

## Agenda

**Consumer Council for Water Board  
Meeting in Public  
Tuesday 16 April 2019 - 11:00 - 14:40  
Bath Cricket Club,  
North Parade Road,  
Bath, BA2 4EX**

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

**15/19P 11:00 Welcome and apologies for absence**

**16/19P Declarations of interest**

### **Stakeholder Session**

**17/19P 11:05 Introduction/overview of the public session** David Heath  
Regional Chair (Western Region)

**18/19P 11:10 Corporate citizenship - Legitimacy/transparency**

To discuss company corporate citizenship initiatives and their interaction with legitimacy and transparency issues.

**19/19P 12:00 PR19 - discussion**

- to hear about changes the companies have made to their Business Plans following Ofwat's Initial Assessment of Plans, particularly changes that will improve the plans for customers
- to understand how the two 'slow track' companies in the western region have responded to Ofwat's challenges

# Consumer Council for Water Board Agenda

## Meeting in Public

### Tuesday 16 April 2019 - 11:00 - 14:40

**20/19P 12:40 General discussion**

- further general discussions and questions on current issues in the Western Region and wider water sector; and
- an opportunity for guests to raise any relevant issues with the Board

**12:55 - 13:30 - lunch**

#### **Governance and Reporting**

**21/19P 13:30 - Minutes of the public meeting held on 5 March 2019 and any matters arising** (attached)

**22/19P 13:40 - Wales/regional committee minutes:-**

- (i) Wales Committee - 28 September 2019 (attached)
- (ii) Northern Committee - 25 October 2018 (attached)
- (iii) Central and Eastern Committee - 7 November 2018 (attached)

**23/19P 13:50 - Chief Executive's report** T Smith  
Paper to note (attached)

**24/19P 14:00 - Finance Report (to February 2019)** M Perry  
Paper to note (attached)

**25/19P 14:05 - Communications & Stakeholder Engagement Update - Q4 2018/19** A Caton  
Paper to note (attached)

**26/19P 14:15 - CCWater Register of Board Member interests - annual review** A Townsend/P Marshall  
Paper for decision (attached)

#### **Regional Issues**

**27/19P 14:20 - Regional/Wales roundup** Regional/Wales Chairs  
Paper for discussion/note (to follow)

**28/19P 14:35 - Other business**

**Consumer Council for Water Board Agenda**  
**Meeting in Public**  
**Tuesday 16 April 2019 - 11:00 - 14:40**

**29/19P    Future Meetings**

The next regional meeting in public will be on 16 July 2019 in the Northern Region.  
There will be a meeting in public with Non-Household retailers and wholesalers on 4 June 2019 in Birmingham.

***Public meeting close 14:40***

**Attending:-**

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

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

**Western LCAs:**   Mike Bell, Gudrun Limbrick, Veronica O'Dea, Mike Short

**Consumer Council for Water**  
**Minutes of the Board meeting in Public**  
**11:00 on Tuesday 5 March 2019**  
**St Mary's Guildhall**  
**Bayley Lane**  
**Coventry, CV1 5RN**

**Present:-**

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

**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:**

Sarah Bentley, Chief Customer Officer, Severn Trent Water  
Joanne Hollamby, Head of Customer Strategy, Severn Trent Water  
Heidi Mottram, CEO, Essex and Suffolk Water  
Phil Newland, CEO, South Staffordshire Water  
Claire Sharp, Customer Director, Essex and Suffolk Water  
Peter Simpson, CEO, Anglian 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.

**182/18P Welcome and apologies for absence**

182.1P The Chair welcomed stakeholders and members of the public to the meeting. There were no apologies for absence.

**183/18P Declarations of interest**

183.1P David Heath reported that he had ceased to be a trustee of the Bath and Wells Multi Academy Trust on 1 March 2019. The Register of Interests would be updated to reflect this change.

**184/18P Introduction/overview of the public session**

184.1P The Board received a brief introduction to the stakeholder session from the Central and Eastern Chair who explained that the meeting was an opportunity to hear about and discuss a number of topics with companies including social tariffs and PR19.

**185/18P Stakeholder session - social tariff harmonisation**  
Severn Trent

185.1P The Board received a brief update from Severn Trent (SVT) that set out its approach to social tariffs and associated work that was currently underway including a full review of its social tariff. The Board noted that SVT was also working to simplify the process customers used to reapply for a social tariff if their financial situation had not improved in the previous twelve months. Discussions were also taking place with companies who bordered the SVT region about accessibility levels.

185.2P The Board asked what the level of cross subsidy was and Severn Trent indicated that it was currently £3 and would be £5 in 2019/20 rising to £8.

South Staffordshire Water

185.3P The Board heard that South Staffordshire Water (SSW) was still refining its social tariff. Contribution rates were currently £1.50 and would rise to £3 in 2019/20. The Board heard that subsidy levels were reducing from 80% to 60% but this would allow SSW to increase the number of customers that were supported.

185.4P SSW had recognised that its social tariff application process, that included a 16-page form, was bureaucratic. Alternative approaches were being explored including fast track applications via housing associations. SSW advised that it had a good relationship with the sewerage companies serving its area and its customers could be passported to their schemes.

Anglian

185.5P Anglian Water (AW) gave a brief overview of its social tariff arrangements, it recognised that its scheme was not as streamlined as it could be. The Board heard that AW was also supporting its customers to

access additional benefits that they may be entitled to and an extra care team was being established to support this work.

- 185.6P The Board heard that the SVT social tariff was similar to AW's lite tariff and that customers were signposted/passported to SVT where appropriate. AW recognised that other companies had made more progress than it on social tariffs.
- 185.7P The Board asked about the drop-out rate between identifying customers eligible for the social tariff and them completing the process. AW explained that to date this process had been outsourced and acknowledged that there had been high drop-out rates; this work was now being brought back in house and the problems were being addressed.

#### Essex and Suffolk Water

- 185.8P The Board heard that Essex and Suffolk Water (ESW) was aiming to reduce the number of its customers in water poverty from the current level of 21% to 7% in 2025. A water poverty unit had been established to lead this work and the Board noted that innovative changes were being considered as well as more traditional social tariffs. ESW explained that it worked closely with Local Authorities and Housing Associations who would signpost customers to ESW.
- 185.9P The Board noted that ESW shared customers with AW and Thames Water and heard how these companies worked together to support customers.

#### Discussion

- 185.10P The Board went on to discuss the issues raised in the presentation including:-
- how SSW customers would be affected by the changes to its support arrangements. SSW indicated that it was reducing the level of support from 80% discount to 60% so that it could maximise the number of customers that were supported. SSW would check for any customers that are severely affected and establish if they can be supported through the change;
  - if water companies could agree data sharing arrangements with partner organisations such as Local Authorities to avoid repeated assessment. The Board heard that a Water UK advisory group had been established to work with DWP on this. The Board noted that even when consent had been given for data to be shared there were issues to be addressed around accessing that data;
  - if a consistent approach to support across all companies would be helpful. It was suggested that a centralised scheme would lose the opportunity offered by the currently process to understand the views of customers in relation to social tariffs including the agreement of contributions;
  - changes that companies could be making to simplify the processes and introduce more consistency across companies. The Board was

advised that consistency between companies was increasing; there were no barriers to prevent companies working together for example to align entry levels; and

- potential barriers to further harmonisation of tariffs. The Board noted that the contribution levels agreed with customers was often a barrier; companies emphasised the importance of sensitivity around this.

185.11p The Chair thanked the stakeholder representatives for their input to the discussion.

**186/18P General Discussion**

186.1P The Regional Chair (Central and Eastern) briefly introduced the session and explained that 'vox pops' questions had been obtained from customers of the companies in the Central and Eastern Region. The questions were played for response by the appropriate company representative. Some questions had been received that related to the Legitimacy and Transparency and PR19 discussions later in the meeting; these questions would be taken under those agenda items.

Anglian Water

186.2P *What is the company doing to look after the natural environment?*

Anglian Water (AW) explained that it has a 25-year strategic direction statement in which the environment featured heavily. AW indicated that it would be doubling its investment in environmental schemes and went on to explain its plans to improve some of the rivers in its area.

186.3P *What the company is doing to upgrade the sewerage system when there are new housing developments?*

AW explained that it had investigated the problems at the location concerned and assured the Board that the flooding experienced was surface water and not foul water. AW had promised to carry out a case review of the area to check the planned interventions were appropriate.

Essex and Suffolk

186.4P *How is the company going to meet targets but still keep bills low?*

Essex and Suffolk Water (ESW) explained that it had submitted an ambitious PR19 business plan to Ofwat with water bills reducing in real terms by 12% over the period. ESW explained that it had worked hard to improve efficiency over the past five years.

186.5P *What is the company doing to prevent/mitigate flooding in new developments built in flood plain areas?*

ESW explained that there was a lot of pressure for new homes and outlined the consultation process for new developments. The Board noted that as a Water only Company ESW was only consulted on the supply of water; AW were consulted on flooding matters. AW explained how it worked with Local Authorities on the location of new housing developments and noted that there was a sustainable drainage scheme in place at the development the customer was referring to.

#### Severn Trent

- 186.6P *What is the company doing to improve the time it takes to fix visible leaks?*  
Severn Trent (SVT) explained that it had put a great deal of energy into finding innovative ways to detect and fix leaks for example 35,000 loggers had been installed on the network to help detect leaks. SVT explained that it was aiming to reduce leakage by 15% over the next five years and that customers could use technology to report leaks and monitor progress in fixing them; this included a new video call facility.
- 186.7P *What is the company doing to manage demand for water going forward thinking about drought/climate change?*  
Severn Trent outlined a number of potential interventions that could be put in place to maintain a resilient water supply.
- 186.8P *How does the company plan to manage the quality of water with the increased use of pesticides and chemicals?*  
SVT explained how it worked with farmers to help them reduce the use of pesticides and help improve catchment management. The Board noted that 90% of high risk crop farmers had signed up to reduce pesticide use. SVT emphasised the need for stakeholders to work together for a high quality resilient water supply.

#### South Staffs & Cambridge

- 186.9P *Three crews attended a property to fit a meter - can you upskill staff and streamline the process?*  
South Staffordshire water (SSW) indicated that it had received a number of similar complaints and that this was an issue that it was currently looking at. SSW indicated that it hoped to be able to change the meter fitting process to a two visit model.
- 186.10P *Can you make bills lower?*  
SSW explained that it was aiming to cut bills before inflation by 11% in the 2020-25 price review period and that after inflation bills should be flat throughout the period. If SSW customers were having problems paying their water bill they should contact the company, it would look at the circumstances and give advice on how the bill could be made more affordable.

#### Discussion

- 186.11P The Board referred to the question at minute 186.3P above and asked why the customer had thought the water was sewage. AW indicated that in the past there had been problems with foul water flooding in the area. While this problem had been fixed there was still surface water flooding issues to be addressed.
- 186.12P The Board referred to the question at minute 186.9P above and asked how SSW would mitigate these complaints. SSW indicated that it recognised the problem and explained that it had been addressed in the midlands and that the changes would be rolled out in the Cambridge area in the next few months. SSW indicated that the number of visits would be reduced to 2; it was not possible for there to be only one visit.



SSW also explained that research had shown that customers expected meter fitting to be completed in 30 days and that 50 days was unacceptable. The Board noted that SSW currently took 38 days to fit a meter and that it hoped to be able to reduce this further.

186.13P What companies were doing differently in response to the events around the beast from the east one year ago. The companies responded:-

- SVT explained that it had published a report setting out the actions it would be taking. Areas of high ground, for example the Derbyshire Dales, had been a particular problem for SVT and it had made improvements to increase resilience in these areas;
- SSW reported that it was looking at a number of initiatives including how to help prevent customer side water loss, for example campaigns in industrial areas to encourage pipe lagging;
- ESW indicated that it had not been seriously affected by the events but that it had learned from previous incidents and planned well. ESW emphasised that people were a fundamental part of its system and that there was a need to invest in them. It had also learned lessons from the cryptosporidium incident experienced by United Utilities; and
- AW had found that it had relied heavily on a small group of people during the events a year ago and was now looking at how that load could be spread. AW had also increased its use of data to detect problems on its system;

186.14P The Regional Chair (Central and Eastern) drew the session to a close and explained that more questions had been received than had been used; these would be answered outside of the meeting and posted on the website of both CCWater and the relevant company.

187/18P **Legitimacy and transparency**  
Customer Question

187.1P The Board heard the 'vox pops' question that related to Legitimacy and Transparency; this was for response by all companies:-

*Why can't all utilities be publically owned, could there be a national water grid?*

The companies responded in turn:-

- SSW explained that it was carrying out research to understand customer views of SSW in terms of legitimacy and transparency and outlined some high level findings. The Board noted that SSW customers had high levels of trust in the company but acknowledged that issues such as leakage could affect this. SSW recognised that it had a good relationship with its customers but that it could protect and improve this by working in the right way;
- SVT indicated that the suggestion that the renationalisation of the water industry would save customers money was not necessarily true. SVT also suggested that support for the proposal might be falling

amongst members of the public. SVT acknowledged that companies needed to work hard to maintain levels of trust and legitimacy with customers;

- AW explained that water companies had been privatised in order to be able to access investment to enable them to meet a number of EU standards. AW emphasised that although the improvements were now in place the industry should not be complacent but should expect to be tested and set challenging standards for itself. In 2012 the UK experienced a period of dry weather that had caused concern; the Board heard that as a result the industry considered how it could plan for a similar occurrence; this work underpinned the current approach to national water planning.

#### General Discussion

187.2P The board enquired if the companies present were aware of customer dissatisfaction about fairness. The companies responded:-

- SVT indicated that its research underpinning the PR19 process had identified that the drivers for satisfaction and dissatisfaction amongst customers were different. SVT recognised that it could do more for communities and wider society and also to raise awareness of the initiatives that were in place;
- SSW explained that it published a lot of information on its website with the aim of transparency and took the approach that there should be little that couldn't be disclosed; and
- ESW suggested that for water companies there can be instances where issues of fairness are very localised and that these considerations can be very different to the issues for the industry as a whole. CCWater indicated that customer views on this often varied by company and often depended on community engagement at a local level.

188/18P **PR19**

188.1P The Board heard the 'vox pops' question that related to PR19; this was for response by all companies:-

*Only three companies gained fast track status - how will the companies respond to the comments made by the regulator in the IAP?*

The companies responded in turn:-

- AW explained that it had engaged with a lot of customers in the development of its business plan; this had been recognised by Ofwat. AW was frustrated at the general suggestion that not being awarded fast track status was a bad outcome; slow track status was normal but this was not the headline;
- ESW indicated that it had been placed in the slow track category and explained that it was developing proposals for additional resilience and the management of summer rainfall;

- SSW indicated that it considered the plan it had submitted to be good and that it had integrity; it recognised the need to listen to the challenges made by Ofwat in the IAP and briefly outlined these.
- SVT indicated that although it had been awarded fast track status it still had changes it wished to make to its plan. SVT suggested that some of the targets in its plan could be more stretching and indicated that it would be looking at this.

#### General Discussion

188.2P The board asked the companies present how they planned to respond to Ofwat's recent challenge to companies to make a step change in resilience in their business plans. The companies indicated that:-

- AW indicated that infrastructure improvements to increase resilience were included in its plan; resilience was a thread throughout the AW business plan;
- ESW indicated that it had been frustrated by Ofwat's response to its resilience proposals. The ESW plan had included resilience proposals, for example around the management of summer rainfall but Ofwat had not recognised the value in the work. ESW indicated that it would be talking to Ofwat about this matter and that its proposals had high levels of customer support;
- SVT reported that its business plan had included a number of resilience proposals including plans to increase the resilience of treatment work and also catchment management and sustainable drainage proposals;
- SSW reported that it had argued in its plan that substantial amounts of work were needed to improve the resilience of two water treatment works that this had been recognised by Ofwat as a practical example of resilience.

188.3P The Chair thanked the representatives for joining the panel discussion and the input from all parties to this and the previous discussions.

#### **189/18P Minutes of the meeting in public held on 11 December 2018**

189.1P The Board approved the minutes of its meeting held in public on 11 December 2018 as a true record. There were no matters arising to be dealt with in this session.

#### **190/18P Chief Executive's Report**

190.1P The Board considered and noted a paper that outlined CCWater's key activities and achievements since the Board last met in public in December 2018. The Board noted that the number of consumers helped by social tariff schemes had increased by 17% in the first six months of 2018/19; over 600,000 customers were now being helped with lower bills through the social tariff and WaterSure schemes. The Board enquired if CCWater knew how many households were eligible for support and went on to explore how this figure could be established. CCWater would review what information it held on this matter.

**Action: M Keil**

**191/18P Finance report (to January 2019)**

191.1P The Board considered and noted a paper that presented a summary of the financial performance of CCWater to end January 2019. The Board was advised that the forecast year end outturn was an underspend of between £140k and £170K and was updated on the reasons for this.

191.2P The Board noted that there were a number of risks associated with events that were uncertain that could affect the outturn position that were briefly outlined to the Board.

**192/18P 2019/22 Forward Work Programme and Operational Business Plan 2019/20**

192.1P The Board considered a paper that presented the Draft Forward Work Programme (FWP) for the period 2019/22 and the Draft Operational Business Plan (OBP) for 2019/20. The Board heard that three changes had been made to the document since the draft had been circulated to it that comprised:-

- a chart to be included in the FWP setting out how CCWater's spend was apportioned between its strategic priorities;
- changes to the OBP to reflect the inclusion of a consumer panel in the Research and Consultancy programme (minute 176/18 refers); and
- details about the respective responsibilities of retailers and wholesalers in an emergency situation that had been requested by Defra.

192.2P The Board reviewed the chart that illustrated the apportionment of spend that was to be included in the FWP; this had been requested by Defra and Welsh Government. The Board made a number of suggestions on how the chart could be made clearer and it would be reviewed bearing in mind the comments made. **Action: M Perry/J Suggate**

**The Board approved the 2019/22 Forward Work Programme and 2019/20 Operational Business Plan and delegated the final sign off of these to the Chair and Chief Executive.**

**193/18P 2019/20 Budget and Licence Fee**

193.1P The Board considered a paper that presented the proposed 2019/20 budget and licence fee. The Board noted that the revenue budget would increase from £5.6m in 2018/19 to £5.813 in 2019/20 and that this was to accommodate inflationary pressures, workload associated with PR19 and investment in the Consumer Relations team.

- 193.2P The Board was advised that the budget would be funded from the licence fee with the exception of the non-cash depreciation charge of £0.03m which was excluded. The Board also noted that Defra and Welsh Government were also required to approve the budget and licence fee.

**The Board approved the 2019/20 budget of £5.813m and licence fee of £5.783 subject to final approval from Defra and Welsh Government.**

**194/18P Regional/Wales round up**

- 194.1P 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:-

- Dŵr Cymru Welsh Water (DCWW) had been awarded a change to its supply area, following a NAV application to Ofwat. The company had also experienced a number of seemingly unconnected mains bursts in quick succession; this issue was being monitored;
- Hartlepool Water was planning to change its billing system later in the year. There was concern that this would mean that the Hartlepool Water name would be lost from bills as the system could not accommodate the Hartlepool and Anglian logo. There was concern that this would not be well received in the Hartlepool area;
- There had been some problems with the introduction of a new billing system by Northumbrian Water which had resulted in an increase in complaints. The Board noted that additional staff were being deployed to help manage the situation;
- The NAV consultation on changes to water provision in the Isles of Scilly had been published by Ofwat. The Board was advised that the consultation proposed that the current customers of the Council, Duchy of Cornwall and Tresco Estate transfer to South West Water; residents with private supplies were also keen to be connected;
- Thames Water had indicated that it had underreported leakage and it would not now meet its 2019/20 leakage targets. The Board noted that it was confident that it would be able to address issues in order to meet its 2020/21 targets; and
- The Board heard that the Central and Eastern team had been involved in resolving a number of contentious complaints; a number of these had centred on the ongoing problems at the non-household retailer/wholesaler interface.

**195/18P Other business**

Review of meeting in public

- 195.1P The Board reviewed how the meeting in public had gone. The Board agreed that the question and answer session had gone well and suggested that there would have been more questions if consumers had not been videoed, the format had also constrained any follow up questions the Board may have wished to make. The Board agreed that

the approach should be tried again and the board suggested a number of potential sources for questions.

Chair

- 195.2P The Board noted that this was the last Board meeting that Alan Lovell would be present at before his term of office ended at the end of March 2019. The Board and Executive team thanked Alan for his support and leadership of the Board during his four-year term. Alan responded and passed on his best wishes to CCWater for the future.

196/18P **Date of next meeting**

- 196.1P The next meeting in public would be on 16 April 2019 in the Western Region.

**The meeting closed at 14:50**

**CONSUMER COUNCIL FOR WATER (CCWATER)**

**WALES COMMITTEE**

**MINUTES OF THE 35<sup>th</sup> MEETING IN PUBLIC**

**Swalec Stadium, Sophia Gardens, Cardiff**

**28 SEPTEMBER 2018**

Papers for this meeting are electronically available at:

<https://www.ccwater.org.uk/wp-content/uploads/2018/09/Presentations-of-35th-meeting-in-public--28-September.pdf>

**1 Welcome & apologies and declarations of interest and consumer issues from the floor.**

1.1 Attendance and apologies can be seen in Annex 2 of the minutes.

1.2 Jenny Rathbone AM asked what opportunities there may be for Wales to exploit any surplus water resources for the benefit of Wales and its citizens (by selling it to England for the right price). Dŵr Cymru Welsh Water (DCWW) replied that Thames Water expressed an interest in any surplus and that they were open to the idea provided that its own Welsh customers were not adversely affected, e.g. in terms of cost/environment/drought risk and impacts on charges.

**2 Update on water and sewerage services in Wales**

2.1 Tom Taylor (Wales Chair) gave a presentation on CCWater's aspect on water company performance in Wales. It can be accessed [here](#).

2.3 All CCWater annual industry performance reports are available on [www.ccwater.org.uk](http://www.ccwater.org.uk) and links are circulated to those on CCWater's contact lists.

**Dŵr Cymru Welsh Water (DCWW) performance discussion**

2.2 [CCWater's "Water Matters" research report](#) published in July 2018 highlighted consistently high levels customer satisfaction and perception of good value for money. The company acknowledges there are challenges still to be met and room for improvement.

2.3 DCWW's customers were badly affected by the adverse weather conditions in March 2018 with high levels of interruptions of water supply (supplies to 1,500 customers were lost) and high levels of contact reported by the company. DCWW reported customers showed understanding despite long interruptions of water supply.

2.4 Performance metrics on interruptions of supply increased from 16 minutes to 43 minutes. The company was not meeting its performance target even before the adverse weather conditions.

2.5 The company reported that summer 2018 had been very challenging on leakage and supply interruptions performance further affecting their performance.

2.6 The company felt their teams coped well with the challenges throughout the year, e.g. by getting tankers, people and equipment out to affected locations. CCWater challenged the company that as interruptions and adverse weather events are

becoming more common, for example with similar frost events experiences in 2010, it needs to demonstrate how lessons have been learnt. CCWater is particularly concerned to see that the company adapts its customer communications particularly with businesses, and vulnerable and rural customers during such events. Everyone acknowledged that in July and August 2018 the company successfully fixed twice as many leaks compared to last year (4,000).

- 2.6 Customer acceptability of water taste, smell and colour is low with an ongoing high number of complaints. The company is working on additional and permanent treatment on a number of sites.
- 2.7 Even though the past two years have been challenging, the company reported that its credit rating has been at its best which allows them, together with other factors, to keep bill increases to a minimum.

#### Harfren Dyfrdwy (HD) performance discussion

- 2.8 Harfren Dyfrdwy (HD) is new Wales-only bringing together Wales only areas of Dee Valley Water and Severn Trent Water since July 2018. The Chester area previously serviced by Dee Valley Water has been merged in Severn Trent Water. There are new channels of communication for the new company including a new website and active social media accounts.
- 2.9 Whilst Severn Trent customers were affected during adverse weather conditions in March 2018 Hafren Dyfrdwy customers did not experience such disruptions. However, as the companies share operational resources, the companies' management acknowledged that any lessons learnt by Severn Trent should be applied to both companies.
- 2.10 HD reported increased leakage levels because of the summer drought conditions and during the freeze-thaw<sup>1</sup>. CCWater notes that the company's leakage performance is likely to be adversely affected in 2018/19.
- 2.11 There was a query relating to charges for bottled water distributed by Hafren/Severn Trent at £1/bottle cost during water supply interruptions (in Summer 2018). There was concern on how acceptable this was particularly as bottled water can be accessed at shops at a more affordable price.

**Action: HD/SVT to explain the rationale and justification for £1 bottle charge for water distributed during water supply interruptions.**

- 2.12 The company acknowledged CCWater's concern about leakage targets and committed to clarifying their position on leakage performance in private discussions. The company has increased its team capacity to tackle leakage. It recognises that leakage and water efficiency is a priority topic and this is reflected in its board discussions.
- 2.13 HD explained it is reviewing its policy on free leak repairs across Severn Trent and HD boundaries to offer acceptable support on leak repairs to customers. Until then the Dee Valley policy offering some support for private leak repairs remains.

#### Drinking Water Inspectorate (DWI) update

[\*Please refer to page 31 of the meeting papers for a full DWI report.\*](#)

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<sup>1</sup> Whilst interruptions to customer supplies were avoided the network was affected and operational teams had to deal with pipe burst incidents.



2.14 This is a summary of the update provided at the meeting:

- One of DWI's priorities for companies is to demonstrate satisfactory sampling frequency.
- DWI considered how companies across England and Wales responded differently to water quality issues relating to the widespread loss of supplies in 2018. One of the key DWI recommendations was to consider mutual aid arrangements across the industry as well as capacity, upskilling staff and removing obstacles in the supply chain.
- DWI has taken some enforcement action in relation to water quality (discolouration) against DCWW to which they have asked the company to respond. This should be discussed at subsequent CCWater meetings.
- It would be appropriate to consider a review on water quality as a result of the summer drought conditions at CCWater's March meeting in public.
- HD is a new company with new boundaries and therefore DWI does not have no historic data to help make sensible performance comparisons at this stage.

Natural Resources Wales / Cyfoeth Naturiol Cymru update:

2.15 This is a summary of the update provided at the meeting:

- In 2017/18 DCWW's sewerage works environmental compliance saw a decline and this is an area of concern for the regulator. Environmental water quality compliance was also mentioned as an area that NRW thinks requires further investment.
- Future NRW reports on environmental issues relating to wastewater service will change in 2018 as wastewater services from HD will be taken into account.
- NRW acknowledges CCWater's point that environmental reports from the regulator should perhaps be broader in their remit than just cover regulatory environmental compliance to consider water efficiency, water resources availability, etc. CCWater's view would be considered but resources at NRW are limited.
- Current year 2018/19 performance for Severn Trent has shown improvement compared to the previous year. DCWW's performance seems to be improving in the current performance year.
- HD wastewater performance at the next CCWater meeting in public as in September 2018 the company was newly established.

**3. Wales Act 2017: Realigning the regulatory border for water and sewerage in Wales**

3.1 Eifiona Williams (EW) the Wales Act implementation. Her presentation can be viewed [here from slide 40 onwards](#).

3.2 A new intergovernmental protocol has now replaced the previous Secretary of State statutory intervention powers. This was the first step in implementing the Act. At the next stage it is important to engage effectively with key stakeholders, statutory agencies and regulators. There are currently discussions with Defra to delay the implementation of the Wales Act final realignment to 2022. This will allow more time to consider likely policy implications.<sup>2</sup>

3.3 EW confirmed that impact of Wales Act changes will not be felt until the next cycle of business plans (PR24). There will need to be careful consideration about how

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<sup>2</sup> As of March 2019 the Wales Act implementation has been delayed to 2022.

business planning will reflect the different government regulatory requirements. It is important that Ofwat is fully engaged in the Wales Act implementation discussions to facilitate and enable its implementation through its regulatory activity.

#### **4 The “Refill” program presentation**

- 4.1 Hannah Osman’s presentation on the refill program can be viewed [here from slide 29 onwards](#). The Refill UK programme is operated by City to Sea and aims get businesses to sign up to be refill stations where the public can refill their water bottles. Hannah is the first Refill Wales manager.
- 4.2 The Refill programme already has 600 businesses in Wales signed up. This activity supports Welsh Government’s aspiration to make Wales the first refill nation.
- 4.3 Refill Wales is open to working with both water companies in Wales to launch refill activity and programmes in 2019. Date and activity has already been planned with HD for 2019. Hannah invited DCWW to collaborate with HD.

**Action: CCWater and the companies to collaborate with Refill Wales programme to support its aims.**

- 4.4 The importance of good water quality and excellent food hygiene ratings when selecting businesses who subscribe to the refill scheme was raised by CCWater. Outdoor water fountain should also be maintained to protect public health.

**Action: Hannah Osman to share lessons learnt and good examples of Refill campaigns and practice by other water companies in England.**

#### **5. Minutes of the Previous Meetings & Review of Action Points**

- 5.1 The minutes of the March 2018 meeting in public were signed as an accurate record: <https://www.ccwater.org.uk/wp-content/uploads/2018/09/Meeting-in-Public-Minutes-23-March-2018.pdf>

#### **6. AOB**

- 6.1 This was Tom Taylor’s final meeting in public as the Wales Committee Chair. Ann Beynon took the opportunity to thank Tom for his work as CCWater Chair in Wales. It was explained that Tom’s last meeting with CCWater’s Board would take place in Cardiff in December 2018.

#### **7. Chair’s Closing Remarks**

- 7.1 Tom Taylor thanked the water companies, regulators, CCWater colleagues and all attendees for their support, work and collaboration during the three years of his term.

**Wales Committee Chair**

**Signed..... Dated.....**

## Annex 1 Summary of Actions

Summary of Actions		
Item	What	Who
2	HD/SVT to explain the rationale and justification for £1 bottle charge for water distributed during water supply interruptions.	Hafren Dyfrdwy Louise Moir
4	CCWater and the companies to collaborate with Refill Wales programme to support its aims.	CCWater/Hafren Dyfrdwy/Welsh Water  Lia Moutselou, Louise Moir, Alun Shurmer
4	Hannah Osman to share lessons learnt and good examples of Refill campaigns and practice by other water companies in England.	Hannah Osman

## **Annex 2 - List of attendees from the public gallery & apologies**

### **Attendance**

<b>CCWater</b>	Wales Committee Chair Wales Committee	Tom Taylor Sian Phipps Lee Gonzalez Robert Gilchrist Ronnie Alexander Phil Marshall Lia Moutselou Jenny Suggate Ceri Walsh Amanda Caton Joanne Dunstan Grainne Roper Ioulia Hapeshis
<b>Hafren Dyfrdwy</b>	Deputy Chief Executive Senior Policy Manager Senior Policy Manager Consumer Relations Manager Head of External Communications Senior Customer Caseworker Social Media Officer Policy Support Officer Chief Engineer Chair CCG Non-executive Director Business Lead-Retail	Bob Stear Clare Evans Ann Beynon Louise Moir Alex Downes Alun Shurmer
<b>Dwr Cymru Welsh Water</b>	Customer Strategy and Communications Director MD Water Services MD Household Customer Services	Ian Christie Samantha James Debra Hughes Ian Wyatt Sally Gronow Suzanne Butcher Mark Johnson
<b>Drinking Water Inspectorate</b>	Inspector	Ann Bunting
<b>Cardiff Central</b>	Assembly Member	Jenny Rathbone
<b>Cyfoeth Naturiol Cymru</b>	Team Leader Water Policy and	Mark Squire
<b>Natural Resources Wales</b>	Directive Implementation	
<b>Welsh Government</b>	Head of the Water Branch	Eifiona Williams Catherine Osborne Geraint Hamer
<b>City to Sea</b>	Refill Wales Coordinator	Hannah Osman
<b>Auriga services</b>		Catherine White
<b>Age Cymru</b>		Ceri Cryer

### **Apologies**

<b>CCWater</b>	Angela Davies-Jones
<b>Bevan Foundation</b>	Victoria Winkler
<b>National Assembly for Wales</b>	Lorna Scurlock
<b>Dwr Cymru Welsh Water CCG</b>	Peter Davies
<b>Dwr Cymru Welsh Water</b>	Chris Jones
<b>Dwr Cymru Welsh Water</b>	Peter Perry
<b>Severn Trent Water/Hafren Dyfrdwy</b>	Liv Garfield
<b>Citizens Advice Cymru</b>	Alun Evans
<b>City to Sea</b>	Gus Hoyt
<b>Defra</b>	Frank White

Consumer Council for Water  
Thursday 25<sup>th</sup> October 2018

**Minutes of the Twenty-Seventh Northern Committee Regional Meeting in Public  
12:30pm Thursday, 25<sup>th</sup> October 2018  
The Brain Charity, Liverpool**

- Present:** Robert Light - Northern Committee Chair  
Andrew White - Senior Policy Manager  
Janine Shackleton - Policy Manager  
Steve Grebby - Policy Manager  
Bhupendra Mistry - Local Consumer Advocate (United Utilities)  
Susan Waterson - Local Consumer Advocate (Yorkshire Water)  
Emily Flavell - Policy Support Officer  
Dr Mike Keil - Head of Policy and Research  
Gemma Domican - Policy Manager
- Attending:** Kevin Ensell - Operations Manager - Hartlepool Water  
Richard Emmott - Director of Communications - Yorkshire Water  
Heidi Mottram OBE CBE - CEO - Northumbrian Water  
Simon Chadwick - Central Operations Director - United Utilities  
Sally Ainsworth - Head of Service Recovery - United Utilities  
Emma Jennings - Strategic Networks Manager - Northumbrian Water  
Kelly Graham - Head of Customer Service - Northumbrian Water  
Dean Stewart - Regulatory Service Manager - Yorkshire Water  
Kamran Saleem - Non-Household Retail Contract Manager - Yorkshire Water Business Services  
Jackie Storr - Head of Customer Service - Water Plus  
Richard Hudson - Senior Portfolio Manager - Castle Water
- Apologies:** Colin Wilkinson - Local Consumer Advocate (Hartlepool Water) - CCWater  
Steve Mogford - Chief Executive - United Utilities  
Louise Beardmore - Customer Service Director - United Utilities  
Richard Flint - Chief Executive - Yorkshire Water  
Claire Sharp - Customer Director - Northumbrian Water  
Liz D'Arcy - Portfolio Manager (North) - MOSL

**1.0 Chair's Opening Remarks and Apologies for Absence**

- 1.1 Robert Light (the Chair) welcomed all attendees to the Northern Committee's twenty seventh meeting in public.

- 1.2 Apologies were noted from Colin Wilkinson Louise Beardmore, Claire Sharp, Liz D'Arcy, Steve Mogford and Richard Flint.

## **2.0 Questions and Comments from Members of the Public**

- 2.1 There were no questions from the public and no declarations of interest were received in advance.

## **3.0 Minutes of the Last Meeting**

- 3.1 The Committee and attendees at the previous meeting in public on 25<sup>th</sup> May 2018 deemed the minutes as an accurate record.

## **4.0 Matters Arising**

- 4.1 Yorkshire Water provided the relevant information in Item 9.

## **5.0 Water Companies' Financial Transparency**

- 5.1 The Chair introduced the aim of this Q&A session, which was to illuminate the financial structure of the water companies in the Northern Region.
- 5.2 A panel of representatives from each wholesale water company in the region gave a short introduction to their company and their role within it. The panel consisted of: Heidi Mottram, Simon Chadwick, Richard Emmott and Kevin Ensell.
- 5.3 The discussion was opened for questions from the floor.
- 5.4 Andy White asked if each of the panel members could explain their company's ownership structure and what it means for customers.
- 5.5 Heidi Mottram: Northumbrian Water Ltd has a single owner, a company called CKI, which was previously a plc. CKI's specialism is in infrastructure and utilities. This type of structure means it is very simple for customers to understand.
- 5.6 Simon Chadwick: UU is a listed FTSE 100 company with a number of owners via the stock exchange. 40% of the owners are employees with long term ownership.
- 5.7 Richard Emmott: Yorkshire Water has various owners including an Australian pension fund which is part of government, as well as owners in Singapore and elsewhere. Shareholders have been good at not taking dividends and allowing reinvestment of £250m.

- 5.8 Kevin Ensell: Hartlepool Water is a brand that makes up 1% of Anglian Water Services Ltd (AWS). There are 4 principle owners, a Canadian pensions fund and 3 other pensions business owners. The shareholders have also surrendered dividends for reinvestment.
- 5.9 Robert Light asked, in light of the recent media around foreign owners and offshore funding arrangements, how does this work in each of your companies and is that beneficial for customers?
- 5.10 Simon Chadwick: UU has no offshore financing.
- 5.11 Richard Emmott: YRK conducted research in the summer about ownership and nationalisation. Customers didn't like foreign ownership and offshore tax arrangements. "Transparency" to them meant the best to ensure the individual customer was paying as little as possible. People did not trust government necessarily any more than private institutions.
- 5.12 Kevin Ensell: We are encouraged to be efficient as companies in order to drive bills down. However, there is the question of the public's perception of how we run our business. AWS had a Cayman Island business, registered in UK for tax. It was never used to raise funds and has now been delisted.
- 5.13 Janine Shackleton asked if it was the case that Kelda Group used to have Cayman Island business too.
- 5.14 Richard Emmott replied that it was the same situation as AWS, the company was delisted due to public perception.
- 5.15 Heidi Mottram: NWL did similar research about public perception. The UK is known to be 'open for business', meaning foreign investment. CKI is a privately listed company in Hong Kong; this hasn't been something that bothered customers. There is some confusion and lack of understanding. The level of gearing in businesses was raised by the Secretary of State and Ofwat. NWL is not highly geared and operates at the level Ofwat has deemed appropriate.
- 5.16 Susan Waterson asked each of the panel to share how it uses gearing and what it considers to be the right level of gearing.
- 5.17 Heidi Mottram: This point is debatable, but Ofwat's view chimes with that of CKI. Most of the industry agrees that this is an efficient level.
- 5.18 Richard Emmott: We are currently at 74-76% gearing. YRK would like to bring it below 70%, but has had to reinvest in customer



service. This is subject to financial stress testing, for example if a similar incident to the 2001 floods occurred, which required £14-15m extra. We predict our gearing level will remain stable through next AMP.

- 5.19 Kevin Ensell: AWS is at the high end of gearing, due to decisions taken back in 2002. There are talks with the owners about committing to bringing this level down.
- 5.20 Simon Chadwick: UU is at 55-65% gearing with a AAA credit rating; 61% at the moment. There are no plans for significant changes, but there are plans in place so that if there is significant change (70%+), the benefit is for customers.
- 5.21 Steve Grebby remarked that tax, dividends and executive pay keep being brought up in the media, and asked each of the panel what their next steps to address those issues are.
- 5.22 Richard Emmott: These matters are not peculiar to the water sector. If service is excellent and customers are getting a good deal, they mind less.
- 5.23 Kevin Ensell: Executive pay ought to be linked to performance. If a company performs badly, any executive bonus is forfeit. AWS's direction is to make sure these are connected.
- 5.24 Simon Chadwick: For some customers, it will always be hard to justify executive pay or bonuses. However, we can demonstrate to customers that we incentivise those people to deliver a great service.
- 5.25 Heidi Mottram: This debate is wider than water. The company works with CBI to understand the public's reaction, and it seems the key is performance. Customers are more accepting when a company is high performing, therefore pay should be transparently linked to this. Comparative performance tools like Discover Water has helped with public perception.
- 5.26 Dr Mike Keil remarked that customers don't necessarily understand the inner financial workings of companies, and asked is it important that they need to? He observed that what customers are concerned about is if they being treated fairly, and in CCWater's annual tracker survey, the score for fairness is consistently low (61% in 2017). Dr Keil asked, with this in mind, what each of the panel are doing to convince their customers they are being treated fairly.
- 5.27 Richard Emmott: In our research customers said that because they can't go on a price comparison website like they would with other utilities, they expect companies to do this for them.

Customers indicated that if their water company were to tell them they would be saving money on a meter, they would consider that fair. YRK is rolling this out.

- 5.28 Heidi Mottram: NWL committed to in its Business Plan eradicating water poverty, as our customers had a lot of sentiment towards those struggling to pay, particularly the elderly. This is their sense of fair play. We believe this will improve fairness.
- 5.29 Bhupendra Misty asked should companies be rewarded with incentives for something customers expect them to do as a matter of course?
- 5.30 Kevin Ensell: Incentives are positive as it drives performance forward. As to whether it should be done through price setting, there are mixed views on the subject.
- 5.31 Heidi Mottram: If incentivisation is done right, it is a win for customers. Without them there is little incentive to perform. If a company performs well, the impact on customer's bills is very small, whereas the penalty for companies not performing well is harsh, which can drive standards up.
- 5.32 Richard Emmott: Comparative regulation with real incentives is good for customers. Any company hates to be at the bottom of the league table.
- 5.33 Dr Mike Keil said it seemed to him that Heidi had made a case for penalties, not necessarily rewards.
- 5.34 Heidi Mottram: If companies only suffer penalties then companies will only go as far as they need to go to avoid the penalty. It is not a reward for above average performance but a reward for upper quartile performance.
- 5.35 Robert Light asked if this means customers paying extra for exceptional service or companies being eligible to take rewards for average service, how should this be handled?
- 5.36 Simon Chadwick: ODI rewards should be shared with customers along with the cost reduction.
- 5.37 Richard Emmott: If you penalise poor performance, you have to reward exceptional performance - however it is important to ensure that it is indeed exceptional.
- 5.38 Kevin Ensell: An essential part of this mixture is ensuring that we have the funds to protect the vulnerable.

- 5.39 Andy White commented that while there has been significant progress in this area, a lot of this has been funded by customers. He reminded the panel that there is more that companies can do by putting their own funding in to social tariffs where profitable, in fact this will be necessary if companies are going to support all of the customers that need help. Current schemes have capacity to deliver to a quarter of those 1 in 9 that tell us their bills not affordable.
- 5.40 Robert Light asked how vulnerable customers will be supported in PR24, the next Price Review.
- 5.41 Richard Emmott: One thing that is clear is that the definition of vulnerability needs to change. There are a number of forms of vulnerability absorbed by the current definition, whereas we know that it can be financial, medical etc. We need better data analysis to recognise vulnerable customers' needs, and it may also be time to start looking at different tariff structures.
- 5.42 Simon Chadwick: We will work to get more people on the Priority Service Register and to catch transient vulnerable. We will work with other sectors, as these same people often struggle with their energy bills as well. Time and speed of response also matters greatly, so we will be looking at advanced Priority Services.
- 5.43 Heidi Mottram: We can help any customer, vulnerable or otherwise, by making bill as low as possible which we are committed to. I would also dispense with the word 'vulnerable' - understandably customers do not like it. People have different circumstances at different times and for different reasons. NWL also has a partnership with National Energy Action for those struggling with energy bills, and our water poverty strategy is extensive for high efficacy.
- 5.44 Kevin Ensell: We will work harder to engage with customers, as we recognise we haven't been as good as we could be in the past.
- 5.45 Janine Shackleton observed that there is a huge risk to a company in terms of impact on trust if the company doesn't fulfil its vulnerability promises. She asked each of the panel if they have any plans for how they engage with customers along the way.
- 5.46 Simon Chadwick: Customers know our plans are ambitious so we might fall short.
- 5.47 Kevin Ensell: With ambition goes risk. Engagement with our customers taught us a lot; we need to ensure it becomes part of

business-as-usual engagement instead of part of the 5<sup>th</sup> year Price Review process.

- 5.48 Heidi Mottram: This is what companies should do anyway. Pressure is on regulated monopolies just as much as any other business.
- 5.49 Robert Light commented that the media can reflect bad press from one company onto all.
- 5.50 Heidi Mottram: Examples of good service and innovation should be called out and celebrated. I encourage CCWater to think about how you can form a more differentiated understanding between companies in the public's mind.
- 5.51 Dr Mike Keil agreed that CCWater perhaps doesn't share as much good practice as it should.
- 5.52 A member of the public in attendance: Fairness is the remit of CCWater. What does CCWater do when few customers contact them regarding, for example, foul flooding? Or lead? Because it's a relatively low number compared to the rest of the customer base - say, 10% of customers - why should the 90% pay for the ones that can pay but don't?
- 5.53 Robert Light replied that it's important to balance issues that affect a minority with maintaining a good universal service. CCWater is looking at a new measure of customer satisfaction called C-Mex, where the principle is that all customers are asked for their views, whether they contacted their company or not. We are unaware how this will change things yet.
- 5.54 Robert Light confirmed that the DWI has raised lead levels as a priority and that this will affect our future agenda.
- 5.55 Dr Mike Keil responded that 3,500 people suffered internal sewer flooding last year, which is down from the previous year but still not acceptable. CCWater is a consumer body that looks after all consumers and all of their interests, that has high standards and will not be happy until such problems are eradicated. A company that has an attitude of continuous improvement will also have this attitude.
- 5.56 Robert Light concluded by thanking the panel for their openness during the discussion and commented that this kind of open debate can only be good for the industry.

## **6.0 2018 Freeze/Thaw event and response to Ofwat**

### **Northumbrian Water**

- 6.1 Emma Jennings described the event management procedure the company used, which included regular teleconferencing and Skype for approximately two weeks.
- 6.2 NWL noted that it managed the Freeze/Thaw as an 'event' and did not invoke an 'incident', which is the higher level category. NWL stated that it was always in control of its response.
- 6.3 Only approximately 200 customers in NWL's service area were affected by the Freeze/Thaw, so the company had no need to test its area-wide communication to customers. Nevertheless, NWL will run a mock incident before the end of the year.
- 6.4 Kelly Graham also described the company's handling of vulnerable customers during the Freeze/Thaw. In any event or incident NWL has a team who will run reports on the Priority Services Register (PSR) and call those customers on it.

#### **Yorkshire Water**

- 6.5 Dean Stewart described how the company has equipment and extra resources in place for weather incidents, such as additional bottled water.
- 6.6 In terms of Yorkshire Water's lessons learned, the company did have some problems with accessing certain areas to distribute resources to affected customers. It now has established 'red routes' to access areas that it needs to, and will always have extra water available for these incidents.
- 6.7 On the household side of the business, YRK stated that its messaging was proactive during the event, using SMS and social media to communicate effectively with its customers. Dean also confirmed that if a Non-Household property was at risk, YRK as the wholesaler would contact that customer directly.
- 6.3 In terms of its approach to assist vulnerable customers, YRK confirmed it also has a PSR, as well as working with local authorities and other bodies to identify potentially vulnerable customers. The company did some research into the different needs for water of different communities. This involved specific work in targeted areas, for example working with Hull City Council to get out the message of how customers can get help and advice, particularly as Hull has a lot of overland supplies which can be vulnerable to weather changes.

#### **United Utilities**

- 6.4 Simon Chadwick described the weather that affected the Northwest, which included record snow depth and temperature.
- 6.5 UU stated that it had stockpiled water in advance and had a fleet to prevent customers suffering from the effects of mains bursts. It also had an AI working to predict possible eventualities, which helped the company stay ahead of changing developments.
- 6.7 UU's aim is to eventually be able to effectively drive 2 million litres of water to anywhere in the Northwest through improving its fleet.

### **Hartlepool Water**

- 6.8 Kevin Ensell reported that a total of 163 HPL customers lost supply.
- 6.9 Kevin advised that HPL had employed a proactive communications warning, and that the control room was manned 24/7 for weeks - this was led from director level.
- 6.10 Integrated data systems allowed the company to see events in real time and predict what might come next. It used its supply chain effectively, getting gangs out to fix leaks.
- 6.11 Kevin stated that HPL has a more robust understanding of where its priority customers are now that the event is over.
- 6.12 Janine Shackleton mentioned that CCWater has done its own research on what the key learnings from the Freeze/Thaw were. Sadly, 93% of those who self-identified as vulnerable said that didn't get the support they needed.
- 6.13 Janine stated that the work the industry has done so far around priority services tends to benefit long term vulnerable rather than transient vulnerable, who are people who would not necessarily put themselves on a register but whose current circumstances may mean they have extra needs. CCWater is pressing companies to focus on transient vulnerability, although it is recognised that it can be difficult for companies to get this information in a timely manner.
- 6.14 Kamran Saleem mentioned signposting to external agencies where vulnerable customers are identified. Dean Stewart confirmed that this practice is already in place at Yorkshire Water.

## **7 2018 Water Resource Issues**

### **Yorkshire Water**

- 7.1 Richard Emmott said that due to the unprecedented dry and hot weather, YRK invoked the formal company incident management process. This was balanced between reservoirs and boreholes. Reservoirs were depleting at 5% per week.
- 7.2 YRK is able to switch supply and move water around the region, however all the water treatment works were working above full capacity and naturally the company felt all the staffing consequences of that.
- 7.3 Fortunately, YRK did not have to impose restrictions on customers, although it did come close in August.
- 7.4 Richard described the approach to customer communications in that period. YRK adopted a hyperlocal approach, targeting specific areas either for conservation or to sign up customers to the PSR.
- 7.5 The resource situation is now de-escalated, but the company is staying vigilant for next year, and is reporting to the Environment Agency about abstraction, stocks etc.
- 7.6 The company has carried out research on customer attitudes to restriction. The aim is to find out if they would be more likely to conserve water without invoking a Temporary Usage Ban (TUB) - YRK referred to this as “asking rather than telling.”

### **United Utilities**

- 7.7 Simon Chadwick described how UU maintained resources to repair leaks, but in general the company is very sensitive to lack of rainfall because 95% of the resource is in reservoirs.
- 7.8 During the hot and dry weather, UU experienced a 2.25 billion megalitre demand which was considerable. Delivering to the whole network was also a problem.
- 7.9 Also there was a major incident in the Northwest at the time, with fires in moorland locations - UU were asked to help with the water supply to fight these fires. The company worked with two fire brigades during this time. The fires damaged water quality which the company countered using hay.
- 7.10 Simon also mentioned how the company took steps to protect farmers and livestock.

- 7.11 In terms of messaging, UU used huge digital campaigns and sent 2.5million messages on text and email to message about the high demand.
- 7.12 For the TUB planned for 5<sup>th</sup> August, Simon advised that best practice from UKWIR is to notify customers in advance, which UU did. When the plan was announced, the forecast was for stable weather with no change, and demand was still very high. However, after some rainfall in late July, UU withdrew the notification and the TUB was never actually in force.
- 7.13 The incident team including Executives are keeping a close eye on the pattern. The reservoirs have still not fully recovered to normal levels, but there has been some good improvement after storm Callum. UU is continuing their drive in reducing leakage.
- 7.14 Janine Shackleton asked if UU had seen a significant reduction in customer usage after the announcement of the TUB.
- 7.15 Simon replied that it hadn't. It wasn't necessarily heat but the duration of dry periods that encouraged high demand, and there was rainfall shortly after the announcement.
- 7.16 Learnings on communications was significant. UU will also get an additional fleet of vehicles.
- 7.17 Heidi Mottram remarked that the dry weather has exposed the question of the underlying resilience levels across companies. This has not been questioned before.
- 7.18 Steve Grebby asked UU where the water is going during high demand periods. Simon replied that there is a lot of garden watering, particularly market gardens.

#### **Northumbrian Water**

- 7.19 NWL stated that it managed the dry weather again as an event, not an incident.
- 7.20 Social media messaging was very effective.
- 7.21 Had more properties go onto the pressure register, but these were removed by end of the year. One reservoir was depleted but has now recovered. NWL found it a busy year but not an incident.

#### **Hartlepool Water**

- 7.22 Kevin Ensell said that there were conference calls twice a day.



- 7.23 HPL's main challenge was keeping tanks full, but ultimately the supply was maintained. HPL felt it was garden watering that was mainly driving use.
- 7.24 Dean Stewart remarked that Yorkshire Water will potentially look at seasonal tariffs in future - however it was agreed that research so far shows that customers are generally not in favour of these tariffs.

## **8 Company Operational Reports**

### **Hartlepool Water**

- 8.1 Kevin Ensell informed the committee that Hartlepool are taking a new local approach to interruptions to supply.
- 8.2 There is also a much higher drive on vulnerability and the company's social tariff.

### **Northumbrian Water**

- 8.3 *New affordability tariff.* NWL launched a new affordability tariff in April, it feels it learned about how to communicate with customers well. Call centre operatives have also been trained to spot signs of vulnerability.
- 8.4 Bhupendra Mistry asked if there were any lessons learned from the home group. NWL advised that customers thought they were paying more, which created high calls to contact centre. The company is now looking at literature and communications so that customers understand when it is direct billing they aren't paying any more.
- 8.5 *Brand new billing system.* NWL stated that it has been a smooth migration - the biggest change has been for the staff. NWL increased staff and saw an increase in handling times. There's been a 30% reduction in handling time since going live, but they staff are still in a stabilisation period. A refresher of the training is going ahead now.

### **United Utilities**

- 8.6 Bhupendra Mistry asked if there has been an uptake in metering. Sally Ainsworth replied that the company needs to work to help customers understand the benefits of metering. It's still too early to say, but UU is seeing conversation on social media after securing Gloria Hunniford for some video messaging. Some people are actually talking about their own positive experiences of metering.

- 8.7 Bhupendra Mistry asked if customers are continuing to use less water. Sally Ainsworth agreed to look at trends and report back.

**ACTION  
UU**

### **Yorkshire Water**

- 8.8 Susan Waterson commented that wastewater service written complaints are high. Dean Stewart replied that it is seen as a knock on effect from the weather conditions and YRK don't see this trend continuing through winter.
- 8.9 Dean Stewart confirmed that there's nothing that the company does to actively remove customers from Water sure, there is a natural churn.
- 9 Service improvements for wastewater customers - Yorkshire Water**
- 9.1 Dean Stewart talked the committee through YRK's plans to improve in this area. YRK tracks its SIM score but there are also other indicators of progress.
- 9.2 Yorkshire's water and wastewater teams are now all working together in one location which cuts out handoff time etc.
- 9.3 People responding to the complaints now also have more technical knowledge.
- 9.4 YRK also introduced a triage desk to prioritise jobs, this allows it to respond faster, as well as manage peaks and troughs. Also in the case of more complex waste issues, gives more time to investigate and come to a resolution.
- 9.5 The company introduced a "resolution pod" for complex cases, which is a group of staff with diverse knowledge and a VIP pass to authorise decisions, meaning the right people with the right knowledge come up with complaints resolutions and immediately implement them. The company is seeing benefits of this approach.
- 9.6 *Communications* - YRK looked at first point of contact calls, to attempt to close where possible and give the customer the right expectations. YRK has discovered that giving lots of information to customers can sometimes make them feel bombarded, so has started using two way texts and website portals, helping them to self-serve.
- 9.7 SAP is going through a change which is due next year. Once this is done will give more visibility to all colleagues.

- 9.8 The SIM score hasn't seen the benefits of all of the above yet, but the processes are new and not quite embedded; training and knowledge building will take time. However, written complaints are down so there is some sign of improvement.
- 9.9 Dean also advised that YRK has been to visit NWL and others for insight experiences.
- 9.10 Robert Light commented that CCWater as of this time sees no clear evidence of improvement. Robert reminded YRK that CCWater would like to see either evidence of the above measures working effectively by our next meeting, or evidence of the company trying something new.

## **10 Non Household Retail Company Updates**

### **Water Plus**

- 10.1 Jackie Storr informed the Committee that improving customer experience and lowering complaints is a key focus at Water Plus. The retailer has a plan to improve service which has been shared with CCWater and is starting to yield results.
- 10.2 *Call waiting times* - Reducing call waiting times has resulted in a 50% reduction in the backlog of work for Water Plus staff.
- 10.3 *Complaints* - Inbound complaints are down by 20%, and are currently at their lowest since October 2017. Water Plus is aiming to have below industry average complaints levels by 2019/20. 75% of complaints that have been referred to Alternative Dispute Resolution (ADR) have a wholesale element. Jackie commented that Water Plus would like all retailers to go through the same level of assurance that Water Plus do before submitting their complaints data.
- 10.4 *Unbilled accounts* - 50% of unbilled Water Plus customers are now billed up to date, and all customers who were due for debt collection have now been referred to debt collection agencies.
- 10.5 Water Plus has seen a 56% reduction in system issues.
- 10.6 Jackie commented that the NHH market is still relatively new but Water Plus has established some wholesaler/retailer general best practice guides. Meter reading, meters that have gone unread for a long time, billing and bi-laterals are all data quality issues which require wholesaler/retailer co-operation to resolve.
- 10.7 Jackie concluded that Water Plus still has work to do, but is seeing an improving trend and is confident the improvement plan can be delivered by the end of the year.

- 10.8 Jackie will obtain Severn Trent's wholesaler response rate figures.

**ACTION  
WATER  
PLUS**

**Yorkshire Water Business Services**

- 10.9 Kamran Saleem advised the Committee that YWBS had one incident last quarter, a burst water main. At the time, this information about the burst wasn't passed onto the business side, as the wholesaler had said they felt this was unnecessary due to the interruption to supply being under 3 hours. A working group was set up as a result, and an agreement was made for the wholesaler to communicate all incidents in future.
- 10.10 YWBS is currently upskilling call handlers to diagnose problems on the customer's first point of contact, take ownership and resolve issues
- 10.11 Kamran stated YWBS has a good relationship with the wholesaler, and if issues arise working groups are established. This leads to better working practices, for example if a burst allowance is denied by the wholesaler there is mechanism for YWBS to challenge this.
- 10.12 Billing complaints have reduced. Written complaints haven't also reduced over the quarter, although there is a slight uptick at the moment because YWBS is focussing on actual reads, which is bringing bills and therefore complaints up.
- 10.13 YWBS has engaged with an external company who did a questionnaire for them - asking YWBS customers about the service, any causes for concern etc. The results of this survey will be ready in the near future.
- 10.14 Robert Light asked if YWBS is still not taking new customers.
- 10.15 Kamran replied that YWBS is purely Yorkshire based, but it is seeing some customers returning.
- 10.16 Janine Shackleton advised that CCWater will be meeting with YWBS to help them capture verbal complaint numbers.
- 10.17 A member of the public in attendance asked what CCWater's view is of the success or otherwise of the NHH market.
- 10.18 Robert Light replied that it is disappointing the market hasn't seen more awareness, particularly among SMEs, and that re-negotiations with existing suppliers were not captured. He assured that CCWater continually carries out research into consumer's views of the market.

## **11 Complaints to CCWater**

- 11.1 Andy White discussed the report on complaints to CCWater from 1<sup>st</sup> April to 30<sup>th</sup> September 2018, and advised there were two main points for consideration:
- An increase in complaints from UU - the company is up by 45 complaints on the same period last year.
  - Billing and charges are the main driver which is usual, however complaints about water services are also high.
- 11.2 Sally Ainsworth replied that the increase in water services complaints to UU is associated with the proposed TUB, fixing leakage and poor pressure. In May UU also saw a saw an increase in billing complaints, as it was the first time using their new bill and introduced a slight increase in charges.
- 11.3 Robert Light pointed out that complaints to CCWater about Yorkshire Water are not mostly about billing - the most prevalent category is water services. Robert asked if this could be weather related.
- 11.4 Dean Stewart replied that YRK has seen increase in water services complaints itself. In Dean's view, this uptick is due to the weather seen this year.

## **12 AOB**

- 12.1 The Committee and attendees present agreed that the next Northern Regional Meeting in Public will be on 13<sup>th</sup> May 2019 in the North East, most likely Durham.

The meeting closed.

## Consumer Council for Water Wednesday 7<sup>th</sup> November 2018

**Minutes of the Central and Eastern Committee  
Regional Meeting in Public  
10:00am Wednesday 7<sup>th</sup> November 2018  
The Guildhall, St Giles' Square, Northampton**

<b>Present:</b>	<p>Professor Bernard Crump - Central and Eastern Committee Chair Christina Blackwell - Policy Manager Central Steve Grebby - Policy Manager Eastern Paul Quinn - Local Consumer Advocate (Severn Trent Water) Yvonne Davies - Local Consumer Advocate (South Staffs and Cambridge Water) Liz Cotton - Research Manager Emily Flavell - Policy Support Officer</p>
<b>Attending:</b>	<p>Jane Taylor, Customer Relations Manager - Anglian Water Carolyn Cooksey, PR19 Strategic Stakeholder Engagement Manager - Anglian Water Elaine Erskine, Strategic Research and Assurance Manager - Essex &amp; Suffolk Water Mark Wilkinson, Customer Collection Manager - Essex &amp; Suffolk Water Dawn Creighton, Head of Customer Strategy &amp; Experience - Essex &amp; Suffolk Water Andrew Kindness, Customer Service Manager, Essex and Suffolk Water Phil Newland - Managing Director - South Staffs and Cambridge Water Rachael Merrell, Head of Customer Service - South Staffs and Cambridge Water Jhordan Murray, Customer Engagement Team - South Staffs and Cambridge Water Nick Holloway, Customer Research &amp; Insight Manager - South Staffs and Cambridge Water Heather Thompson, Senior Analyst (Asset Strategy) - Severn Trent Water Paul Dowell - Risk and Planning Manager - Severn Trent Water Richard Stanbrook, Director - Pennon Water Services Lissa Balmer, Head of Customer Experience - Wave Laura Sockalingum, Complaints Team - Wave Jackie Storr, Head of Customer Service - Water Plus John Giles, River Basin Account Manager - Environment Agency Jim Dixon - Essex &amp; Suffolk Water Forum Chair Jeff Halliwell - Anglian Water Customer Engagement Forum Chair Simon Sperryn - South Staffs and Cambridge Water Customer Panel Chair</p>

### **1 Welcome and Apologies**

- 1.1 Professor Bernard Crump (The Chair) welcomed all attendees to the Committee meeting in public.
- 1.2 Each delegate present was asked to introduce themselves. Apologies were noted from Gillian Holmes - Local Consumer Advocate for Anglian

1.3 Water (CCWater), Graham Dale - Local Consumer Advocate for Essex and Suffolk Water (CCWater) and Hayley MacLeod - Aquaflow Utilities

The Chair introduced the aims and themes of the meeting; adding there has been a great improvement in customer engagement since the last water industry Price Review, with stronger teams of personnel, greater investment, and bringing relevant expertise onto the CCGs (Customer Challenge Groups) for important and successful challenge.

## 2 Questions & comments from members of the public

2.1 There were no questions or comments from members of the public.

## 3 Innovative Customer Engagement

### Severn Trent

3.1 Heather Thompson presented Severn Trent's (SVT) innovative practices around customer engagement.

3.1.1 She introduced the main subject of her presentation, engaging harder to reach customers and non-responders for Willingness to Pay price review research.

3.1.2 SVT had reviewed the way it had conducted research at PR14. It felt that it had previously approached engagement with a focus on what it wanted customers to support. This had been done in a traditional way, with focus groups and water taste tests in shopping centres. SVT felt this approach did not necessarily provide the correct insight.

3.1.3 The company's approach at PR19 was instead putting customers' views first. Customer priority research was conducted first, with the company engaging with people as individuals instead of customers. It developed this approach alongside the CCG; this was based on Maslow's hierarchy of needs.

3.1.4 SVT engaged with 32,000 customers through research, which it conceded was possibly lower than other water companies, but was qualitative, insightful engagement.

3.1.5 The company also recruited 15,000 customers to Tap Chat, its social media-style platform, and harnessed views of employees.

3.1.6 The company ensured it reached customers who have English as a second or third language, translating their survey into Punjabi, Polish and Urdu and holding the engagement sessions in community halls.

3.1.7 SVT also re-approached 3,000 non-responders following CCG challenge, and sent a self-complete questionnaire with a financial incentive. This resulted in 431 returned surveys.

### Questions and Comments

- 3.1.8 The Chair commented that he had seen much richer, quality engagement from SVT this time round.

Nick Hollaway asked about the company's work on translating its survey from English? Heather said customers generally appreciated the opportunity to take part in the survey and the effort SVT had gone to achieve this.

- 3.1.9 Carolyn Cooksey asked if it was the incentive that swung participation, or the way the survey was conducted. Heather said the initial approach had no incentive, but offered the opportunity to influence the business plan. However, when offered, many customers did not take up the financial incentive, instead choosing to donate to Water Aid. Some people may also have refused because they were busy, but might have liked to take part.

- 3.1.10 Paul Quinn, who was part of the CCG investment sub-group, observed that with the breadth and depth of research SVT did, it was able to show evidence to support cost adjustments and investment. This clear line of sight meant everything was evidence led, which made considerations of proposals straightforward.

#### Anglian Water

- 3.2 Carolyn Cooksey presented for Anglian Water (ANG).

- 3.2.1 ANG also considered their previous approach at PR14 when looking at engagement this time around, which achieved 50,000 customer contacts.

- 3.2.2 The company saw that it needed to make engagement fun and interesting for customers. ANG worked with Given London, to engage with both non-household and household customers, and refocus on what matters to them.

- 3.2.3 The three principles of how the work was carried out were:
- Attention grabbing - show up in customers' lives in an interesting way.
  - Value exchange - offer something of value in exchange for participation.
  - Natural connections - make the most of existing contacts with customers.

- 3.2.4 Some headlines from this included:
- A funfair themed water festival held in a Norwich shopping centre, which attracted 33,000 visitors in one week. revealed customer support for prioritisation of demand side measures and a change in service level for emergency drought orders.
  - Analysis of all social media content about ANG from April 2017 to March 2018 revealed that pollution and the environment is the most talked-about feature.
  - ANG completed 501,591 engagements through 38 channels

- 3.2.5 ANG has started an online community with 500 customers, some of whom have been there since the beginning and some are new, so



experience and knowledge levels differ. The speed in which customers' views are gained has increased hugely due to this. Turnaround time of as little as five days has been achieved, from being challenged by the Customer Engagement Forum to evidence something to getting a report based on the community with their answer.

#### **Questions and Comments**

- 3.2.6 The Chair commented that it has been great to watch the online community develop. There are proactive people that often create their own activities.
- 3.2.7 Rachel Merrell asked how people were recruited onto the online community. Carolyn advised that a mass email was sent out asking to join with incentivisation.
- 3.2.8 Liz Cotton asked about the participation rate. Carolyn replied it was around 80-100% participation per engagement exercise, with a core group of 20-30 people. Some customers will do a one-page response; others will do the bare minimum. If at refresh stage someone hasn't contributed, contact will be made.
- 3.2.9 Paul Quinn asked what the company is doing to ensure the wider organisation understands customer priorities and issues. Carolyn answered that the company is trying to make the engagement reports as accessible as possible, various planning groups for the next AMP are taking place, and messages about plan changes are reinforced with colleagues. Jane Taylor added that they are also looking at team structures and Carolyn is now sitting with the business as usual (BAU) insight teams so they can work together.
- 3.2.10 Wave commented that the online community would also be good for business customers and contacts could be made through the wholesale service centre.
- 3.2.11 Carolyn advised that customer engagement has revealed 6 customer segments. When developing communication strategies, the company want to ensure they are not alienating some of the segments.
- 3.2.12 John Giles commented that ANG has taken a positive step forward and complimented the company's plans for BAU engagement.
- 3.2.13 Phil Newland advised that South Staffs and Cambridge Water has done similar work on segmentation, as it wanted to implement service differentiation nuances. The company, as of yet, has not found a way to implement this effectively but feels there is mileage in this concept.

#### **Essex & Suffolk Water**

- 3.3 Elaine Erskine presented for Essex & Suffolk Water.
- 3.3.1 During PR14 ESK engaged with 800 customers and took a very traditional approach. A 19-page document was posted out to customers who were asked to fill in choice cards for 16 questions. The company felt this was too complicated.

- 3.3.2 ESK decided not to do WTP research at PR19 as it was considered too difficult for customers to understand the range of values. Also, it had already been decided that the bill profile was going to come down, so the company didn't want to do research that could have indicated customers were willing to pay more.
- 3.3.3 The company didn't set out to create an alternative to WTP research. It wanted to create something different and chose a "gaming" tool to explore views which were 'made real' for customers by using their own bills, not an average bill.
- 3.3.4 ESK used Frontier Economics to ensure that their approach was underpinned by economic principles, and Supercharge, a company who helped design the interactive tool. Together they designed a tool for performance commitments, and another for values for ODIs. Everything that was needed was on one page. Customers were given a proportion of their bill and adjusted sliders to show how much they would spend on certain service areas. As the sliders were adjusted, a box would appear stating what the customers were getting for their investment. For ODIs, customers were given a pot of money, then given no constraints at all, could choose their own levels. They were asked how much they would value their company being the best in the industry, and this was used to work out the value of rewards and penalties for ODIs.
- 3.3.5 The company also used Flo - ESK's customer engagement vehicle - which was able to personalise the gaming tool to customers who came on board, as staff could search for their postcode and retrieve their bill profile.
- 3.3.6 ESK now owns the gaming tool created, so it won't have to wait until PR24 to do this kind of engagement again. The company aspires to actively engage with at least 2 million customers by 2025.

#### **Questions and Comments**

- 3.3.7 The Chair asked if the company also engaged with non-household customers. Elaine responded that it built a version of the tool for non-household customers which covered the measures impacting them.
- 3.3.8 Jim Dixon observed that the CCG was involved in the very beginning with the design of the tool, and it watched and participated in the decisions made as a result of the findings. Jim said he was able to talk on behalf of the CCGs views of what customers have said, which is nuanced, and therefore felt on robust ground. He noted that in the current social and economic climate, things won't be same in the next AMP. Continuing to do this engagement as BAU is a very important commitment.
- 3.3.9 Steve Grebby asked Heather Thompson if SVT also used gaming tools. Heather responded that SVT wanted customers' views on ODI rates, but didn't give a 'pot of money' to customers based on a comment in the Ofwat methodology. Instead it wanted customers' views on the actual rate. She commented that she is not sure there is a perfect way to achieve this.

- 3.3.10 The Chair noted that the results of constrained and unconstrained runs were wildly different. Carolyn Cooksey asked if there is any insight into what could be causing this. Elaine replied that when giving a constrained version you give customers a ‘pot of money’, so it is already putting in their minds the scope a company may have in mind.
- 3.3.11 Phil Newland asked if the ESK’s Board decision about bills had been debated in terms of the constraints for research. Elaine responded that the PR19 team knew that bills were not going up, so it was felt there was little point in doing expensive research that could have suggested otherwise.
- 3.3.12 Jeff Halliwell asked if this technique has a name and if there was any external validation. Elaine replied that it has no name. The only external validation was the work with Frontier Economics, who also work closely with Ofwat on a number of economic topics. The Chair commented that engagement can sometimes result in a ‘trade-off’ between doing something customers understand and something economists say is economically perfect.
- 3.3.13 Liz Cotton asked that if hypothetically there was a different investment scenario and if bills were not going down, would this still work? Elaine confirmed that it would still work.

South Staffs & Cambridge Water

- 3.4 Rachael Merrell and Nick Hollaway presented for South Staffs & Cambridge Water.
- 3.4.1 The company has made a cultural shift from PR14. At that time research was ad-hoc, with no strategy or engagement team. Contact was made with just 3,500 customers.
- 3.4.2 This time around, SSC has spoken to 23,500 customers (not including BAU engagement) and has focused on engagement with different groups of customers, for example vulnerable customers.
- 3.4.3 To ensure hard to reach customers were engaged, SSC has carried out ‘hot-spot’ analysis to focus on the right areas and has increased community engagement through talking to representative organisations and opening a ‘Community hub’ high street shop in Wednesbury. Through qualitative research, SSC spoke to 20 vulnerable customers in their homes and, off the back of this, developed a new ‘extra care’ package of services. This has been incorporated into BAU activity.
- 3.4.4 Through its retail engagement strategy, 5 attitudinal customer groups have immersed. These customer segments have different views and needs. For example, one group is more negative about social tariff contributions and the business plan as a whole.
- 3.4.5 SSC also used a gaming tool in its WRMP research. It gave customers a ‘Top Trumps’ style game and asked them to imagine they were advising the Board. It then looked at the choices the customers made about services and budgets, and what was driving those decisions.

- 3.4.6 The company used behavioural techniques for the first time, and used nudge techniques to build a picture of how it can reach out and get customers engaged with its services.
- 3.4.7 For its developer services customers, it held two forums about new connection charges, and also separately engaged with non-household retailers for ideas about what a good service measure would look like to them and how it should be scored. Nick commented that SSC has had to come a long way in a short time with their research.
- 3.4.8 SSC's new Community Hub is an opportunity to speak to 'silent customers', who are hard to reach. The average time spent with a customer in the hub is 25-30 minutes and many conversations have been about metering and how to read a meter. SSC found out that people are associating pre-payment energy meters with water meters. Other topics have included paying their bill and social tariffs. Customers are saying that having the Hub helps build trust as customers in their homes are struggled to reach out through lack of trust in the company. Citizen's Advice and Job Centre plus are present in the hub once a week. SSC has also started using this as a 'safe space' for engagement.
- 3.4.9 Elaine Erskine asked if the company is planning on opening another Community Hub. Rachael Merrell confirmed that it is planning to and is assessing the right place to do so.
- 3.4.10 The company is developing digital channels too. In September 2018 SSC launched an Alexa skill to interact with its customers at a time best suited to them. In doing so, it has worked with Sandwell Visually Impaired to ensure it meets their needs.
- 3.4.11 Phil Newland commented that this was a connection SSC stumbled across. Sandwell Visually Impaired were users of the Hub. This is how SSC discovered that visually impaired customers are high users of voice activated services. SSC is now looking into, for example, programming an Amazon Echo to help a customer receive a home visit by announcing the name of the person from the company that's about to knock on their door.
- 3.4.12 Nick Hollaway observed that online access to real time information and environmental and social conscious are things that really resonated with customers.
- 3.4.13 Nick also described the company's Young Innovators Panel, which was a way to change the way young people think about water. The idea was to use teenagers to help SSC design its Water Education Outreach programme. SSC gave a group of young people some facts and asked them how it could make its programme work. The teens got experience of business, teamwork and presentation skills, and SSC got great insight. The winning group were selected by members of the Customer Panel and the company.

#### Questions and Comments

- 3.4.14 Christina Blackwell observed that during this Price Review, SSC's engagement felt like an all-inclusive process. The company has spoken to customers about developing the surveys, including the best way to describe a service, and really involved them right from the start. Nick agreed this was at the forefront of the approach.
- 3.4.15 Yvonne Davies commented that she was impressed with SSC seeking the expertise of local providers and the not-for-profit sector, and feels this approach will continue to bear fruit in future.
- 3.4.16 The Chair commented that he had enjoyed the company's PowerPoint slides about water hardness, which generated a broad spectrum of views. Nick replied that as customers were saying very different things about this topic, SSC turned this into a story about the investment decision on water treatment in simple terms that customers can understand. This was like a cartoon pointing out the different perspectives and telling the story. It is a very helpful tool to show how company's listen to the views of their customers.
- 3.5 The Chair invited general comments about customer engagement from Non-Household Retailers present.
- 3.5.1 Richard Stanbrook commented that there is a natural divide between retailer's and wholesaler's customers and that they need to work together to close the gap. He asked how much PR19 engagement had cost each company to date. Carolyn Cooksey responded that ANG channels its focus on more efficient ways of getting deep insight from customers, so the costs range from negligible to several hundred pounds per project using the online community. Heather Thompson replied that she estimates SVT probably spent 50p per customer. SSC believe it to be about £1 per customer.
- 3.5.2 Lissa Balmer commented that it is important non-household customers are engaged, and although there isn't meant to be a divide between household and non-household customers, there clearly is. Non-household customers may feel they get a raw deal, so it's crucial to ensure feedback from these customers is sought.
- 3.5.3 The Chair thanked the company representatives who gave presentations.

#### **4 Future Customer Engagement**

- 4.1 The Chair introduced the session as a round table discussion on what business as usual engagement looks like outside of the Price Review.
- 4.2 Jane Taylor said one of the first things that changed was around segmentation. ANG' communication to customers is completely different from 12 months ago. Whilst the message in letters is the same, the wording has changed to be tailored based on segments.
- 4.3 Carolyn Cooksey added that another example is that in sewer rehabilitation ANG asked customers if it should put all effort into doing the job quickly but with the potential for higher levels of disruption, or

should it take longer to finish the job but with minimal disruption? Customers chose the former and this has influenced its approach.

4.4 The Chair asked about baseline investment decisions, as in when using resilience models and tools that help companies make investment decisions, how were engagement results factored in.

4.5 Phil Newland said SSC has a multi-criteria decision making tool which engineers in customers' views and priorities.

4.6 Paul Quinn advised that most companies have an online customer group. He expressed concern that as part of BAU, the focus might just be on them. He encouraged the companies to not just focus on them, but continue to do work on the hard to reach and those without access to technology. The Chair agreed that online communities are a good thing but, by the nature of it, those customers are almost certainly better informed.

4.7 Carolyn Cooksey described taking forward a number of channels as BAU so that the company never relies fully on online community customers. ANG also has a customer Board of 7 that meet on a regular basis; these give another voice that works alongside the management Board to challenge investment plans. The company also has volunteers that go out and give talks to various diverse groups to reassure people that it takes understanding the entire customer base seriously. In addition, its 'Be the Boss' online tool has been used to gather views on the environment programme.

4.8 Jackie Storr mentioned that innovation is positive, but companies have to remember each non-household customer is also a household customer. There is a clear differentiation between what they receive as a household customer and as a non-household customer. She repeated that the industry has to work to close the gap, as retailers can't ask how they want their money spent by their wholesaler provider.

4.9 The Chair agreed that the onus remains on the wholesaler to engage with non-household customers and, in his view, he had seen a large amount of engagement with non-household customers, from large businesses to those who are essentially domestic in scale.

4.10 The Chair thanked those present for their contributions.

## **5 Willingness to Pay (WTP) Research**

5.1 The Chair introduced the aims of the session, which was to see if there is any consensus or collective view on WTP research, although conceded that to some extent it's a premature question as we haven't yet seen Ofwat's views on the company business plans. All the companies present had contributed to Accent and PJM's research on the subject.

5.2 In the report it acknowledges that perhaps because of innovative and different ways of trying to handle WTP surveys, there's been lots of variation, which in itself can introduce variation in the results. CCWater produced some guidance on best practice, so welcomes feedback on

- that and any messages we might want to portray to Ofwat about doing things differently in future.
- 5.3 Simon Sperry said that it appeared to him and the Customer Panel that WTP, along with being complicated and expensive, may not be a reliable way of putting a value on customer preference, although it can identify priorities. The PJM/Accent report was very useful. He suggested to Ofwat if they insist on making companies use WTP again, maybe it could be done once and then shared, which could be stress tested, rather than doing it individually across the companies.
- 5.4 Phil Newland said it seems to be counterintuitive when working with captive customer bases. WTP could be argued to create value or degrade value, and we do not have a national benchmark. To not have something of a national scale seems to be unanswerable.
- 5.5 The Chair agreed there are sometimes egregious examples of difficulty. WTP research is sometimes done for a very abstract concept, for example kilometres of river in which the water quality is enhanced or hectares of biodiversity enhanced.
- 5.6 The Chair also mentioned a scaling effect, where people may make a quick decision on their sense of the importance of the words they've seen without reading the small print. For example: How willing today are you to reduce the number of households that suffer from low water pressure? People may be willing to pay for this, but then the small print says there's 3000 customers on the low pressure and the action the company would take would reduce this to 2,500. If every customer was willing to pay, for a large customer base, then you get the bizarre situation where customers are willing to pay £a disproportional amount to remove one property from the pressure register.
- 5.7 Carolyn Cooksey said that WTP is useful for checking customer priorities but is a very expensive way of doing this. It's also very difficult to do well. While Anglian Water's use of "avertive behaviours" approach is good for asking questions about things people have experienced, like flooding, it's not good about asking about things they haven't, or that might happen in future. She agreed that having the research done numerous times by different companies is also problematic.
- 5.8 The Chair said we should consider if there should be national piece of work on WTP; the outputs should still be a range.
- 5.9 Carolyn Cooksey said different groups of customers have different experiences, for example ANG customer's vs Hartlepool customers. The hypothesis might be that they had different WTP; however, ANG found there was no significant difference, despite such differences in the customer groups.
- 5.10 Elaine Erskine noted that ESK found very different results between its customer groups - Northumbrian and ESK - and said that them being the same would be a red flag.
- 5.11 Jim Dixon said he is not convinced about throwing the methodology out entirely. It is an imprecise approach but when there's a big decision to

be made, it is useful to use a tool like this to inform plans. The sophistication of engagement may be making WTP look poor in comparison, however, it doesn't follow that it should be completely dispensed with. He said it would be good to do it nationally to save money and give comparability.

5.12 Heather Thompson stated that she would be in favour of WTP being done nationally. Historically SVT has encountered objections from CCWater for using WTP for ODIs.

5.13 Nick Hollaway observed that all the variables one could take out of a national study could be beneficial, like metering for example.

5.14 Carolyn Cooksey noted that a large sample size would be beneficial.

5.15 Liz Cotton noted that the timing of the research would be very important if it was being done by just one national entity.

## **6 CCWater Acceptability Research**

6.1 Liz Cotton introduced the CCWater Acceptability research. At PR14, CCWater commissioned a large scale survey of water bill payers. CCWater is going to repeat the exercise, updated for the PR19 context.

6.2 DJS is carrying out the research, which will comprise a 15-minute survey of 500 bill payers per company. There will also be 50 surveys per company with offline customers, and top-up offline interviews if there is insufficient online panel sample to get the remaining 450 interviews for a company.

6.3 Each sample will be representative of age etc. and DJS will use the same survey across the whole industry. The questions will be asking why things are affordable or acceptable.

6.4 The overall aim is to find out how acceptable Draft Determinations are to bill payers. It is the 'ultimate sense check' on company Business Plans and how they've translated into draft determinations.

6.5 There will also be informed views., which will include inflation in the presentation of bills and will also look at how confident households are feeling about their financial prospects.

6.6 If respondents aren't able to enter their own bill, CCWater will use the average household bill.

6.7 CCWater is currently considering a scenario for the uninformed acceptability question, wording will be along the lines of 'imagine you've received your bill.'

6.8 The informed acceptability stimulus materials will use common performance commitments where it's clearly linked to bill impact, and bespoke performance commitments. But it will try to avoid overloading respondents with information.



- 6.9 ODI question will be something like setting the context and then asking about the potential range of the bill. It will explain that it's highly unlikely your company will be at the extreme end of the range.
- 6.10 CCWater is planning to launch the research just after Draft Determinations are made by Ofwat. The first part of the research may be in March-April after the first announcement, although CCWater's preference is to do the research after all of the Draft Determinations have been announced, likely sometime in July. This has been suggested to Ofwat but there is no decision on this as yet.
- 6.11 Assuming that the first wave of the research has to take place after the first announcement, there will be a pilot of materials in January. CCWater is starting to work on show-cards.
- 6.12 Findings will be shared with Ofwat.
- 6.13 The Chair stated that CCWater's formal input to the Price Review is consultation on draft determinations. Even with guidance, CCWater knows the way acceptability research is done by companies varies widely and companies use a wide range of suppliers to do the work to their specification. Therefore, CCWater's view is that this is justified research that should be undertaken.
- 6.14 The Chair noted that CCWater will assume 2% CPI during this research, unless something significant happens between this time and launch of the research.

#### **Questions and Comments**

- 6.15 Carolyn Cooksey asked if there will be any comparison with other companies. Customers might end up happier, or less happy, after seeing another companies' plan. Liz Cotton responded that including comparative information has implications for how people might respond if they use comparative information as a short-cut to help them answer. CCWater would rather they focus on service and the value of it. Carolyn suggested just one question at the end of the survey showing where the other companies are and asking if it changes the customer's view. The Chair responded this could be good, but it would be difficult to make simple.
- 6.16 Heather Thompson asked if CCWater is asking customers about uninformed acceptability based on a 5-year profile bill and noted that this isn't how customers actually experience their bill as they get it year on year. Liz Cotton noted this was a fair point and will consider if there is a better approach. The Chair replied that The Treasury guidance states that people are more negative when you look at a business case over 30 years' - but that CCWater doesn't think that's as true over 5 years.
- 6.17 Andrew Kindness asked about customers with two suppliers, water and sewerage. Liz Cotton responded that CCWater is asking for their views on separate elements of the bill, trying to understand the interplay and how it adds up to acceptability. The Chair added this will be a challenge; this is why we need to do this in one 'wave' because it's possible a

- customer's wastewater supplier is exceptional and draft determination is early, and the water supplier isn't.
- 6.18 Jane Taylor asked about performance commitments and ODIs that affect both sides of water and wastewater, like affordability and vulnerability. Liz Cotton replied that at the moment CCWater is intending not to go to that level of detail around specific ODIs.
- 6.19 Richard Stanbrook asked why CCWater is only surveying household customers. Liz Cotton replied that CCWater is budget constrained with regards to the extent of research projects. Richard replied that it's a large part of the customer base (15%) that's completely missed out; acceptability is important but CCWater is not seeking non-household retailer's views or their customers' views.
- 6.20 Carolyn Cooksey noted that ANG found non-household customers generally had higher levels of acceptability and affordability.
- 6.21 The Chair said that CCWater has to compromise on sample size, and noted there is also a problem about finding the right person in a non-household context who can answer authoritatively about acceptability. Lissa Balmer pointed out that non-household retailers would ask people if they had the right jurisdiction to speak about these things, so they could assist CCWater in getting to the right people. Richard Stanbrook agreed.
- 6.22 Phil Newland stated SSC has an 11% bill reduction expressed as flat nominal, but Anglian's looks different to that. He asked if SSC's acceptability results may be skewed by the way CCWater reports ANG'. The Chair said the results that look at overall acceptability of overall bills will be affected. But in the ones that split acceptability of water and wastewater, it won't be. Liz Cotton added that the survey is designed to split these elements out.
- 6.23 Carolyn Cooksey said the wastewater customer acceptability in Cambridge's area might be different to in Anglian's own area, and asked if there will be 4 results for wastewater acceptability by area. The Chair replied that this will be the case.
- 6.24 Elaine Erskine asked if CCWater will share this with companies. The Chair replied that CCWater would share the questionnaire with companies for comment. **ACTION CCWATER**
- 6.25 Carolyn Cooksey asked if CCWater needed anything from the companies. Liz Cotton replied that CCWater would appreciate help once it gets to a stage where the show-cards are close to final. CCWater would share the show-cards with companies for review to flag any errors in the way things are presented. **ACTION CCWATER**
- 6.26 Jane Taylor asked if Water Matters will still be carried out by CCWater in addition to this survey. Liz Cotton confirmed that it will.
- 7. AOB**
- 7.1 The Chair commented that it had been a great pleasure to hear both today and throughout the process the efforts companies have made to

engage their customers meaningfully, and noted that all the companies in the region should be congratulated. On behalf of water customers, the Chair thanked the companies for their efforts.

7.2 The meeting closed.

## Consumer Council for Water Board

16 April 2019

Agenda Item 24/19P

**Title:** Finance Report (to February 2019)

**Report by:**

Usha Nayyar, Finance Manager

**Responsible Lead:**

Marie Perry, Head of Finance & Procurement

**Paper for noting**

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**Purpose**

1. The purpose of this report is to provide a summary of financial performance for the year to date to 28 February 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 February was £496k compared to a revised budget of £503k, an under spend of £7k (1%).
4. The year to date spend is £4,922k compared to a revised budget of £5,004k, an under spend of £82k (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 £5,510k and £5,550k, an under spend of £141-181k. This is made up of £87k unallocated budget, £41k depreciation and £10-50k on various small underspends across other budget heads. The Executive team have been working to ensure delivery of identified projects within the financial year to minimise the underspend.

**Finance System Update**

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 about to start the roll out of training.
8. As the roll out of training for Staff, Board members and LCAs has been delayed due to other workload pressure, the phased roll out of live e-expenses and e-purchasing is expected between April and June.

**In Month Performance against budget**

9. In February, actual spend was £496k, an under spend of £7k (1%) compared to a budget of £503k.

	Month Actual Feb 19 £	Month Budget Feb 19 £	Variance in Month £	Var %
TOTAL STAFF COSTS	322	324	2	1%
RESEARCH SERVICES	55	61	6	10%
TOTAL PERSONNEL OVERHEADS	26	21	-5	(24%)
TRAINING	11	5	-6	(120%)
PUBLICITY, LIBRARY & PARLIAMENT	6	9	3	33%
COMPUTER SERVICES	19	17	-2	(12%)
OFFICE SUPPORT COSTS	16	10	-6	(60%)
ACCOMMODATION	33	34	1	3%
DEPRECIATION & NON CASH ITEMS	8	16	8	50%
CCWATER REVENUE TOTAL	496	497	1	0%
CAPITAL	-	6	6	100%
CCWATER GRAND TOTAL	496	503	7	1%

10. The under spend of £7k is predominantly due to: -
  - a) Research services under spend of £6k mainly due to the Analysis of Consumer Representation tender being significantly lower than anticipated.
  - b) Personnel Overheads over spend of £5k mainly due to timing differences for committee and other meetings, this offsets prior month's underspends.
  - c) Training over spend of £6k mainly due to Consumer Relations TAP training and 360 feedback exercise carried out in February 2019.
  - d) Office support costs over spend over spend of £6k mainly due to IT equipment (Laptops) purchased and maintenance (floor box and cable tidy exercise) in the Birmingham office.
  - e) Depreciation and non-cash under spend of £8k mainly due to lower than expected depreciation due to ICT Infrastructure lease contract now accounted for as a Finance Lease.

f) Capital under spend of £6k mainly due to electronic board papers not going ahead this financial year.

g) 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 February of £4,961k, compared to the revised budget at the end of February of £5,004k. Explanations for the £43k of budget movements made during the period (over £5k or 10%) are below:
  - a) Staff Costs budgets have been re-profiled and increased by £101k, 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 from the LCA overtime to unallocated budget as unlikely to be spent for year.
  - b) Computer Services have decreased by £30k due to accounting for the ICT Infrastructure lease contract, this is now accounted for this as a Finance Lease.
  - c) Office support costs have increased by £5k, mainly for the call handling service to deal with the volume of complaints and enquiries.

- d) Accommodation costs budget have decreased by £46k, 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.
- e) Depreciation and Non-cash items have increased by £30k due to accounting for the ICT Infrastructure lease contract, this is now accounted for as a Finance Lease.
- f) 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.
- g) Capital budget of £22k has been re-profiled to match the spend. We have also transferred £25k to revenue as have spent less on the Finance system upgrade and contingency budget than originally estimated.

Table showing budgets transfers April to February 2019

	Original Budget to Feb 19 £	Forecast Budget to Feb 19 £	Budget movement £	Year to Date Actual to Feb 19 £	Variance Actual to Revised Budget £	Var %	Budget Remaini ng £	Foreca st Budget Total £
TOTAL STAFF COSTS	3,241	3,342	101	3,338	4	0%	418	3,756
RESEARCH SERVICES	448	451	3	445	6	1%	120	565
TOTAL PERSONNEL OVERHEADS	220	217	-3	198	19	9%	47	245
TRAINING	39	43	4	49	-6	(14%)	11	60
PUBLICITY, LIBRARY & PARLIAMENT	79	80	1	77	3	4%	11	88
COMPUTER SERVICES	253	223	-30	215	8	4%	30	245
OFFICE SUPPORT COSTS	156	161	5	151	10	6%	27	178
ACCOMMODATION	410	364	-46	364	0	0%	36	400
DEPRECIATION & NON CASH ITEMS	59	89	30	59	30	34%	49	108
CCWATER REVENUE TOTAL	4,905	4,970	65	4,896	74	1%	749	5,645
CAPITAL	56	34	-22	26	8	24%	20	46
CCWATER GRAND TOTAL	4,961	5,004	43	4,922	82	2%	769	5,691

#### Year to Date Financial Summary

14. The actual expenditure for the year to date is £4,922k compared to the budget of £5,004k an under spend of £82k (2%). The variances are as follows:

- a) Research & Consultancy under spent by £6k
- b) Personnel Overheads is under spent by £19k, as fewer meetings have been held than expected for several teams. £12k of this is for meetings and hospitality for the Communications team which is set aside to delivery parliamentary / assembly member sessions, which is not proceeding this year, due to low take up of the invitations issued to date, instead we are investing in a Brand Refresh exercise.
- c) Training is over spent by £6k due to additional training courses agreed for Policy and Consumer Relations team, which include Media training on PR19, Behavioral Insight and TAP training. These have been brought forward in order to utilise underspends elsewhere.
- d) Computer services is under spent by £8k. 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.
- e) Office Support is under spent by £10k mainly due to under spend of Telecoms of £9k.
- f) Depreciation and non-cash items is under spend by £30k due to lower than expected capital spend and the new ICT Infrastructure lease contract accounted as a Finance Lease as mentioned above.
- g) Capital is under spent by £8k 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: -

	Budget Total £	Forecast Outturn £	£	
TOTAL STAFF COSTS	3,669	3,660	9	Vacant post
RESEARCH SERVICES	565	564	1	
TOTAL PERSONNEL OVERHEADS	245	234	11	Small number of underspends on various cost centres and no parliamentary sessions.
TRAINING	60	84	-24	Training courses brought forwards as agreed by Executive Team.
PUBLICITY, LIBRARY & PARLIAMENT	88	100	-12	Brand Refresh agreed by Executive Team
COMPUTER SERVICES	245	242	3	
OFFICE SUPPORT COSTS	178	173	5	
ACCOMMODATION	400	390	10	
UNALLOCATED(IN STAFF COSTS)	87	0	87	£50k original budget, plus underspends transferred from savings on accommodation (£37k) and consultancy (£10k) previously reported in risk and opportunities.
SUB TOTAL (LICENCE FEE)	5,537	5,447	90	
DEPRECIATION & NON CASH ITEMS	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	5,514	131	
CAPITAL	46	39	7	Document Management system will not be completed by March 19.
BUDGET TOTAL	5,691	5,553	138	

### 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.

- 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.
- 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, but will not be known until after the end of the financial year.

## Annex One

COST CENTRE TITLE	SPEND TO February 19	PROFILE TO February 19	VAR February 19	VAR %	FULL YR BUDGET	OFFIC E %
OFFICE OF CHIEF EXECUTIVE	197,869	199,523	1,654	1%	217,807	4%
BOARD	290,648	294,544	3,896	1%	319,412	6%
GOVERNANCE	257,055	255,805	-1,250	(0%)	304,372	5%
ICT SERVICES	359,892	376,698	16,806	4%	415,948	7%
HUMAN RESOURCES	238,967	228,842	-10,125	(4%)	264,579	5%
WALES LCAs	27,324	28,217	893	3%	31,444	1%
WALES POLICY	80,818	79,858	-960	(1%)	87,697	2%
<b>TOTAL OFFICE OF DEPUTY CHIEF EXECUTIVE</b>	<b>1,452,572</b>	<b>1,463,487</b>	<b>10,915</b>	<b>1%</b>	<b>1,641,259</b>	<b>29%</b>
POLICY	126,829	126,558	-271	(0%)	138,125	2%
SOCIAL POLICY	188,704	187,058	-1,646	(1%)	204,951	4%
ENVIRONMENT	191,600	195,136	3,536	2%	213,712	4%
REGULATION	359,467	378,925	19,459	5%	431,265	8%
MARKET INTELLIGENCE	524,487	518,306	-6,181	(1%)	601,332	11%
CENTRAL AND EASTERN LCAs	22,670	23,846	1,176	5%	27,310	0%
NORTHERN LCAs	16,026	16,264	238	1%	17,764	0%
WESTERN LCAs	20,039	20,434	395	2%	22,450	0%
LONDON & SOUTH EAST LCAs	31,137	30,794	-343	(1%)	33,946	1%
<b>TOTAL POLICY AND RESEARCH</b>	<b>1,480,961</b>	<b>1,497,321</b>	<b>16,360</b>	<b>1%</b>	<b>1,690,855</b>	<b>30%</b>
FACILITIES AND PROCUREMENT	446,213	448,639	2,426	1%	492,419	9%
FINANCE AND RESOURCES	170,160	170,786	626	0%	185,961	3%
<b>TOTAL FINANCE AND PROCUREMENT</b>	<b>616,373</b>	<b>619,425</b>	<b>3,052</b>	<b>0%</b>	<b>678,380</b>	<b>12%</b>
COMMUNICATIONS	269,991	279,488	9,497	3%	304,643	5%
<b>TOTAL COMMUNICATIONS</b>	<b>269,991</b>	<b>279,488</b>	<b>9,497</b>	<b>3%</b>	<b>304,643</b>	<b>5%</b>
CONSUMER RELATIONS	345,611	346,023	412	0%	379,338	7%
BIRMINGHAM - CRM, SCC	233,522	235,107	1,585	1%	271,213	5%
BIRMINGHAM - CRM, CC	268,220	269,032	812	0%	299,596	5%
CARDIFF - CRM, SCC	201,329	200,696	-633	(0%)	220,310	4%
<b>TOTAL CONSUMER RELATIONS</b>	<b>1,048,682</b>	<b>1,050,858</b>	<b>2,176</b>	<b>0%</b>	<b>1,170,457</b>	<b>21%</b>
UNALLOCATED	0	0	0	0%	87,101	2%
DEP'N & NON CASH ITEMS	27,903	59,485	31,582	53%	72,127	1%
<b>CCWATER REVENUE TOTAL</b>	<b>4,896,481</b>	<b>4,970,064</b>	<b>73,583</b>	<b>1%</b>	<b>5,644,822</b>	<b>99%</b>
CAPITAL	25,821	33,678	7,857	23%	46,178	1%
<b>CCWATER GRAND TOTAL</b>	<b>4,922,303</b>	<b>5,003,742</b>	<b>81,439</b>	<b>2%</b>	<b>5,691,000</b>	<b>100%</b>

Annex Two

Annex 3	MONTH		YEAR TO DATE				BUDGET	
	Actual	Budget	Actual to	Budget to	Variance	Var %	Remaining	Total
	February 19	February 19	February 19	February 19				
TOTAL STAFF COSTS	322,296	324,159	3,337,542	3,341,965	4,423	0%	418,228	3,755,770
RESEARCH SERVICES	55,165	61,322	444,853	451,099	6,246	1%	120,648	565,501
TOTAL PERSONNEL OVERHEADS (Excluding Training)	26,373	21,002	197,881	216,459	18,578	9%	47,222	245,103
TRAINING	11,212	5,274	48,978	42,661	-6,317	(15 %)	10,802	59,780
PUBLICITY, LIBRARY & PARLIAMENT	5,412	8,686	77,391	80,161	2,770	3%	10,239	87,630
COMPUTER SERVICES	18,696	16,400	215,440	222,920	7,480	3%	29,380	244,820
OFFICE SUPPORT COSTS	16,404	10,127	150,721	160,761	10,040	6%	27,044	177,765
ACCOMMODATION	32,803	34,243	364,502	364,553	51	0%	35,824	400,326
SUB TOTAL	488,362	481,213	4,837,308	4,880,579	43,271	1%	699,387	5,536,695
DEPRECIATION & NON CASH ITEMS	7,897	15,542	59,174	89,485	30,311	34%	48,953	108,127
CCWATER REVENUE TOTAL	496,259	496,755	4,896,481	4,970,064	73,583	1%	748,341	5,644,822

CAPITAL	0	6,000	25,821	33,678	7,857	23%	20,357	46,178
CCWATER GRAND TOTAL	496,259	502,755	4,922,303	5,003,742	81,439	2%	768,697	5,691,000

**Consumer Council for Water Board**  
**16 April 2019**  
**Agenda Item 23/19P**

**Title:**  
Chief Executive's Report

**Report by:**  
Tony Smith, CEO

**Responsible Lead:**  
Tony Smith, CEO

**Paper for information**

**Appendix: Yes (1) Performance Scorecard**

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**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 5 March 2019. As we reach year-end, this report summarises activity conducted in 2018-19 (unless otherwise stated), together with complaint and performance data up to the end of Q3 2018-19.

**Recommendations**

2. The Board is asked to note the paper.

**2019 Price Review**

3. 2018/19 saw several major milestones in the development of water companies' business plans for 2020-25. These plans set out what services customers can expect to receive as well as how much they'll pay. CCWater has actively championed the interest of consumers throughout this process, and will continue to do so right up until Ofwat's final decisions in December 2019.
4. Both regional and central teams focussed on helping to shape companies' 2020-2025 Business Plans ahead of their submission to Ofwat in September 2018. This involved representing consumers' interests as members of companies' Customer Challenge Groups (CCGs) as well as in direct meetings with companies and the regulator. CCWater produced a number of guidance documents and briefing notes to help CCG members know what to look for as they assessed company business plans, and set out to companies what we expected of them as they carried out research with customers.

5. Ofwat's initial assessment of plans, published in January 2019, 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 later this month.
6. Only three companies' plans - Severn Trent Water, South West Water and United Utilities - were given a broad green light by the regulator and were fast-tracked to the next stage of the price-setting process. Last week, we voiced our concerns to the media about the potential for unexpected bill hikes once inflation and customer-funded financial rewards for water companies are added, while calling for all water companies to do more to stretch themselves on issues like reducing leakage and supporting customers facing financial hardship. We welcome Ofwat's challenge to many water companies on their cost efficiency but want to ensure that this does not jeopardise important improvements customer want to see, or continuation of safe, reliable services that are customer priorities.
7. CCWater has conducted much of its own research to assess the impact that decisions made during the price review process will have on consumers. Recent analysis showed that Ofwat could shave up to £14 per year more off customers' bills by slightly adjusting the assumption it makes on the cost water companies incur in raising finance, and we've called on the regulator to rethink this assumption ahead of its final decision in the summer.
8. 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. We have identified a number of key outstanding issues that we will be looking for companies and Ofwat to address before the final determination on 2020-2025 plans is made in December 2019.

#### **Water company bills announcement**

9. 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 came into effect on 1 April 2019.
10. 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**

11. 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 the Water Redress Scheme (WATRS).

12. CCWater has considered the report's specific recommendations to improve the customer experience in the post-company complaints process. 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. We have commenced discussions with the body that oversees WATRS, Resolving Water disputes (RWD), WATRS provider the Centre for Effective Dispute Resolution (CEDR) and water sector trade body, Water UK, to look at implementing the report recommendations as quickly as possible.

**Affordability and vulnerability**

13. During 2018/19 we have continued to put pressure on water companies to ensure more vulnerable households get the help they need. Key work to influence companies included working with them on the development of new support schemes as well as sharing best practice through our '*Water for All*' and '*Vulnerability in the Water Sector*' reports and our affordability and vulnerability seminar.
14. 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. Overall the schemes now provide bill reductions of around £100m to low income households.
15. Companies also increased the number of customers registered for priority services by a further 8% in the first half of 2018/19. 371,841 customers were registered for extra support at the end of September 2018. As we look ahead to 2019-20, we're calling on water companies to go even further in funding assistance to those struggling to pay, as current help only reaches less than half of the people who need it.

Benefits entitlement calculator

16. 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 28th February 2019, 2,931 customers used the benefits calculator to identify a total potential annual benefit entitlement of £9.6 million. The grant search tool was used by 721 customers in the same period.

Water meter calculator

17. 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.

18. Between April 2018 and February 2019, 262,000 consumers used our water meter calculator and recorded potential savings of £15.4 million. Around 22,500 told us that they would consider switching to a meter as a result of their findings.

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

19. Between April and December 2018, the first three quarters of the financial year, CCWater received 8,040 complaints about water companies (wholesalers and retailers). This is 16% more than the 6,947 we received across the same period in 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

20. Between April and December 2018, we acknowledged 99.6% of cases within five working days (0.1 percentage points above our target of 99.5%), closed 72.6% of cases within 20 working days (7.4 percentage points below our target of 80%) and closed 87.1% of cases in 40 working days (3.9 percentage points below our target of 91%). After our complaint handling 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 in Q3. We managed to improve our performance back up to above our target in two of the three measures in Q3 - 5 day and 20 day. With the work we have undertaken in securing flexible resourcing to help us through busy periods, we expect to see this performance improvement continue into Q4. While we may not meet our 20 and 40 day performance targets for the 2018-19 year, we can be confident of seeing this improving trend continue so we enter 2019-20 with a stronger performance level.
21. Across the same period for customer satisfaction, 65.1% of customers were satisfied with the quality of our service, 9.9 percentage points below our target of 75%. 52.6% of customers were happy with the outcome of their case following our mediation (8.4 percentage points below our target of 61%), and 63.6% were happy with the speed of our service (16.4 percentage points below our target of 80%). 92.7% were happy with our courtesy (against a target of 93%). As with our case acknowledgment and closure times, we saw a notable decrease in customer satisfaction with all elements of our service in Q1 due to the high number of complaints and sometimes lengthy delays getting some wholesalers and retailers to resolve problems. Whilst satisfaction with case outcome and our speed improved in Q2, satisfaction with the quality of our service unfortunately decreased further. But month on month since September we have seen satisfaction with this measure - arguably the most important measure of customer satisfaction - increase steadily. We anticipate falling short of our targets by the end of the year, but similarly to performance, we believe the actions taken in the second half of the year puts us in a position to end the year strongly and start 2019-20 in a much better position.

**Company complaints via new contact channels**

22. We have worked with companies to introduce reporting of complaints received through new contact channels: web chat, social media, short messaging service (SMS) and visits to company offices. Companies began reporting on these new channels on 1 October 2018. On 1 March we held a meeting with companies to give them an opportunity to feed back on what has gone well and what could be better. Companies were positive and the meeting provided a good opportunity to iron out any problems and provide clarification for any areas of inconsistency. We will be finalising the guidance for companies to fully report these new contact channels ahead of CCWater's 2019/20 annual complaint report.

**Non-household (NHH) water retail market**

23. The fourth quarter to date shows no sign of improvement in the number of complaints CCWater received against some water retailers. Water Plus, Castle and Anglian Water Business' area of Wave remain a concern. We are also receiving a disproportionate number of complaints from some of the smaller retailers, Everflow, Clear Business Water and SES Water. We are considering what other actions should be taken against these poor performing companies.
24. Last month, we published our latest research on the non-household market in England, which revealed that awareness of switching options is still low, particularly among small and medium-sized businesses, with only 2 out of 5 realising that they can switch their water provider. In publishing these results, we called on retailers to improve the marketing of their services to SMEs.

Financial redress

25. Between April 2018 and February 2019 we have secured £1.6 million in compensation and rebates for customers who had complained about their water or sewerage service.

**A resilient water supply and sewerage system**

Resilience

26. Ensuring that there are sufficient water resources to deliver a safe, reliable supply into the future is a top customer requirement of their water company. In the south and east of England this customer priority needs urgent action. 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. We have also responded to a number of public consultations by Defra and National Infrastructure Commission on water policy and resilience.
27. The water companies are waiting for notification from Defra that they can go ahead and publish their Water Resources Management Plans 2019. Affinity Water is currently consulting on its revised draft plan and CCWater will be submitting a response to this. For the most part though, our earlier concerns have been addressed.



**Speaking up for and informing consumers**

28. 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.
29. 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

30. In 2018-19, CCWater featured in 2158 individual pieces of media coverage with the potential to reach an audience of more than 3.2 million people (a 47% increase compared to last year).
31. In 2018-19, our social media and online activity has attracted a total of 3 million visits, likes and shares across all platforms (151% of our annual target for 2018-19).
32. Since our last public Board meeting, our external communications have focused on helping customers prepare for the £8 average bill increases implemented on 1 April, providing advice and guidance on support services available and how switching to a water meter can help generate savings.
33. Last month, we published the latest wave of research exploring awareness of the non-household retail market. Only about 2 out of 5 small and medium-size businesses (SMEs) think they can switch their water provider, suggesting that awareness levels have remained static since CCWater began tracking customers' views three months after the market opened.
34. Regionally, we have promoted several opportunities for consumers to engage with CCWater on a local level. This has included our last public Board meeting in Coventry, our London & South East regional meeting - at which water companies outlined their plans to cope with risks to supplies - and our public meeting in Wales on 29 March, which explored the impact of laws outlining landlords' responsibility for their tenants' water debts.

CCWater website

35. Over 436,000 people visited our website in 2018-19, with Money Saving Expert, the online money advice service, remaining the top referring site. Visits to our site spiked in February 2019 after our Water Meter Calculator was featured on Martin Lewis' TV show.

**TONY SMITH**  
Chief Executive

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

### Benefits for Customers

- Between April 2018 and February 2019 we secured £1.6 million 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 £15.4 million.

### Our complaint handling performance and customer satisfaction:

Performance	Actioned within 5 days	Closed within 20 days	Closed within 40 days
<b>Target*</b>	99.5%	80%	91%
<b>Q3 2018-19</b>	100%	80.3%	89.4%
<b>Q3 2017-18</b>	99.7%	83.3%	93.2%
<b>2018-19 YTD</b>	99.6%	72.6%	87.1%

Customer satisfaction	Service	Outcome	Speed	Courtesy
<b>Target*</b>	75%	61%	80%	93%
<b>Q3 2018-19</b>	69.3%	55.6%	67.4%	92.6%
<b>Q3 2017-18</b>	76.6%	66.3%	72.1%	94.5%
<b>2018-19 YTD</b>	65.1%	52.6%	63.6%	92.7%

\*Operational Business Plan target

### Governance and Financial Performance

#### **Financial**

- Between April and February 2019 we spent £4.922m, compared to a budget of £5,004m. Our forecast outturn at the financial year end is estimated to be underspend of £140k to £170k.
- 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 were held during 2018/19 in Truro in April, Newcastle in June, Portsmouth in October, Cardiff in December and Coventry in March.
- 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 – 534 days for the period. This was an average of 7.31 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 forty five individual and thirty four team training events using Civil Service Learning, internal delivery and other providers.

### Reputation and External Activities

- In 2018-19, our media messages have potentially reached 3.2 million people through print and broadcast channels.
- Our website attracted over 436,000 visitors in 2018-19.
- Our posts on social media were viewed, liked and shared by 3 million people in 2018-19.

## Consumer Council for Water Board

16 April 2019

Agenda Item 25/19P

**Title:**

Communications and Stakeholder Engagement Update - Q4 2018-19

**Report by:**

Amanda Caton, Head of External Communications

**Responsible Lead:**

Amanda Caton, Head of External Communications

**Paper for information/discussion**

**Annex:**

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**Purpose**

1. This paper provides a final update to the Board on progress made by the Communications Team against its 2018-19 communications and stakeholder engagement strategies.

**Recommendations**

2. The Board is asked to note the contents of this paper. All questions, comments and suggestions are welcome.

**Background**

3. An overview of the Communications Team's performance against agreed targets for YTD 2018-19 (to end Q4) is as follows:

	Achieved YTD 2018- 19	Annual target 2018-19	% annual target achieved	Achieved YTD 2017-18	% difference YTD
'Opportunities to see' CCWater in the media (audience reach)	322m	100m	322%	218m	↑ 47%
Online visits, likes & shares	3.0m	2m	151%	N/A	N/A

4. The organisation has achieved more than triple its annual target for media coverage, with the largest audience reach ever secured by us in a reporting year. Our online performance figures also surpassed their end-of-year targets.

**Notable coverage in Q4**

5. In January, we provided the media with an update on the performance of the three companies that were singled out for criticism in our annual customer complaints report, published in September 2018. We cautiously welcomed the improvements made by Southern and SES Water but Bristol Water was criticised for its lack of progress. Our press releases attracted significant regional media coverage, including interviews with local BBC stations.
6. Martin Lewis featured our water meter calculator on his live January bill-busting special, which has an audience of more than 4 million ITV viewers. He used the calculator to help a consumer identify a potentially large bill saving, prompting a substantial surge of visitors to our website. About 45,000 visitors used the tool during the month of the broadcast - four times the amount recorded during December.
7. We called on all water companies to show more ambition as Ofwat published its initial assessment of business plans at the end of January. Just three companies were awarded fast-track status by the regulator. In our response, we said many companies had not stretched themselves enough on issues like leakage and support for customers in financial hardship. The Daily Mail, The Times and FT Online were just some of the media that featured our statement.
8. The publication of 2019/20 water and sewerage charges in early February gave us a platform to call on the industry to use its own profits to fund more support for customers already struggling to play their bills. Our messages featured in more than 200 individual pieces of coverage, across print, broadcast and online. These included the Sun, the Mail Online, Daily Mirror and the Guardian.

*Regional coverage*

9. In quarter 4, our messages featured in 82 individual pieces of coverage across regional broadcast and print media. This included 69 articles in print media and 13 broadcast interviews. This does not take into account the online regional media coverage we secured, as our monitoring system cannot separate these from national websites. During the period we featured in more than 268 online articles, a large proportion of which would have been regional news websites.
10. Our Northern Chair Robert Light was interviewed by ITV Tyne and Tees about Northumbrian Water being fined for supplying a community with water that was deemed unfit for human consumption. He used the broadcast to remind companies of the high standards consumers have come to expect from their water supply.
11. Policy Manager Michael Barnes told listeners of BBC Bristol that Bristol Water needed to go further in its efforts to reduce customer complaints, after they were criticised for their lack of progress since our annual report was published in the autumn.
12. Gemma Domican was invited onto BBC Radio Stoke to explain consumers' rights when something goes wrong with their water supply and how we can help them resolve a complaint.

*Social media and digital presence*

13. An accurate year-on-year comparison of online / social media figures is not possible, as last year's social media figures were based solely on Twitter and did not include our other social platforms including Facebook, LinkedIn and Instagram (although the latter is a new addition for 2018-19). Also, website statistics are being measured differently this year to focus on website visitor numbers as opposed to page views.
14. By the end of March 2019, our online activity had attracted a total of 3 million visits, likes and shares across all platforms (151% of our annual target for 2018-19).

*Website*

15. Our website has been visited by consumers more than 436,000 times, with our water meter calculator proving ever popular in terms of driving traffic to our site from search engines.
16. The Money Saving Expert site continues to refer over a thousand visitors to our site each month, and work is ongoing to build reciprocal links with more consumer organisations as part of our stakeholder engagement strategy, to ensure people can find us when they need us.

*Social media*

17. In 2018-19, 2.58 million people interacted with our messages on social media through visiting our pages, liking or sharing our content. Our largest social media footprint remains on Twitter, where we have attracted more than 1,470 new followers during the year.
18. Our Twitter messages generated a total of more than 2,307,400 impressions in 2018-19, compared to 1,890,600 last years. This is a 22% year-on-year increase and can be attributed to the relevance of our messaging to the online trends and conversations taking place around water industry issues.
19. Of those statistics where direct comparison is possible, our audience reach on Facebook has decreased by 15% year-on-year to end of March (from 72,672 YTD in 2017-18 to 61,217 YTD 2018-19). This can be attributed to a huge increase during March 2018 as a result of the Beast from the East. Impressions during this month totalled 21,138 compared to a monthly average of 4,542.
20. The Instagram channel launched in April 2018 has continued to make steady progress, and we now have more than 267 followers on this platform. Our messages on Instagram have reached more than 119,150 people and have been liked or shared over 3,037 times.
21. LinkedIn has allowed us to reach an audience of 142,877 business professionals, where interest has centred on our messaging around the non-household market. Our posts have been liked or shared more than 1,925 times YTD.

PR19 Communications

22. A separate plan for PR19 communications was developed in May 2018 and is regularly discussed and reviewed at weekly working group and monthly steering group meetings.

23. In January 2019, Ofwat issued its Initial Assessment of water companies' business plans, which we immediately responded to following our own detailed assessment of how well plans reflect customers' expectations and priorities.
24. Only three companies' plans - Severn Trent Water, South West Water and United Utilities - were fast-tracked to the next stage of the price-setting process. These companies will receive Draft Determinations from the regulator in April 2019. In March, we began planning our approach to communicating our concerns to the media about the potential for unexpected bill hikes once inflation and customer-funded financial rewards are added, while calling for all water companies to do more to stretch themselves on issues like reducing leakage and supporting customers facing financial hardship.

Stakeholder engagement

25. CCWater's 2018-19 stakeholder engagement strategy was approved by the Board at the beginning of Q2, and work began immediately to implement the plan.
26. A summary of engagement undertaken in Q4 with the key stakeholders outlined in the 2018-19 Stakeholder Engagement strategy is detailed in Annex 1.
27. The Parliamentary roundtable event scheduled for February 2019 was cancelled due to MPs' limited availability due to EU Exit. As such, we have focused our efforts on regional engagement within individual constituencies, following up with the individuals who expressed an interest in attending to offer them meetings in their local area. Once the future of the UK's relationship with the EU becomes clear, we shall resume our efforts to engage with groups of MPs through drop-in sessions and roundtable meetings.

**ANNEX 1: Stakeholder Engagement Strategy - Summary of Activity, Q4 2018-19**

Stakeholder	Actions taken in Q4
Parliamentary Under Secretary of State at Defra (Therese Coffey MP) and officials (e.g. Sebastian Catovsky)	Sebastian Catovsky has moved on from his role at Defra and the post is currently being covered by Margaret Reid. A liaison meeting with Ms Reid took place in January 2019. The rest of our sponsorship team has been re-focused to work on EU Exit work.
Shadow Secretary of State for EFRA (Sue Hayman MP)	A meeting took place between Alan Lovell, Tony Smith and Ms Hayman's PPS, Luke Pollard MP, who is also acting Shadow Minister for Flooding and Coastal Communities (a remit that includes water).
Ofwat	One-to-one meetings at all organisational levels are well underway, with meetings having taken place between Alan Lovell and Jonson Cox, Tony Smith and Rachel Fletcher, Mike Keil and John Roberts and David Black, Stephen Hobbs and Tom Lowe. Close contact is also maintained between communications teams, sharing press notices and statements on a 'no surprises' basis. A meeting took place between communications teams in March 2019 to exchange information on forthcoming plans, opportunities for the industry's approach to EU Exit preparation and communication.
Water UK - ADR Panel	We are pleased that the report by the Consumer Dispute Resolution Centre at Queen Margaret University (QMU) in Edinburgh showed an appetite for improving the complaints process for consumers by encouraging us and the ADR provider to work closer together. We are already progressing closer ties, and are broadly supportive of QMU's findings. We want to ensure that the complaints process is timely and effective for all customers, so are considering ways, including those highlighted in the report, to improve the interface between CCWater and WATRS and the overall customer experience. Water UK was expected to publish the report in January but at the

Stakeholder	Actions taken in Q4
	<p>time of writing this had still not happened.</p> <p>Our responses to the findings were shared with and agreed by the Board in March.</p>
Defra and Welsh Government (senior officials and sponsorship teams)	<p>Following our invitation letter, Lesley Griffiths AM (Environment Minister) accepted our offer of a meeting and Phil Marshall represented CCWater at this meeting in March. Discussions covered topics such as PR19, the Hafren Dyfrdwy transition, landlord regulations and the Wales Chair recruitment process.</p> <p>Quarterly liaison meetings with Defra and Welsh Government have taken place, which have included bi-lateral discussions on the content of our Forward Work Programme for 2019-22.</p>
Drinking Water Inspectorate	<p>Following on from the attendance of DWI's Chief Executive, Marcus Rink, at CCWater's private Board meeting on 4 September, a follow-up meeting between Mike Keil and Amanda Caton from CCWater and Sue Pennison from the DWI took place in Q4, where common areas of interest were discussed and a further contact meeting arranged for September 2019.</p>
Environment Agency and Environmental organisations	<p>Ongoing attendance of the Comms team at meetings of the 'Love Water' campaign, an industry-wide initiative led by the EA and Water UK to encourage consumers to use water wisely. CCWater hosted the working group meeting in March 2019 and is participating in both water efficiency and education workstreams.</p>
Consumer Advocacy / Membership organisations	<p>Reciprocal link building with target organisations and individuals online and via social media. Stakeholder organisations receive all CCWater stakeholder emails announcing new publications and research. We have initiated contact with the National Federation of Women's Institutes.</p>



Stakeholder	Actions taken in Q4
Consumer Council Northern Ireland / Consumer Advice Scotland	Mike Keil and Jenny Suggate attended a two-day liaison meeting with these two organisations in Belfast in March 2019.

## Consumer Council for Water Board

16 April 2019

Agenda item 26/19P

**Title:**

CCWater Register of Board Member Interests - annual review

**Report by:**

Alison Townsend, Board Secretary

**Responsible Lead:**

Phil Marshall, Deputy Chief Executive

**Paper for noting and discussion**

**Appendix:** yes (1)

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**Purpose**

1. To present the outcome of the annual review of the CCWater Register of Board Member Interests to the Board.

**Recommendations**

2. The Board is recommended to note the updated Register of Interests at Appendix A to this paper.

**Background**

3. Government guidance on non-departmental public bodies (NDPBs) recommends that a register be kept of Board members' interests relevant to the body's activities.
4. The register is kept by the Board Secretary and each Board Member updates their entry throughout the year. The register is presented formally to the Board once a year for its formal review.
5. As part of the review all members have been asked to check their entry in the register and a summary is set out at Appendix A. This information will be published on the CCWater website after the Board meeting and referenced in the 2018/19 Annual Report and Accounts.

**Register of CCWater's Board Members Interests for the period 1/4/2018 to 31/3/2019**

<b>Board members</b>	<b>Company/Organisation</b>	<b>Nature</b>	<b>Interests of close family or those living in the same household and any other comments</b>
Alison Austin	Environment and Business (own consultancy)	Director (paid)	
	Seafish	Board member and Chair of Remuneration Committee (paid)	
	Seafood 2040	Chair (paid)	
	Green Alliance	Trustee (unpaid)	
	Springbok Renewable Health Co-operative	Trustee (unpaid)	
	Iken Associates	Associate (paid)	
	Robertsbridge Group	Associate (paid)	
	Private Residential Landlord	(paid)	
Bernard Crump	BC Healthcare Solutions Ltd	Director (paid)	Wife also a Director in BC Healthcare Solutions Ltd.
	Warwick University	Professor of Medical Leadership (paid)	
	Wiltshire Farm Foods, Advisory Board	Member (paid - via BC Healthcare Solutions Ltd)	
	Professional Records Standards Board	Consultant (paid - via BC Healthcare Solutions Ltd)	

Board members	Company/Organisation	Nature	Interests of close family or those living in the same household and any other comments
David Heath	Solicitor's Regulation Authority  Somerset Clinical Commissioning Group  Bath & Wells Multi Academy Trust (finished 1/3/19)  Institute and Faculty of Actuaries - Policy and Public affairs Board (from 6/8/18)	Senior Independent Director and Board Member (paid)  Non-Executive Director (paid)  Trustee and Non-Executive Director (unpaid)  Chair (paid)	
Julie Hill	Waste and Resources Action Programme (WRAP)  Accelerating Growth Fund (subsidiary of WRAP)  Institution of Environmental Sciences  University of Surrey  Food Standards Agency, Advisory Committee on Social Science  Green Alliance  Green and Growing  Private Residential Landlord	Chair/Director (paid)  Director (unpaid)  Director/Council member (unpaid)  Visiting Professor (unpaid)  Deputy Chair (paid)  Associate (unpaid)  Landscape (paid)  (paid)	Husband has managed portfolio of shares.

Board members	Company/Organisation	Nature	Interests of close family or those living in the same household and any other comments
Philip Johnson (Left CCWater Board 31 May 2018)	Brunel University Energy Institute, Membership Panel Pöyry Management Consulting MJM Energy Ltd	Part time Lecturer (paid) Chair (unpaid) Associate (paid) Consultant (paid)	
Rob Light	RC & SJ Light Kirklees Council (finished 16/11/18) West Yorkshire Combined Authority (finished 16/11/18) Local Government Association (finished 16/11/18) Local Government Association (finished 16/11/18) Independent Commission on Civil Aviation Noise (from 19/11/18)	Director (paid) Councillor (paid) Scrutiny Committee Chair (paid) Deputy Chair, Cities Board (paid) Peer (paid) Head Commissioner (paid)	
Tony Redmond	UNICEF UK Public Administration International CIPFA Charities Board	Treasurer and Trustee (unpaid) Course Director (paid) Chair (unpaid)	

Board members	Company/Organisation	Nature	Interests of close family or those living in the same household and any other comments
Alan Lovell	Association of Lloyd's Members Progressive Energy Limited Flowgroup plc (from 1/11/17) Lloyds of London - Capacity Transfer Panel Hampshire Cultural Trust Mary Rose Trust University of Winchester Winchester Cathedral Safestyle UK SIG plc (from 4/7/18)  Amey Birmingham Highways Holdings Limited (from 20/8/18 to 30/11/18) Amey LG Limited (from 25/3/19)	Chair (paid) Non Executive Director (unpaid) Chair (paid) - (unpaid from 1/11/18) Member (paid) Chair(unpaid) Chair (unpaid) Chair (unpaid) Trustee (unpaid) Chair (paid) Non Executive Director from 4/7/18 (Senior Independent Director from 1/8/18)  Director (paid)  Director (paid)	
Tony Smith	Nil	Nil	

Board members	Company/Organisation	Nature	Interests of close family or those living in the same household and any other comments
Tom Taylor (Left CCWater Board 31 December 2018)	Northern Ireland Government Department of Finance Northern Ireland Research and Statistics Agency HM Revenue and Customs (from 1/6/18) NHS Counter Fraud Authority (from 1/8/18) UK Government Legal Department (from 24/9/18)	Non Executive Director (paid) Audit Committee Chair (paid) Audit & Risk Committee, Independent Member (paid) Chair (paid) Non Executive Director (paid)	
Rob Wilson	Marine Management Organisation (from May 18) Community Support Bank (finished 31/3/19) Transport Focus (from 14/8/18) Wheelpower	Non-Executive Director (paid) Chair (paid) Non-Executive Director (paid) Trustee, Chair (unpaid)	

## Consumer Council for Water Board

16 April 2019

Agenda Item 27/19P

**Title:**

Regional/Wales Round up - April 2019

**Report by:**

Regional/Wales Chairs

**Responsible Lead:**

Regional/Wales Chairs

**Paper for information/discussion**

**Appendix:** no

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**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.

**Northern**

3.

**Western**

4.

**London and South East**

5.

**Central and Eastern**

Regional Committee Meeting in Public

6. The regions' public meeting focused on ensuring a resilient water future and featured presentations by Ian McAulay, Chief Executive of Southern Water and Trevor Bishop who is now leading the Water Resources in the South East (WRSE) initiative on behalf of the region. Key areas of consideration included population growth, reducing water demand



and consumption and the development of greater collaboration between water companies.

7. This co-operation extended to developers, local authorities and organisations such as Water Aid with its ability to identify water saving projects in developing countries. The initiatives linked closely with the concept of a modern social contract building relationships between companies, consumers and water to the benefit of both people and the environment.
8. In acknowledging that water stress is a major challenge for the region the meeting looked at the importance of water resource stewardship across the six companies; the logistics and mechanisms for new water transfers (including the proposed reservoirs at Abingdon and Havant Thicket); from a customer perspective demand reduction; the development of a truly regional WRMP alongside a more formalised national framework. Leakage was also recognised as a continuing challenge which must be addressed. In the context of resilience, Brexit was also discussed particularly in respect of the three key ports in the region and the logistics surrounding the movement of chemicals.
9. The second half of the meeting tackled universal metering with presentations from both Affinity Water and Thames Water. Both programmes are progressing well but issues relating to customer resistance, the optant approach and the importance of clear communication were emphasised. The experiences of Southern Water which already has nearly 90% meter penetration were also considered. The benefits of early leakage detection arising from smart metering, in particular, were discussed.
10. The meeting was attended by more than 40 people comprising wholesalers, non-household retailers, journalists and CCWater including Chief Executive, Tony Smith.

#### **Wales**

11. The Water Industry (Undertakers Wholly or Mainly in Wales) (Information about Non-owner Occupiers) Regulations 2014 were introduced in January 2015, to reduce the levels of unbilled charges, arrears and bad debt relating to rented properties.
12. These Welsh Government regulations, enacting provisions in the Flood and Water Management Act 2010, require all domestic property owners who do not occupy their properties to notify their water company of their tenants details within 21 days. Where they do not comply, landlords become jointly and severally liable for the charges payable.
13. All landlords in Wales must register with Rent Smart Wales. This was introduced to process landlord registrations and grant licences to landlords and agents who needed to comply with the Housing (Wales) Act 2014. Rent Smart Wales informs landlords of their legal responsibilities under the aforementioned regulations.
14. In November 2014 a portal called Landlord Tap went live for landlords to use to register properties and provide tenancy details to water companies in both England and Wales, although Defra has yet to enact the provisions in the Act.

15. Whilst DCWW actively worked to liaise with landlords and their representative bodies following the introduction of the Welsh Government regulations, DVW did not.
16. The consequence of this is that HDD is now having to manage the regulations retrospectively in the old DVW region in Wales. However, landlords in Powys and Monmouthshire, formerly within SVT's region, have only fallen under the regulations from July 2018, following the NAV licence changes.
17. HDD therefore planned to charge any non-compliant landlords for water and/or sewerage charges from July 2018, irrespective of where the property concerned is situated. Welsh Government has, however, advised them that this would not be compliant and that landlords in the old DVW region must be charged from the correct occupation date or January 2015 (whichever is later). HDD is therefore managing the regulations on this basis.
18. There is, however, a further complication to this. In February 2018 DCWW revised its charging policy in relation to these regulations, such that it now only raises backcharges for one year from the date of notification.
19. This means two things: firstly, the two companies in Wales are managing the charging implications arising from the statutory regulations differently and secondly, in Welsh Government's view, DCWW's approach is not compliant.

**ANNEXES:-**

NONE

## Consumer Council for Water Board

16 April 2019

Agenda Item 27/19P

**Title:**

Regional/Wales Round up - April 2019

**Report by:**

Regional/Wales Chairs

**Responsible Lead:**

Regional/Wales Chairs

**Paper for information/discussion**

**Appendix:** no

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**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.

**Northern**

3. Whilst Water Plus have made some progress to improve complaints handling and reducing complaint numbers we still remain concerned both at the level of complaints and the time taken to resolve them. We are reassured that the company is actively working to resolve the issues of complaint handling and the root causes of many of the complaints, however, progress is not in line with the improvement plan in all areas. We have noted the company is taking further actions to increase its capacity to resolve the complaint backlogs. The reoccurring issue for Water Plus is the number of complaints which have elements which are a whole or part wholesale water company responsibility.
4. The transfer of Yorkshire Water Business Services to Business Stream is continuing however as yet customers have received no information regarding the sale/transfer.
5. Despite three months of continued low rainfall across the region reservoir levels are at about normal for the time of year although ground conditions remain dry for the time of year.

6. Our next Northern Committee in Public is to be held on 13th May in Durham where we will focus on the North West Hardship Hub and the changes made by our Water Companies to their PR 19 plans. This will be in addition to our half yearly reports on company performance.
7. We still have concerns that nearly twelve months after the introduction of a new billing system Northumbrian Water are still experiencing higher than expected complaint numbers. We are confident that this is not a major problem but a large number of minor process issues which have been very labour intense to resolve.
8. All companies have been fully focused on preparing their response to Ofwat's IAP judgements.
9. As a fastrack company United Utilities expect their draft determination on 11 April. Northumbrian Water and Yorkshire Water submitted their amended PR19 plans on 1<sup>st</sup> April. Northumbrian Water and Yorkshire Water CCGs submitted reports on what each company had done over the period although these reports were drafted before the sign off of the Company resubmission as required by Ofwat which in my view is not helpful from a proper governance and assurance perspective. It does suggest that Ofwat does not take the work of CCGs seriously.
10. All companies have been working to provide extra data, revise costings and in some cases rework proposals whilst seeking to hold true to the clearly established customer priorities.
11. As of writing the companies have not publicly released any details of the changes however in my view the changes are a mix of strong positives for customers on bills with some reductions in mainly environmental schemes which is regrettable. Companies faced difficult issues over both base and enhanced costs which they have addressed through extra information, changes to plans and challenging Ofwat's assessment.
12. All three companies have engaged customers on specific aspects of their amended plans.
13. Yorkshire Water have made significant changes and in my view taken a pragmatic approach to the Ofwat judgements.
14. Northumbrian Water have chosen to rework proposals and challenge rather than change much of the areas raised by Ofwat. Whilst there is evidence to suggest Northumbrian Water have a case in many areas, in my view, their strategy carries a greater risk.

#### **Western**

15. Although we have had a full round of quarterly liaison meetings and further meetings of the CCGs for Bristol and Wessex Water ahead of the submission of responses, there has been little of substance to report since the last meeting of the board.
16. The submissions and the CCG reports on them will be discussed over the next few weeks prior to CCW providing its response, but I do not feel there is any exceptional items which require consideration prior to that.

17. Similarly, the round of liaison meetings raised few issues. Following contact from Consumer Relations we raised the issue of rainwater harvesting and use of grey water by household customers. We queried if and how customers are charged for sewerage services if they use rainwater - that hasn't been recorded by their water meter - rather than mains water. Currently, Wessex customers doing this are not charged and so pay a lower sewerage charge than their actual use of the service. This contrasts with South West Water who address this in their Charges Scheme by requiring the rainwater system to be metered and then raise sewerage charges on that metered use.
18. We looked at the issues of complaints with our companies, and I am pleased with progress made to date. In particular, a change in the billing system for former Bournemouth Water customers to create a single system across SWW has been effected without the problems encountered last time and seemingly without customer detriment, which is to the credit of the company in making careful preparation.
19. Bristol Water are continuing to recover from the downturn in complaints performance last year, and with encouragement will I think soon return to a satisfactory position.
20. In addition to the quarterly meetings, LCAs visited Bristol Water to carry out a complaints assessment and South West Water for a debt assessment. Both passed off well, with SWW's assessment particularly showing how the company has evolved its recovery policies (and attitude) in recent years. This demonstrates the value of both encouragement and challenge by CCW when companies are responsive to the perspective we can bring to their activities.
21. Mike Short, the LCA who has responsibility for liaison with retailers in our region, has continued to maintain good contacts with companies, and in addition we met Pennon Water Services at senior level to discuss industry issues. They remain fairly happy with the market and their position in it. They still see further consolidation taking place as the 'big four' retailers have about 80% of the market and margins available make it difficult for smaller operators. They are seeing cost rather than levels of service as being the main driver of switching. They also reported concern at complaint resolution and the retailer/wholesaler/customer relationships that can be a barrier.
22. One additional cost they reported is that of referrals to WATRS when the issue is with a wholesaler's policies. Retailers bear the cost of the referral but WATRS can't challenge the retailer's position. This is an issue we should perhaps address in the context of our recent discussions.

### **London and South East**

#### Regional Committee Meeting in Public

23. The regions' public meeting focused on ensuring a resilient water future and featured presentations by Ian McAulay, Chief Executive of Southern Water and Trevor Bishop who is now leading the Water Resources in the South East (WRSE) initiative on behalf of the region. Key areas of consideration included population growth, reducing water demand and consumption and the development of greater collaboration between water companies.

24. This co-operation extended to developers, local authorities and organisations such as Water Aid with its ability to identify water saving projects in developing countries. The initiatives linked closely with the concept of a modern social contract building relationships between companies, consumers and water to the benefit of both people and the environment.
25. In acknowledging that water stress is a major challenge for the region the meeting looked at the importance of water resource stewardship across the six companies; the logistics and mechanisms for new water transfers (including the proposed reservoirs at Abingdon and Havant Thicket); from a customer perspective demand reduction; the development of a truly regional WRMP alongside a more formalised national framework. Leakage was also recognised as a continuing challenge which must be addressed. In the context of resilience, Brexit was also discussed particularly in respect of the three key ports in the region and the logistics surrounding the movement of chemicals.
26. The second half of the meeting tackled universal metering with presentations from both Affinity Water and Thames Water. Both programmes are progressing well but issues relating to customer resistance, the optant approach and the importance of clear communication were emphasised. The experiences of Southern Water which already has nearly 90% meter penetration were also considered. The benefits of early leakage detection arising from smart metering, in particular, were discussed.
27. The meeting was attended by more than 40 people comprising wholesalers, non-household retailers, journalists and CCWater including Chief Executive, Tony Smith.

### **Central and Eastern**

#### **Severn Trent**

28. On 9th April Severn Trent announced a new initiative in relation to Innovation. They launched the “World Water Innovation Fund” in partnership with United Utilities, and
  - DC Water and LADWP from USA
  - Hunter Water and a consortium of four Melbourne Water utilities from Australia
  - Aegea from Brazil
29. All of the companies are investing in a fund which will drive innovation, seed fund new technology and conduct large scale trials and experimentation. They have committed that all of this activity, the results and the intellectual property arising from this activity will be made available in an open source, open innovation approach. More details will be available shortly on [www.waterinnovationfund.com](http://www.waterinnovationfund.com) and at @worldwaterfund.
30. We conducted a largely positive quarterly review last month. The Elan Valley scheme has progressed well and customers will experience the first impact of this shortly as short term rezoning takes place to begin to commission the new alternative supply routing. Customers will be forewarned as they may notice a taste difference.
31. Leakage and PCC performance are improving but the impact of the events early in the financial year mean that performance in these areas may not fully meet performance expectations.

Anglian Water

32. Our recent quarterly review focused on complaint handling and improvements in bill formatting. No adverse issues to report

Essex & Suffolk Water

33. We meet to review performance on 3rd May. Complaint numbers are returning towards the levels experienced prior to major system upgrades, but on a financial year basis will show a significant increase. NWL have been happy to share their learning with other companies planning system changes.

South Staffs Water

34. Nothing to report since our last meeting

**Wales**

35. The Water Industry (Undertakers Wholly or Mainly in Wales) (Information about Non-owner Occupiers) Regulations 2014 were introduced in January 2015, to reduce the levels of unbilled charges, arrears and bad debt relating to rented properties.
36. These Welsh Government regulations, enacting provisions in the Flood and Water Management Act 2010, require all domestic property owners who do not occupy their properties to notify their water company of their tenants details within 21 days. Where they do not comply, landlords become jointly and severally liable for the charges payable.
37. All landlords in Wales must register with Rent Smart Wales. This was introduced to process landlord registrations and grant licences to landlords and agents who needed to comply with the Housing (Wales) Act 2014. Rent Smart Wales informs landlords of their legal responsibilities under the aforementioned regulations.
38. In November 2014 a portal called Landlord Tap went live for landlords to use to register properties and provide tenancy details to water companies in both England and Wales, although Defra has yet to enact the provisions in the Act.
39. Whilst DCWW actively worked to liaise with landlords and their representative bodies following the introduction of the Welsh Government regulations, DVW did not.
40. The consequence of this is that HDD is now having to manage the regulations retrospectively in the old DVW region in Wales. However, landlords in Powys and Monmouthshire, formerly within SVT's region, have only fallen under the regulations from July 2018, following the NAV licence changes.
41. HDD therefore planned to charge any non-compliant landlords for water and/or sewerage charges from July 2018, irrespective of where the property concerned is situated. Welsh Government has, however, advised them that this would not be compliant and that landlords in the old DVW region must be charged from the correct occupation date or January 2015 (whichever is later). HDD is therefore managing the regulations on this basis.

42. There is, however, a further complication to this. In February 2018 DCWW revised its charging policy in relation to these regulations, such that it now only raises backcharges for one year from the date of notification.
43. This means two things: firstly, the two companies in Wales are managing the charging implications arising from the statutory regulations differently and secondly, in Welsh Government's view, DCWW's approach is not compliant.

**ANNEXES:-**

NONE