company. They are working on revising the plan and already have customer engagement meetings planned. Our next liaison meeting is on 25th February.

Company Monitoring Framework

20. United Utilities achieved Self-assurance for the 3rd year running. Northumbrian Water moved down from Self-assurance to Targeted and Yorkshire Water remain as Targeted.

LCA Recruitment

21. Work is currently underway to prepare a recruitment process to fill the vacancy created when the LCA that worked with Northumbrian Water and Hartlepool Water left CCWater at the end of December 2018.

Western

22. This board meeting falls before the next round of meetings with the companies, so apart from involvement with CCGs on IAP we have had limited contact on other issues.

South West Water

23. We have been consulted by SWW on a new range of leaflets aimed at explaining their codes of practice to customers and the handling of complaints.
24. Ofwat have been in touch with CCWater about their proposed consultation on the change of licence to include the Isles of Scilly. Meanwhile, we have had a telephone conference with the company to explore the issues about new connections to customers not currently included in the handover of Duchy of Cornwall/IoS Council/Tresco Estates networks as I set out at the last board meeting.

Bristol Water

25. Bristol have reported the latest UKCSI report, which has them appearing as the 7th highest scoring utility company, a drop from 4th last year. They have also received Service Mark Accreditation by the Institute of Customer Service after consideration of an action plan after their initial assessment in 2017. The accreditation acknowledges the effectiveness of their customer service strategy, both in delivery to customers but also holistically within the company.
26. I wrote to Bristol Water in December expressing concern that we have seen little reduction in written complaints, which was disappointing. They now say that these have started to fall and they have a strategy for ownership and resolution. We have pointed out to them that their complaint handling is good but the problem lies with the root causes of complaints and the need to address how best to avoid them in the first place, which they have agreed. They also report that Michael Barnes' interview on Radio Bristol following our recent press release had proved very helpful in making staff understand the level of dissatisfaction which leads to a complaint and the role they have in reducing this.

London and South East

Non-Household Retail

27. Concern has been expressed about the SES Business response times to CCWater's requests for information. This has been taken up formally with the company with a meeting on site. The company has an improvement plan in place to address this issue, as well as dealing with a relatively poor complaints record.
28. A meeting has been scheduled with Castle Water after the recent exchange of views, in public, between Castle Water and Thames Water regarding the quality of data relating in particular to metering and the quality of records maintained.

ECA Follow-up meetings

29. Meetings with three companies have taken place to discuss CCW's report. Discussions have focused on gearing, debt profile, profits, dividends and cost efficiency in the context of the balance of customer/shareholder interests. Companies acknowledged the challenge and pointed to changes in gearing and the relationships between profit and dividends which are reflected in the 2020-25 Business Plan as an illustration of how they are responding. Penalties and rewards were also discussed where outperformance has not materialised to the extent envisaged by most companies.

Regional Meeting in Public

30. As reported at the last Board the regional meeting will focus on resilience and metering. The Water Resources in the South East Group (WRSE) will present to the meeting, addressing water stress, drought management and the collaborative arrangements contained in the companies' WRMPs. Attention will also be given to the potential logistical problems such as moving chemicals through the ports in the light of Brexit. The metering discussion will focus on the progress made by Affinity Water and Thames Water in the implementation of their compulsory metering programmes alongside lessons learnt from the experiences of Southern Water and South East Water, whose metering programmes are all but complete.

Central and Eastern

31. The last two months have been relatively quiet, with most contact with companies in the Region focusing on PR19. We have held quarterly review meetings with Severn Trent, Anglian Water and South Staffs & Cambridge water; a meeting with Essex & Suffolk is in the pipeline. There have been no notable issues to bring to the attention of the Board arising out of these meetings.
32. Working with LCAs and policy managers and our complaints colleagues we have been engaged in bringing a range of contentious complaints to a resolution. A small number of these have reinforced for me the continuing problems at the retailer: wholesaler interface in the Non-Household Market. These have all involved a disputed bill, often with question marks over meter readings, in terms of accuracy or timeliness. In at least one instance the discrepancy between the issued bill and historical usage was so great that I fail to understand how the complaint can have progressed so far through the process before some basic steps were taken to review. The final bill was around 4% of that which had originally been issued.

33. In another instance offers of compensation were made to a series of domestic customers who had had substantial disruption, but the company then proposed to revert to a less generous flat rate of compensation, citing concerns over the lack of “fairness” of their original proposal, which would lead to different levels of compensation for neighbouring customers who had different levels of usage. We intervened, and the company reviewed the situation and reverted to their original proposal.
34. In both instances these complaints led to escalation, through the media, or a local MP, when they could have been much better handled at first instance. It remains to be seen whether CMEX will be effective in the prevention of complaint handling of this type.
35. In preparation for this meeting, LCAs and policy managers have worked with the companies in the region to identify opportunities for us to surface questions directly from customers, which they can ask, albeit virtually through video, at our meeting in public. This has resulted in a large number of very rich and varied questions. The CEOs of the companies in the Region will answer a selection of these today. All of the other questions will be answered and the originator of the question will be alerted to where they can find the answer. This is an experiment, but has surfaced around 30 questions, which range from policy to individual operations, and from national to hyperlocal. At this juncture I would like to thank the customers who asked the questions, our colleagues who arranged to record them and colleagues from the companies who helped us identify ways to conduct this experiment in ways that were appropriate and were not disruptive.

ANNEXES:-

NONE