

Agenda

**Consumer Council for Water Board
Meeting in Public
Tuesday 3 March 2020 – 11:00 – 15:20
Caroline Hand Executive Suite,
Weston Homes Stadium,
London Road,
Peterborough, PE2 8AL**

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

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|----------------|--|--------------------------|
| 175/19P | 11:00 Welcome and apologies for absence | |
| 176/19P | Declarations of interest | all |
| 177/19P | 11:05 CCW organisational changes
To hear about proposed organisational changes at CCW | R Light
(oral update) |
| 178/19P | 11:15 PR19 Final Determinations – Competition & Markets Authority Referrals
A brief update on the position with the referral of PR19 Final Determinations to the Competition and Markets Authority | T Smith
(oral update) |

Stakeholder Session

- | | | |
|----------------|--|-----------------------------------|
| 179/19P | 11:25 Listening session
An opportunity for members of the public to raise any relevant questions with the Board. | |
| 180/19P | 11:30 Introduction to the public session | B Crump (Central & Eastern Chair) |

**CCW Board - Agenda
Meeting in Public
Tuesday 3 March 2020 - 11:00 – 15:20**

181/19P 11:35 Stakeholder session – the water industry and developers

To discuss the following:-

What are the current and future challenges that affect key stakeholders including developers, Local Authorities, Water Companies and self-lay operators in relation to the provision of water and sewerage services for or at new developments? What changes or innovations are emerging that will contribute to the provision of a sustainable and resilient service for consumers?

182/19P 12:40 Transparency and Legitimacy

To discuss issues around legitimacy and transparency with a particular focus on:-

Water UK published its Public Interest Commitment on 25 April 2019. How confident are you that you will be able to deliver on this and how will the consideration of social value/public interest result in additional benefits for consumers?

Each company is asked to give a short response (no more than five minutes) to be followed by a general discussion on the issues that are raised.

183/19P 13:10 General - discussion

- further general discussions and questions on current issues in the Central and Eastern Region and wider water sector;
- an opportunity for guests to raise any final issues with the Board; and
- questions from the Board on behalf of the Anglian Water Customer Panel

13:30 – 14:00 - lunch

Governance and Reporting

184/19P 14:00 – Minutes of the public meeting held on 17 December 2019 and any matters arising (attached)

Governance and Reporting

185/19P 14:25 – Chief Executive’s report T Smith
paper to note (attached)

186/19P 14:15 – Forward Work Programme 2020-23 & Operational Business Plan 2020-21 J Suggate/P Marshall
Paper for decision (attached)

**CCW Board - Agenda
Meeting in Public
Tuesday 3 March 2020 - 11:00 – 15:20**

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|----------------|---|-------------------------|
| 187/19P | 14:30 – 2020/21 Budget and Licence Fee
Paper for decision | P Hibbert
(attached) |
| 188/19P | 14:40 – 2020/21 Communications Plan
Paper for decision | A Caton
(attached) |
| 189/19P | 14:55 – Finance Report (to January 2020)
paper to note | P Hibbert
(attached) |

Regional Issues

- | | | |
|----------------|--|--------------------------------------|
| 190/19P | 15:00 – Regional/Wales roundup
paper for discussion/note | Regional/Wales Chairs
(to follow) |
| 191/19P | 15:15 – Other business | |
| 192/19P | Future Meetings | |

The next Board meeting in public will be on 21 April in the Western Region.

Public meeting close 15:20

Attending:-

- | | |
|-------------|--|
| Board: | Alison Austin, Bernard Crump, David Heath, Julie Hill, Robert Light (Chair), Tony Redmond, Tony Smith, Rhodri Williams, Rob Wilson |
| CCW: | Amanda Caton, Paul Hibbert, Mike Keil, Phil Marshall, Carl Pegg, Alison Townsend |
| C & E LCAs: | Graham Dale (apologies), Gill Holmes (apologies), Paul Quinn |



**Consumer Council for Water
Minutes of the Board meeting in Public
11:00 on Tuesday 17 December 2019
Town Hall,
Welshpool,
Powys, SY21 7DG**

Present:-

CCWater Board: Alison Austin
Bernard Crump
David Heath
Julie Hill
Rob Light, Chair
Tony Redmond
Tony Smith
Rhodri Williams

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: Imogen Brown, Dŵr Cymru Welsh Water
James Jesic, Hafren Dyfrdwy
Alan Shurmer, Dŵr Cymru Welsh Water
Christer Stoyell, Hafren Dyfrdwy
Amanda Surti, Dŵr Cymru Welsh Water

Stakeholders/

Public: In addition to the stakeholders presenting outlined above, approximately 15 stakeholders and members of the public

joined the meeting to hear and discuss the presentations summarised in the minutes.

131/19P Welcome and apologies for absence

131.1P The Chair welcomed board members and stakeholders to the meeting. Apologies for absence had been received from Rob Wilson.

132/19P Declarations of interest

132.1P There were no declarations of interest.

133/19P Listening session

133.1P The Chair explained that this session was intended to provide an opportunity for guests to put questions to the Board. No questions were raised.

134/19P Introduction

Introduction

134.1P Rhodri Williams welcomed the Board to Wales and to his first meeting. He gave a brief overview of the matters to be discussed and their particular relevance to Wales.

135/19P PR19 Final Determinations - CCWater position

135.1P The Chief Executive briefly explained the importance of the price review process in setting water prices for the next five years. Ofwat had announced its final determinations for all water companies the previous day. The Board noted that bills would fall by an average of £50 before inflation although actual bill impacts would vary and in some cases bills would increase. Companies had also committed to make performance improvements, for example in relation to leakage and environmental improvements over the five-year period as well as to invest in infrastructure. The Board noted that companies that accepted Ofwat's determination would implement it from 1 April 2020 or they could request a referral to the Competition and Markets Authority (CMA); the CMA process would take around six months.

135.2P The companies present gave their thoughts on the PR19 process and Ofwat's Final Determination:-

- Hafren Dyfrdwy (HD) indicated that the next five years would be a challenging period for the company. Bills would be dropping by around 5% before inflation but there was a need to balance this with investment over the period; and
- Dŵr Cymru Welsh Water (DCWW) advised that it was still working through the detail in Ofwat's determination but indicated that the targets were challenging and bills would fall. DCWW advised that its final determination had been slightly better than it had expected.

135.3P A stakeholder asked if the reduction in number of European agricultural grant schemes could adversely impact water quality. HD explained that it would be taking a more holistic/sustainable approach to water quality and the wider environment for example by the use of catchment management plans. DCWW indicated that it had included a mega-catchment programme in its PR19 business plan. CCWater explained that the sector had recognised the need for this type of change for some time but the five-year business planning periods in the regulatory model did not easily support these schemes.

136/19P **Stakeholder Session - the resilience of water and wastewater services in rural Wales**

136.1P The Board received a short presentation from DCWW that explored issues around the provision of resilient services to its customers in rural Wales including:-

- trends and challenges through to 2050;
- DCWW's 18 strategic responses to the challenges;
- the recent focus on network resilience brought first by storm Emma and then the summer 2018 drought;
- examples of recent investments for resilience and how the Rainscape scheme at Llanelli had prevented the flooding of over 100 properties during storm Callum in October 2018; and
- further planned investments including the use of technology to enable DCWW to work smarter.

136.2P The Board discussed issues raised in the presentation including:-

- if there were plans for other schemes similar to that at Llanelli and if there was any benefit in DCWW retaining the responsibility to manage the schemes. DCWW explained that Rainscape approach was not suitable for all schemes. The Board heard that there was an internal requirement for DCWW to consider Rainscape for its capital schemes

and, if it was not implemented for a particular scheme, demonstrate why it was not suitable. The Board noted that responsibility for the long term management of schemes was considered on a case by case basis;

- what support DCWW offered to customers in properties that remained susceptible to flooding despite initiatives such as Rainscape. DCWW explained that it had mapped properties with a residual risk of flooding and had drawn up property level plans to support the residents, for example by the provision of sandbags; and
- how DCWW considered the different levels of service for rural and urban customers and how it determined what was a reasonable level of service. DCWW explained that it used trackers and customer research to support this process and explained that while interruptions to supply were generally longer in rural areas they were not significantly longer. DCWW emphasised that all of its customers should receive the best possible service.

136.3P The Board received a short presentation from HD that looked at the issues around delivery of resilient services in rural Wales including:-

- challenges to resilience including sector/global issues as well as challenges that were specific to the region;
- actions to improve resilience; and
- investments planned for resilience.

136.4P The Board discussed issues raised in the presentation including:-

- CCWater indicated that its research had shown that customers that frequently experienced problems tended to view their company less positively. CCWater asked if HD recognised this and HD confirmed that levels of contact were often higher among customers with lower levels of satisfaction. HD explained that it was working to predict and prevent incidents and so avoid the need to respond to them; it was hoped that driving down the failure rate should reduce the need for customers to contact the company;
- what messages HD received from customers about resilience. HD explained that the views of its customers in Powys and Wrexham often differed but generally there was an increased interest in environmental issues from customers;
- the Board noted that DCWW had published its vision to 2050 and asked if HD had plans to produce and publish a long-term strategy. The Board heard that to date HD's focus had been on establishing the

new organisation and addressing performance issues; HD was now starting to look at longer term matters;

- how much understanding HD had about its assets and their location. HD recognised that data accuracy had been an issue for the industry before privatisation; this had improved over time and it was now estimated that this information was approximately 80% accurate. HD briefly outlined its process to confirm asset details when they were worked on and improve corporate records;
- how HD managed vulnerability in rural areas particularly as it was often disguised in these communities. HD advised that it had made a commitment to improve its vulnerability register. CCWater asked about the training HD staff received to support potentially vulnerable customers contacting them and HD explained how it used customer level data to support this.

137/19P **Private Water Supplies**

137.1P The Board received a short presentation from Sue Pennison, Principal Inspector, Drinking Water Inspectorate that looked at issues associated with private water supplies in Wales. The presentation covered:-

- the role of the DWI and Local Authorities in Wales in relation to private supplies;
- the number of private supplies in Wales (14,846) and the typical issues associated with these. The Board heard that in 2018 6.1% of checks on private supplies failed; the reasons for failure were briefly discussed;

137.2P The Board went on to discuss the issues raised and asked if there was a strategic solution to the problem. DWI explained that the Water Act 1945 had led to the creation of mains water supplies to which properties were gradually connected. Those properties that were difficult to connect to mains supplies, for example because the location of the property meant connection costs were prohibitively high, were often still on private supplies. DWI indicated that the best solution would be for all properties to be connected to the mains but acknowledged that costs could be high and not all property owners wanted to connect. DWI suggested that those properties that were highest risk should be targeted for connection.

137.3P CCWater enquired if a private supply could be a resilient solution to supply issues associated with climate change. DWI explained that this depended on the geology associated with the supply.

137.4P DCWW explained that a number of farmers had HD/SVT as a backup provider to a private supply and asked if those private supplies were checked. DWI explained that all private supplies should be on a Local Authority register and regularly checked.

138/19P Transparency and Legitimacy

138.1P The Board put the following question around transparency and legitimacy to the five companies present:-

Water UK published its Public Interest Commitment on 25 April 2019. The commitment only covers companies in England but we would like to hear about the work you are doing in this area and the benefits your consumers will see.

138.2P HD and DCWW both gave brief presentations in response to the questions including:-

- HD would be consulting on its proposals to embed social purpose into all aspects of its business and briefly explained what this would cover; and
- DCWW explained that it was structured differently to other water companies. The company did not have shareholders and so any financial surpluses were retained for the benefit of customers. The Board noted that the organisation's purpose had recently been written into its articles of association.

138.3P The Board discussed issues associated with the presentations particularly:-

- if HD would reflect the Welsh language and culture in its social purpose. HD confirmed that it intended to reflect both in its social purpose and briefly outlined the work taking place on this; and
- how HD was taking on board customer feedback and establishing itself as a local company with a local character. HD explained that it had worked hard to establish HD as a local company and recognised that there was still work to do in this area.

139/19P Welsh Government Policy Update

139.1P The Board received a brief update from Welsh Government (WG) on current policy matters including:-

- Welsh Government's draft budget proposals had a strong focus on decarbonisation;
- The recent launch of the climate change decarbonisation plan;
- A review of social tariffs was planned for early 2020;
- WG would be looking at agricultural pollution soon;
- The deadline for applications for new authorisations for abstraction was the end of 2019; and
- WG was conscious of the issues around private water supplies and was holding workshops with Local Authorities on this matter.

139.2P The Board went on to discuss issues relevant to Welsh Government:-

- the position with the Wales Act 2017. WG briefly explained that the Act provided for the responsibility for water matters to be fully devolved and that this would be an issue for companies working across the Wales/England boarder. The Board noted that the work to implement the changes had been delayed to 2022; and
- if WG was planning to review the Landlord Regulations. WG confirmed that there was an ambition to do this.

140/19P **General Discussion**

140.1P The Chair asked if there were any final questions for CCWater and the companies present. The following questions were raised:-

- what is the position of the two companies present with micro plastics. DCWW indicated that it was confident that it was removing microplastics at treatment works. HD explained that microplastics was an industry wide problem and that there was a need to consider how this could be tackled at source;
- suggestion that Water UK should lead an education campaign on wet wipes. The water companies present agreed there was scope for this collaborative approach and suggested that water companies also had a role to play as they were usually trusted by customers. The need for action by manufacturers in this area was also recognised;
- why, given its previous commitment not to increase bills, HD was now planning a bill increase. HD explained that there were a number of problems in its area that it needed additional funding to address. The Board was also advised that HD was currently making a loss on its operations. HD recognised the need for it communicate the improvements that were being made.
- If the two companies operating in Wales would be expanding their networks to take on customers currently on private supplies. The

companies indicated that they were willing to support and connect customers where they were located close to the existing network but acknowledged there would be problems connecting customers in small isolated communities that were a large distance from the network. WG indicated that they were aware of and were looking at issues around private supplies; and

- CCWater explained about problems it had been experiencing with changing HD representation at the quarterly liaison meetings. HD acknowledged the problems and emphasised that it wanted the meetings to work. HD went on to outline its plans for attendance at these meetings with a number of core attendees supplemented by others invited for specific matters.

140.2P The Chair thanked the presenters for and those that had joined the meeting to ask questions.

141/19P Minutes of the meeting in public held on 29 October 2019

141.1P The Board approved the minutes of its meeting held in public on 29 October as a true record.

142/19P Chief Executive's Report

142.1P The Board considered and noted a paper that outlined CCWater's key activities and achievements since the Board last met in public in October 2019. The Board was updated on aspects of the report including:-

- the publication of CCWater's 'Water for All', CCWater's annual report on water companies' progress in addressing affordability and vulnerability, in October; and
- changing patterns in complaints to CCWater particularly a rise in long term complaints since the opening of the non-household market. The Board noted that this was affecting customer satisfaction with CCWater's service; and
- the Consumer Relations team had been working on a modelling tool to help predict future resource levels in the CR team at particular periods in time e.g. during billing.

143/19P Finance report to October 2019

143.1P The Board considered and noted a paper that presented a summary of the financial performance of CCWater to end October 2019. The Board noted that spend to October 2019 was £3,206k compared to a budget of

£3,230k; a variance of £24k. The forecast for the full year was an underspend of £50 - £100k.

144/19P Board Forward Look

144.1P The Board considered a paper that presented a forward look that set out its work for the 2020/21 period.

The Board approved the 2020/21 Board Forward Look.

145/19P Annual Review of Code of Governance

145.1P The Board considered a paper that presented the outcome of a review of the CCWater Code of Governance. The most significant change was the inclusion of a description of the Deputy Chair role to respond to comments received in the 2019 review of Board effectiveness.

The Board approved the proposed adjustments to the Code of Governance.

146/19P Regional/Wales round up

146.1P The Board considered and noted a paper that updated it on key strategic matters in each of the English Regions and Wales. Each Chair gave a brief supplementary oral update and key points raised included:-

- a recent supply interruption experienced by Anglian Water in Leighton Buzzard that had been caused by a failed valve;
- the recent event to launch the National Infrastructure Commission Wales (NICW) Annual Report. The Deputy Chief Executive had attended the event for CCWater and the Board noted that CCWater was planning to engage with NICW ahead of phase 2 of this work;
- a decision on the £50 government rebate was awaited from HM Treasury for customers of South West Water. The Board noted that this had been included in the Conservative party manifesto for the recent election;
- Southern Water (SW) had experienced an increase in complaints in Q2. The Board heard that SW were attributing this to adverse publicity around its recent fine.

147/19P Other business

Marie Perry

- 147.1 The Chair explained that Marie Perry would be leaving CCWater shortly and taking up a position with the Gambling Commission and that this was her last Board meeting. The Chair thanked Marie for her support to it and passed on his best wishes for the future; these comments were echoed by the Board.

148/19P Date of next meeting

- 148.1P The next regional meeting in public would be on 3 March 2020 in the Central and Eastern Region.

The meeting closed at 14:05

CCW Board
3 March 2020
Agenda Item 185/19P

Title:

Chief Executive's Report

Report by:

Tony Smith, CEO

Responsible Lead:

Tony Smith, CEO

Paper for information

Appendix: Yes (1) Performance Scorecard

Purpose

1. This report provides customers and other stakeholders with an update on CCW's activities and achievements in England and Wales since the Board last met in public on 17 December 2019. This report summarises activity conducted year-to-date in 2019-20 (unless otherwise stated), together with complaint and performance data for YTD 2019-20.

Recommendations

2. The Board is asked to note the paper.

A new brand identity for CCW

3. February marked the launch of a fresh new look and brand identity for our organisation under the name and banner CCW – the voice for water consumers. After 15 years we will no longer be known as CCWater, although the Consumer Council for Water remains our statutory name. The changes have been heavily influenced by consumers and form a crucial part of our efforts to raise awareness of our work and remain a strong and influential advocate for customers.

2019 Price Review (PR19)

4. Ofwat published its Final Determination (FD) on 16 December 2019, which sets the limits on what water companies are able to charge their customers

from 2020-25. It also defines what companies must deliver in return in terms of service levels and investment. CCW has been instrumental in making sure companies and the regulator focus on delivering what customers want at an acceptable price.

5. The package proposed by the regulator will see many household water bills fall over the next five years, even after inflation has been added. Water companies will also have to deliver a substantial package of investment in services and the environment that largely reflects customers' priorities. Our own research suggests that the regulator's plans are acceptable to the vast majority of customers, although some concerns remain over the impact of financial incentives for companies.
6. Four companies - Yorkshire Water, Northumbrian Water, Bristol Water and Anglian Water - have announced that they will appeal Ofwat's final determinations with the Competitions and Markets Authority (CMA). Every company has a right to appeal the regulator's final decisions as part of the price-setting process and CCW will make sure that customers' views are strongly represented during the appeal process.

Affordability and vulnerability

7. In early February, we held our annual Affordability and Vulnerability seminar. Building on our earlier '*Water for All*' report we used this as an opportunity to challenge companies and highlight what action we wanted to see from the sector, as well as facilitating the sharing of ideas and good practice. Among the guest speakers were Christians Against Poverty (CAP), Trading Standards and the Money and Mental Health Policy Institute.

Benefits entitlement calculator

8. Our online benefits calculator and grant search tools continue to provide useful support to consumers. So far this year, 1,323 people in England and Wales have used the benefits calculator to identify total unclaimed welfare entitlement payments of £2.2m. The grant search tool was used by 461 customers during the second quarter of the year.

Water meter calculator

9. Our online water meter calculator helps customers in England and Wales to consider whether switching to a meter might save them money, by comparing their current unmetered bill with a likely metered bill.
10. In Q3 (October – December 2019) more than 40,000 consumers used the calculator and recorded potential savings of £2 million. Around 3,500 told us that they would consider switching to a meter as a result of using the tool. For

the year to date, over 160,000 visitors have identified potential savings of £8.8 million.

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

11. CCW received 2,441 complaints about water companies (wholesalers and retailers) between October and December 2019. This included 102 complaints about Welsh companies (Dŵr Cymru and Hafren Dyfrdwy). Overall, this is 14% fewer than the 2,851 complaints we received during the same period in 2018/19. Billing and charges continued to be the most common cause of complaints, accounting for over half of all those we received. Thirty-five percent of the complaints we received were from non-household customers, almost exactly the same proportion as in quarter three in 2018/19. For the year to date we have received just over 7,800 complaints. We will be campaigning for companies to fix the root causes of billing complaints, including when consumers repeatedly have problems, and are holding a conference later this week to bring water companies together to discuss this.

Non-household (NHH) water retail market in England

12. During the third quarter of 2019/20, CCW received 812 complaints from non-household customers against retailers. This is a 3% decrease on the previous three-month period, 13% decrease on quarter one and a significant 24% decrease on the final quarter of 2018/19. This is the third quarter in a row that we have seen a decline in the number of NHH complaints.
13. However, while complaints from business customers to CCW are reducing, they remain approximately four times higher than the pre-market levels.
14. Clear Business Water and Water Plus continue to be among the worst performing retailers in terms of complaints to CCW (per 10,000 connections) and we are working directly with these companies to address our concerns. Rob Light and I have a meeting with Water Plus on 9 March, while Carl Pegg and Adam Boyns visited Clear Business Water on 26 February.

CCW's Complaint Handling

15. We acknowledged 99.9% of cases within five working days during the third quarter of the year. That is 0.4 percentage points above our operational business plan (OBP) target of 99.5%. In the same period, we closed 77% of cases within 20 working days (3 percentage points below our target of 80%) and closed 90.5% of cases in 40 working days (0.5 percentage points below our target of 91%). For the year to date we are above OBP target in 5, 20 and 40 day measures, 99.9%, 80.6% and 92.4% respectively.

16. We are pleased to see that customer satisfaction with our service has increased in Q3 compared to Q2. Satisfaction with our speed and with case outcome remain below OBP target but satisfaction with our courtesy and the overall quality of our service are above target for the quarter. All measures apart from speed have improved compared to Q2, mostly notably satisfaction with our service, which is up 13.2 percentage points quarter on quarter. We are ahead of where we were by the end of Q3 last year in all four measures.

Financial redress

17. We secured nearly £330,000 in compensation and rebates for customers who had complained about their water or sewerage service between October and December 2019. For the year to date we have secured just over £1 million in redress, £113,000 of which was for customers in Wales.

A resilient water supply and sewerage system

Water resources in England

18. Ensuring that there are sufficient water resources to deliver a safe, reliable supply now and into the future is one of the key priorities customers want their water company to deliver. We expect companies to undertake extensive, high quality customer and stakeholder engagement as they develop their plans and, in doing so, raise awareness of the challenges ahead and the way the sector is addressing them. We are raising these matters as we input into discussions regarding longer-term water resources management planning guidance.
19. As part of this focus, we have continued to participate in the National Water Resources Framework Senior Steering Group meetings and related groups. The framework will define the long-term water needs of the country and set out strategic solutions to ensuring there are sufficient supplies for people, industry and the environment. The General Election caused publication of the framework to be delayed until March 2020.

Speaking up for and informing consumers

20. We use a range of communication channels to inform consumers about issues that are important to them, and developments within the water industry that may affect them. For many journalists - including broadcasters such as the BBC and national and local newspapers - we have become 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.

Media and social media

21. Year-to-date end January 2020, CCW has featured in 2,186 individual pieces of media coverage with the potential to reach an audience of more than 191 million people. This is 28% above our annual target of 150 million.

Chief Executive's Report

22. We remain about 28% down in terms of the number of people who have potentially seen our messages in the media, compared to last year. That can be partly attributed to the unprecedented media attention we received during the prolonged hot weather and threat of hosepipe bans in summer 2018. However, we have already featured in more than 2,100 individual pieces of media – surpassing last year's total.
23. In the same period, our social media and online activity has attracted more than 2.2 million visits, likes and shares across all platforms (132% of our annual target for 2019-20). This is a 7.5% increase on 2018-19 figures.
24. Our coverage in December was dominated by interest in the regulator Ofwat's final decisions on water company price limits for 2020-25. Our own statement about this attracted widespread coverage in national media, including The Sun, The Guardian, Daily Express, i Newspaper and ITV. It was also picked up by the Press Association, enabling us to gain coverage across a large number of regional newspapers and websites.
25. Our Christmas campaign to help consumers avoid blocking up their drain or the sewer with festive leftovers attracted interest, particularly from regional media. Our head of policy and research Dr Mike Keil was interviewed by stations including BBC Lancashire and BBC Coventry and Warwickshire about how to safely dispose of fat, oil and grease from cooking Christmas dinner. Our campaign also appeared in the Mirror Online and some regional newspapers, including the Manchester Evening News.
26. The New Year saw attention shift to helping consumers shake off their financial hangover from Christmas. Our water meter calculator was featured on the ITV Martin Lewis Money Show bill-busting special, with thousands of viewers clicking on the tool to see if they could save precious pounds by switching to a meter.
27. We worked closely with The Times journalist Hugo Cox on a news feature exploring the benefits and pitfalls of compulsory metering. As well as helping the journalist with background information, we were able to iron out some misconceptions and clarify consumers' rights when it comes to metering.
28. We urged households to 'supercharge' their savings as Water UK announced at the start of February that the average water and sewerage bill would fall by £17 from April. I was interviewed on peak time shows for BBC 5 Live, BBC Radio 4 Today and the BBC News Channel/BBC Two about what the changes meant for customers, as well as ways customers could save even more money. Our regional chair David Heath was interviewed by BBC Bristol

Chief Executive's Report

and BBC Devon, while our press release attracted extensive online regional coverage, as well as articles in national newspapers including the Mirror Online and The Sun.

29. Utility Week ran a feature interview with myself reflecting on my 15 years with CCW, ahead of my retirement in the summer. The wide-ranging interview included a look back at the positive progress we've helped to make for consumers, as well as the many challenges that still lie ahead.

CCW website

30. Over 327,400 people had visited our website during the year up to the end of January 2020, with Severn Trent Water and Yorkshire Water referring the most visitors to our site.

TONY SMITH
Chief Executive

CCW: Performance ‘Scorecard’ (year to the end of March 2020)

Benefits for Customers

- In Q3 2019/20 we secured over £330,000 in compensation and rebates for customers who had complained about their water or sewerage service.
- In the same quarter our water meter calculator generated potential customer savings of £2 million.

Our complaint handling performance and customer satisfaction:

Performance	Actioned within 5 days	Closed within 20 days	Closed within 40 days
<i>Target*</i>	99.5%	80%	91%
Q3 2019/20	99.9%	77.0%	90.5%
Q3 2018/19	100%	80.2%	89.4%
2019/20 YTD	99.9%	80.6%	92.4%

Customer satisfaction	Service	Outcome	Speed	Courtesy
<i>Target*</i>	75%	61%	80%	93%
Q3 2019/20	75.3%	57.2%	69.2%	96.2%
Q3 2018/19	69.3%	55.6%	67.4%	92.6%
2019/20 YTD	71.2%	57.3%	71.7%	94.9%
2018/19 YTD	65.1%	52.6%	63.6%	92.7%

*Operational Business Plan target

Governance and Financial Performance

Financial

- In Oct 2019 we spent £470k, compared to a budget of £443k. Year to date was £3,206k spend and budget of £3,230k, under spend of £24k. Our budget for 2019-20 was agreed at £5.813m. We have received approval from DEFRA for the carry forward budget from 2018-19 of £99k increasing the budget to £5.912m

Governance

- CCW 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 CCW’s regions/Wales. This financial year we have met in Birmingham, Liverpool, Croydon, Welshpool and today in Peterborough. The next Board meeting in public will be on 21 April in the Western Region.
- These meetings give us the chance to hear directly from water companies and other stakeholders 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 28 January — 269.5 days for the period. This was an average of 3.79 days per person for the period. For the rolling year absence is 5.16 days per employee based on an average of 71 employees compared to the public sector average of 8.5 days per annum.
- Ten employees have left CCW since 1 April 2019. We have provided 21 individual and 13 group training sessions in this period. Training sessions booked for the coming months include introduction to leadership, business analysis and data protection. We have completed the Dignity & Respect at Work training. The training budget has now been spent and some bookings made for the new financial year.

Reputation and External Activities

- So far in 2019-20 (YTD end January), our media messages have potentially reached 191 million people through print and broadcast channels.
- Our website has attracted over 327,000 visitors so far in 2019-20 (YTD end January).
- Our posts on social media have been viewed, liked and shared by just over 2.3 million people so far in 2019-20.



The voice for water consumers
Y corff sy'n rhoi llais i ddefnyddwyr dŵr

CCW Board

3 March 2020
Agenda Item 186/19P

Title:

Forward Work Programme 2020-23 & Operational Business Plan 2020-21

Report by:

Jenny Suggate, Senior Policy Manager

Responsible Lead:

Phil Marshall, Deputy CEO

Paper for decision - Yes

Appendix: Yes (Annex 1 – Respondents to the consultation; Annex 2 Final Forward Work Programme and Annex 3 - Operational Business Plan)

Purpose

1. This report presents the Board with the Draft Forward Work Programme (FWP) for 2020-23 and the Draft Operational Business Plan (OBP) for 2020-21.

Recommendations

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

Background

3. CCW has a statutory obligation to produce and publish its FWP by 1 April each year. The FWP uses our new three Strategic Ambitions to provide a framework for what we should deliver for consumers over the coming period, in order to meet our new Mission '**Securing a safe, reliable service, and a fair deal for water consumers**'. The Mission and the Strategic Ambitions are unchanged from our draft FWP. The OBP, which we publish at the same time, concentrates on our campaign work over the next twelve months. This campaign work aims to help deliver the Strategic Ambitions.

4. Our Strategic Ambitions are:

- **Strategic Ambition 1: Fair charges that everyone can afford**
- **Strategic Ambition 2: Outstanding services that are always delivered right first time**
- **Strategic Ambition 3: A safe, reliable service now and for the future**

5. Since the draft FWP was published, the Board has been working on measures to assess how well we will have delivered our Strategic Ambitions. These measures aim to improve the service and experience that household and business consumers receive. Some ensure our monitoring and challenge role is used to keep water companies on track to achieve their performance commitments. Others aim to show our influence with companies and retailers in making a change for the better. We will review them in 2023 to assess how far we have achieved our Strategic Ambitions.

6. The measures that are included in the final version of the FWP are outlined below:

Fair charges that everyone can afford	Outstanding services that are always delivered right first time	A safe, reliable service now and for the future
<p>Indicators of success</p> <ul style="list-style-type: none"> • Each water company’s consumers’ view on the perception of fairness of charges and value for money has an improving trend in our Water Matters survey • Each water company is at least on track to meet their Price Review 2019 commitments on affordability with a view to eradicating water poverty. 	<p>Indicators of success</p> <ul style="list-style-type: none"> • Each water company makes at least a 5% reduction in billing complaints in the context of the water company’s complaints overall reducing • There is a year on year reduction in non-household complaints to CCW, in the context of retailer complaints overall reducing • If there are major incidents, research indicates that consumers (including those in vulnerable circumstances) report they got the help they needed, when they needed it 	<p>Indicators of success</p> <ul style="list-style-type: none"> • Drought plans improve to help build resilience and there are no serious restrictions on using water¹ • Each water company is on track to meet its performance commitment on internal sewer flooding, working towards zero internal sewer flooding by 2040 • Each water company is on track to meet its interruptions to water supply performance commitment

¹ By ‘serious restrictions’ we mean Level 4 situations, such as standpipes being deployed.

Fair charges that everyone can afford	Outstanding services that are always delivered right first time	A safe, reliable service now and for the future
<ul style="list-style-type: none"> All companies contribute financially to social tariffs as a step towards eradicating water poverty 	<ul style="list-style-type: none"> The overall complaint process is improved and consumers are increasingly satisfied with resolution achieved Consumer satisfaction meets or exceeds our targets and compares favourably with the best of similar organisations in other sectors 	<ul style="list-style-type: none"> Each water company reflects our expectations in their climate change adaptation reports Consumers who are the worst served are identified and plan to improve actioned

7. Both the FWP and OBP have been produced after early liaison with stakeholders in England via our Customer Matters workshop in London² with Defra and Welsh Government, and with internal stakeholders in the Policy and Research Team and Consumer Relations Team, and Local Consumer Advocates. The Board agreed the draft FWP in October 2019. We then issued a³ formal consultation on the FWP that closed on 10 January 2020. Feedback on the draft FWP has been taken into account.

England and Wales differences

8. To ensure we reflect the different strategic framework for the water industry in Wales, and to show that our work in Wales reflects those differences, we have outlined in the FWP:

- i) How our FWP aligns with Welsh Government’s Strategic Priorities and Objectives Statement to Ofwat.
- ii) Reference to key legislative development in Wales, i.e. the Wales Act, Environment (Wales) Act, and the Well-being, and the Future Generations Act.

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

Consultation analysis

10. We emailed the draft FWP consultation to over 90 stakeholders, and had 17 responses from companies, one retailer and other stakeholders. Overall, they were very positive with general support for the FWP and our Strategic Ambitions. Those who responded are listed in Annex 1.

² The Wales workshop had to be cancelled due to purdah.

³ FWP publication was slightly delayed due to purdah

11. The changes to the FWP following the consultation include:
 - Introducing the measures, as planned, into the FWP;
 - Talking about improving poor performance by sharing good practice, while naming and shaming should also be a key part of our work;
 - More references to business / non-household customers;
 - A few amendments to how the campaign aims are described after consultation with Senior Policy Managers.
12. We will publish the responses we received and our comments in relation to these on our website around the same time we publish our FWP and OBP.
13. Welsh Government and Defra did not provide comments on the consultation as they had provided comments as the draft was being created, but they had given specific consideration to the wording relating to their objectives for the water sector. Both Government sponsors received a copy of the draft measures in late January, the draft OBP and the amended FWP in February. Any further comments they may have will be considered for the final versions of the FWP and OBP.

The Operational Business Plan

14. The OBP outlines our work during 2020-21 and particularly focuses on our campaign areas. Some of the campaigns will be completed during 2020-21, while others are part of a longer term direction towards achieving our Strategic Ambitions and will therefore continue into other years.
15. The campaigns we will be working on are:

Our campaigns to get the water sector to

Improve water regulation for consumers

Create excellent, accessible and affordable services for all

Get the basics right for water consumers

Ensure water and sewerage services are fit for the future

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

Resource Implications

17. Our work for 2020-21 will cost each water bill payer about 22p per year. For 2020-21, we will have a proposed licence fee of £5.898m, an increase of an estimated 2% CPIH from £5.783m during 2019-20. This is in line with inflation. During the year we anticipate additional costs relating to our complaints handling work and one-off costs relating to office moves to Government hub buildings in Birmingham and Cardiff.
18. The majority of the 17 respondents to the draft FWP consultation made no mention of the proposed 2% increase in Licence Fee. The Board will want to consider that one

respondent supported the increase; three opposed it; and one was neutral, as it deliberates next year's budget and Licence Fee.

19. We have a proposed budget of £5.9m. Our proposed licence fee and budget is subject to Board agreement and then approval by Defra and Welsh Government.
20. We are confident that we can deliver our 2020-21 FWP and OBP commitments within the resources we will have available after the small licence fee increase. However, this ability to deliver the FWP but this could be stretched if our Tailored Review were announced and took place or if some other significant, unforeseen issue were to arise.

Risks

21. Though we have considered resources while developing the plans, there is always the risk that there may be a major government announcement, another increase in our complaints handling workload or a regulatory announcement that requires substantial resources devoted to the resulting work stream. In those circumstances, we may have to defer work on issues of lower strategic importance with the expectation that we will return to them in subsequent years (and, where possible, within the time bounds of this FWP). In addition, the Board's consideration of changes to water industry complaint handling is a significant issue that the Board is aware of.

Next Steps

22. Once the England and Wales FWP and OBP are agreed by Board, the following will occur:
 - The Chair and CEO will sign off publication, accounting for any amendments discussed at this meeting.
 - The External Communications Team will commission the translation of the FWP into Welsh, finalise their design (with new Branding) and prepare for publication.
 - The final signed off versions of the FWP and OBP will be published by 1 April 2020, ready for the new business year.
 - A table of the feedback we have received, together with our responses, will be published online around the same time as our FWP and OBP are published.

Recommendation

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

Annex 1:

Responses to our 2020-23 FWP Consultation were received from:

Affinity Water Bristol Water Consumer Council for Northern Ireland Deryck Hall Associates MOSL Northumbrian Water Ofwat Portsmouth Water Severn Trent	South East Water South West Water Thames Water UNISON United Utilities Ed Vidler Water2business Wessex Water
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Respondents were generally supportive of our programme and work plans. Some common themes are illustrated below.

Generally supported	Key areas where there are questions or suggestions
<p>Mission There was support for the Mission.</p> <p>Strategic Ambitions There was support for the three Ambitions.</p> <p>Two commented on the removal of the previous priority around shaping the water sector by ensuring consumers voices are at the heart of decision-making, saying there was still a job to be done.</p>	<p>Measures The lack of measures in the draft consultation caused comment, and respondents were keen to see what they would be.</p> <p>Naming and shaming poor performers Rather than commenting on numbers alone, focus on sharing good practice and aiding those who are poorly performing.</p> <p>Business customers There should be more references to business customers in the document.</p> <p>Complaints Process Two wanted more clarity on what shortening the complaints process might look like.</p>
<p>Cost One respondent specifically supports the 2% increase. Three are against it, or wish the increase to be under 2%, because of the cuts within the sector as a whole. One neutral, but recognises CCW's work to restrict costs.</p>	



**“Securing a safe, reliable service,
and a fair deal for water consumers”**

CCW

The statutory water consumer body

Forward Work Programme for England and Wales 2020-23

V5 of final version

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Chair's Introduction

Welcome from our Chair

It's a pleasure to welcome you to our Forward Work Programme for April 2020 to 2023. This provides the blueprint for our work over the next three years to achieve our mission of securing a safe, reliable service and fair deal for water consumers across England and Wales.

Fulfilling that mission depends on us ensuring the water industry overcomes some of the enormous challenges posed by our growing population and increasingly volatile climate. More extreme weather in the form of droughts and periods of intense rainfall will ramp up the pressure on our water and sewerage network. Consumers expect water companies to be equipped to deal with these challenges – whatever the weather. Innovation holds the key to companies being able to stay one-step ahead of climate pressures, while ensuring these services remain affordable for current and future generations. That's why over the next three years we'll be talking to the industry about embracing innovative solutions to reduce leakage, keep our taps running and eradicate sewer flooding.

All of this must be delivered at a fair price for consumers who remain sceptical of whether water companies are providing real value. Only six out of ten households believe what they pay for water and sewerage services is fair. We want to see the industry change that perception. We believe companies can achieve this by improving the way they engage with their consumers. That should include regularly telling people how they are spending their money to improve the services they care about and protect the environment. These form just some of our strategic ambitions and campaigns, which you can read a summary of in our ['strategy on a page'](#).

None of these campaigns will distract us from our statutory duties which remain at the heart of our day-to-day work. These include making sure consumers in a wide range of vulnerable circumstances get the support they need, when they need it. We're proud of the progress we've helped the industry to make in this area – but there is still much more to be done. Over the next three years we'll push companies to go above and beyond the commitments they have made to expand support. You can read more about the full range of our statutory duties on our website [here](#).

Households and businesses will also be able to rely on us to keep fighting their corner when a water company or retailer fails to resolve their complaint. Every year we handle thousands of complaints and work tirelessly to make sure companies put things right for consumers. But we want to see companies getting things right first time – without the need for us to step in. Using the wealth of intelligence we gather from handling complaints, we'll challenge companies to fix their failures and improve their customer service. Whether we are successful or not will rely in no small part on the strength of our partnerships with water companies, retailers, regulators, UK and Welsh Governments and water consumers themselves.



Robert Light

Chair

CCW

Consumers still see an important role for an organisation like ours, something they made clear in our recent research. They also created a list of the priorities they want us to focus on, which you can read [here](#).

As we head into a new decade we believe our 3-year plan sets us on a course to deliver these and much more for consumers.

Our Mission
Securing a safe, reliable service, and a fair deal for water consumers

Our Strategic Ambitions

Fair charges that everyone can afford

Outstanding services that are always delivered right first time

A safe, reliable service now and for the future

What this means to household and business consumers

- Balancing fair and affordable bills with investment and maintenance
- Efficient, high quality services, now and in the future
- Consistent help for consumers who struggle with their bill, based on need not postcode
- Smooth bill changes that avoid sudden large increases/decreases

Measures to test success (in brief)

- Consumers' perception of fairness of charges and value for money improves
- Price Review affordability commitments are met
- All companies financially contribute into social tariffs

What this means to household and business consumers

- Excellent service for consumers, that reflect consumers' views and experiences with zero tolerance of failure
- Fixing the key root causes of household and business complaints and poor service
- Increased innovation in services for consumers
- Effective services for consumers in vulnerable circumstances
- Services that deliver wider social benefits

Measures to test success (in brief)

- Water companies make at least a 5% reduction in billing complaints
- Year on year reduction in non-household complaints to CCW
- Consumers report they got the help they needed, esp. after major incidents
- Overall complaint process is improved
- Our consumer satisfaction compares well with best of similar organisations

What this means to household and business consumers

- Reliable water and wastewater services
- Water industry manages the known challenges and prepares for the unknown challenges of our changing climate
- Effective incident management by companies to minimise the impact on consumers
- Reduced leakage
- Increased awareness of the value of water

Measures to test success (in brief)

- Resilience to drought planning and assumptions improve
- Help for worst served consumers
- Price Review sewer flooding commitments are met
- Price Review interruptions to water supply commitments are met
- Our expectations are in companies' climate change adaption reports

Our campaigns to get the water sector to:

- | | |
|--|---|
| <ul style="list-style-type: none"> • Improve water regulation for consumers • Create excellent, accessible and affordable services for all | <ul style="list-style-type: none"> • Get the basics right for water consumers • Ensure water and sewerage services are fit for the future |
|--|---|

Cost - Our work for 2020-21 will cost each water bill payer about 22p per year.

Our Measures to test success in full

These measures aim to improve the service and experience household consumers and business customers receive. Some ensure our monitoring and challenge role is used to keep water companies on track to achieve their performance commitments. Others aim to show our influence with companies and retailers in making a change for the better. We will review them in 2023 to assess how far we have achieved our Strategic Ambitions.

Fair charges that everyone can afford	Outstanding services that are always delivered right first time	A safe, reliable service now and for the future
<p>Indicators of success</p> <ul style="list-style-type: none"> • Each water company’s consumers’ view on the perception of fairness of charges and value for money has an improving trend in our Water Matters survey • Each water company is at least on track to meet their Price Review 2019 commitments on affordability with a view to eradicating water poverty • All companies contribute financially to social tariffs as a step towards eradicating water poverty 	<p>Indicators of success</p> <ul style="list-style-type: none"> • Each water company makes at least a 5% reduction in billing complaints in the context of the water company’s complaints reducing overall • There is a year on year reduction in non-household complaints to CCW, in the context of retailer complaints reducing overall • All consumers (including those in vulnerable circumstances) get the support they need from water companies when they need it and in particular, during major incidents • The overall complaint process is improved and consumers are increasingly satisfied with resolution achieved • Consumer satisfaction meets or exceeds our targets and compares favourably with the best of similar organisations in other sectors 	<p>Indicators of success</p> <ul style="list-style-type: none"> • Drought plans improve to help build resilience and there are no serious restrictions on using water¹ • Consumers who are the worst served are identified and plan to improve actioned • Each water company is on track to meet its performance commitment on internal sewer flooding, working towards zero internal sewer flooding by 2040 • Each water company is on track to meet its interruptions to water supply performance commitment • Each water company reflects our expectations in their climate change adaptation reports

¹ By ‘serious restrictions’ we mean Level 4 situations, such as standpipes being deployed.

Our Campaigns to help deliver our Strategic Ambitions

These campaigns show what we will focus on and where we will influence, with the aim of delivering tangible change on these issues.

Headline Ambition	Campaigns to get water sector to	Campaign Aims
Fair charges that everyone can afford	<p>Improve water regulation for consumers</p> <p>Create excellent, accessible and affordable services for all</p>	<ul style="list-style-type: none"> Improving how the price review works for consumers, involving a lessons learnt review; improving how incentives work for consumers and involving consumers in price setting Improving water company performance by aiding those who are poorly performing by sharing good practice on affordability and vulnerability Improving water company approaches to transient vulnerability Influencing social tariff guidance development Improving the Guaranteed Standards Scheme (GSS) by calling for a comprehensive review Improving how companies are supporting customers who cannot pay and reviewing companies' overall debt recovery processes
Outstanding services that are always delivered right first time	<p>Get the basics right for water consumers</p>	<ul style="list-style-type: none"> Improve water company performance by repeatedly publicising poor performing companies and retailers on key consumer issues, including complaints levels, leakage rates, water supply interruptions and sewer flooding through publications, such as our new Water Mark² report. Work with the industry and Ofwat to improve the complaints process for consumers Fix the root causes of billing complaints, including when consumers repeatedly have problems Speed up performance improvements to the business customer retail market in England Ensuring lessons have been learnt from major water incidents
A safe and reliable service now and for the future	<p>Ensure water and sewerage services are fit for the future</p>	<ul style="list-style-type: none"> Challenging to ensure performance commitments on resilience (including leakage) and the environment are on track so the system works now and is fit for the future Increasing our own and consumer involvement in regional water resource planning Challenging the effectiveness of companies' climate change adaptation plans from a consumer perspective Encouraging the development of a future drainage system that is fit for future needs Promoting the value of water, and in doing so encourage consumers to use their water services responsibly

² Water Mark will compare company performance over a number of metrics, such as consumer satisfaction with service.

Other Projects during 2020-21

In addition to our Campaigns and activities that deliver for household and business consumers, we will also carry out other activities, often on a one-off basis, in response to Government requirements, or to improve the running of the organisation.

During 2020-21, we anticipate moving to a new office within the Government Hubs in Cardiff and Birmingham, which aims to provide savings overall to the public sector. We are planning to make changes to our Board and Committee structures in 2020/21. This is, however, subject to public consultation and Ministerial approvals.

Hearing from Water Consumers – our research programme

Our research helps tell us what is important to household and business consumers. We gather information each year so we can constantly review what we need to do as a result of the consumer insight gained from our research. During 2019-20 we started trialling a consumer community to help us gather consumers' views in a simpler way for certain topics. We are going to develop this during 2020-21.

Our plans are below but are subject to change:

Research that supports our delivery:	2020-21	2021-22	2020-23	2023 & beyond
Tracking research				
Water Matters – our extensive yearly household consumer research, which provides a comprehensive view of consumers' positions on water and sewerage issues, including on value for money and satisfaction with service	√	√	√	√
Testing the Waters – our large scale survey of business customers in England and Wales to measure how they feel about water and sewerage issues that affect them, including value for money, while gauging their perceptions of the water industry	√		√	√
Price Review research				
Understanding the needs of consumers in the company business planning process	√		√	
PR24 research – research in preparation for the next price-setting process		√	√	
Research with consumers via an our new online community				
	√	√	√	√
Environmental research				
To explore consumer views on the environment, including the water environment and their expectations of how water companies should manage their operations and tackle environmental challenges, both now and in the longer-term.	√			
Publish our supplementary insight reports gained from our understanding of research - This includes our highlights report, which each year will focus on an area of consumer detriment as revealed by the data, such as value for money, or what the industry can do to positively change perceptions.				
	√	√	√	√

An overview of our business as usual core functions and statutory responsibilities

There are some 'business as usual' activities, such as informing consumers about water issues that we will continue to do. Some of these are listed below. More information on our legal duties is [here](#) on our website.

Statutory requirements of CCW:

- Help household & business (non-household) consumers with enquiries and complaints; and publishing information about water companies' complaint handling
- Help disadvantaged consumers, such as those in vulnerable circumstances or in rural areas
- Represent the interests of consumers supplied by new entrants to the market

Be consulted on:

- Charges schemes
- Some retail market activity
- Draft regulations about the supply of water to a water undertaker by a person other than a water undertaker
- Licence changes as a result of consumer redress schemes
- The Governments charging guidance and strategic priorities

Keep under review information about consumer matters

Such as:

- Promoting industry openness, including getting companies to explain profits in a consumer friendly way
- Helping consumers during compulsory metering programmes
- Monitoring company progress in meeting performance commitments
- Challenging the companies or retailers in public on water consumer issues
- Responding to consultations on issues that could affect water consumers



How we contribute to the achievement of Defra and Welsh Government's (WG) objectives for the water sector

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

We ensure we play our part in helping the UK Government deliver its objectives in its 25-year environment plan, and in particular on its two over-arching priorities of protecting consumers and securing long-term resilience.

Defra's priorities as outlined in its priorities and objectives for Ofwat	How our Strategic Ambitions align with Defra's priorities statement
Protecting customers - the water sector to go further to identify and meet the needs of customers who are struggling to afford their charges	Fair charges that everyone can afford
Assistance - companies to improve the availability, quality, promotion and uptake of support to low income and other vulnerable household customers	Helping consumers in vulnerable circumstances (statutory duty)
Securing long-term resilience - the water sector should plan, invest and operate to meet the needs of current and future customers, in a way which offers best value for money over the long term	A safe, reliable service now and for the future Fair charges that everyone can afford
Small Business - water companies should have an enhanced focus on the needs of small business customers that may struggle to access the best deals	Outstanding services that are always delivered right first time
Making Markets Work - the sector should drive innovation and achieve efficiencies in a way that takes account of the need to further: (i) the long-term resilience of water & wastewater systems/ services; and / or (ii) the protection of vulnerable customers	Fair charges that everyone can afford Helping consumers in vulnerable circumstances (statutory duty)
Water supply - the sector should further a reduction in the long-term risk to water supply resilience from drought and other factors, including through new supply solutions, demand management and increased water trading	A safe, reliable service now and for the future
Wastewater - companies should improve planning and investment to meet the wastewater needs of current and future customers	A safe, reliable service now and for the future
Resilience - water companies should make sure that they assess the resilience of their system and infrastructure against the full range of potential hazards and threats and take proportionate steps to improve resilience where required	A safe, reliable service now and for the future
Resilience - companies should further the resilience of ecosystems that underpin water & wastewater systems, by encouraging the sustainable use of natural capital & by having appropriate regard to the wider costs & benefits to the economy, society & the environment	A safe, reliable service now and for the future

Our work with the Welsh Government (WG)

In Wales, we work with the Welsh Government to ensure we play our part in helping it deliver the Well-being and Future Generations Act, the Environment (Wales) Act, and in making Wales a fair, green and prosperous place. In the next few years, we will work closely with the Government and companies in Wales on the commencement of the Wales Act 2017 provisions, which will realign the water industry regulatory boundaries in Wales from wholly or mainly to Wales-only and England-only. We will work with WG on the development of its revised Water Strategy for Wales.

Welsh Government's priorities as outlined in its Strategic Priorities and Objectives statement for Ofwat	How our Strategic Ambitions align with WG's priorities statement
Affordability - improve the value for money of water and sewerage services, having regard to resilience and service over the long term; social tariffs to be available for those who struggle to pay	Fair charges that everyone can afford
Innovation - seek new ways of delivering services for customers and the environment more efficiently	Outstanding services that are always delivered right first time A safe, reliable service now and for the future
Long Term – consider the balance between short-term and long-term and the need to safeguard longer term affordability, resilience and performance	A safe, reliable service now and for the future
Markets and Competition - approach is consistent with WG policy on retail and upstream competition	Outstanding services that are always delivered right first time
Resilience – consider resilience in relation to long term and short term challenges	A safe, reliable service now and for the future
Strong customer focus – engage with customers and consider different customer needs including those in vulnerable circumstances	Integral to all 3 Strategic Ambitions
Sustainable management of natural resources – including a more integrated approach to managing our natural resources; encouraging sustainable and efficient use of water resources, encouraging leakage reduction and consumption; manage waste water and surface water in an integrated and sustainable way	A safe, reliable service now and for the future

Our Organisation - What we Cost

Our work for 2020-21 will continue to cost each water bill payer about 22p per year.

For each financial year, CCW's budget is fully funded from the licence fee, collected from each water company and retailer in England and Wales. The licence fee is not raised for non-cash costs such as depreciation.

For 2020-21 we raised our licence fee by a modest £116k (2%) in line with the estimated CPIH. Our licence fee will be £5.898 million in 2020-21. During the year we anticipate incurring one-off costs relating to office moves to Government hub buildings in Birmingham and Cardiff.

CCW
Victoria Square House
Victoria Square
Birmingham
B2 4AJ

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



The voice for water consumers
Y corff sy'n rhoi llais i ddefnyddwyr dŵr

**“Securing a safe, reliable service
and a fair deal for water consumers”**

CCW

The statutory water consumer body

Operational Business Plan 2020-21

V6

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1. Who we are

CCW is the independent voice for water consumers and we campaign on behalf of household and business consumers in England and Wales.

We use a combination of our consumer research¹, reports, company performance information and complaints data to hold the water industry to account, helping to ensure that water consumers get a fair deal.

This year, we are changing how we hold water companies and retailers to account. The change will mean that we raise the profile of issues that are not being tackled, or new, serious issues, to more senior staff, and will use more frequent publicity to highlight poor performing companies.

Our Mission and three year Strategic Ambitions are outlined in our three year Forward Work Programme [here](#).

This Operational Business Plan focuses on 2020-21 and the campaigns we will carry out to deliver our Strategic Ambitions.

Our values define what we stand for as an organisation, and are there to guide us in our day-to-day work and decisions. You can find out more about them [here](#).

For information on what we cost water customers, please see our 2020-23 Forward Work Programme ([here](#))

¹ Review our research plans in our Forward Work Programme 2020-23. Link [here](#)

2. Delivering our strategic ambitions during 2020-21

2.1 Fair charges that everyone can afford

2020-21 Campaign: Improve water regulation for consumers

Campaign Aims:

- Improving how the price review works for consumers, involving a lessons learned review, improving how incentives work for consumers and involving consumers in price setting.

Activities: What we will do to deliver this campaign:

- We will assess how well the 2019 Price Review (PR19) delivered for water consumers by looking at a range of factors including price, performance commitments, investment, incentives and how evidence from consumers was used to inform decisions. To inform this process we have commissioned new CCW research on how consumers wish to be engaged, as well as understanding the needs of consumers in the company business plan process. We will publicise this assessment in a 'lessons learned' report and use it to contribute to the Welsh Government's (WG) review of the PR19 process in Wales, and. We will use this assessment to tell stakeholders such as Ofwat and the Environment Agency what we think could be improved for PR24.
- We will contribute to WG's review of what type of regulatory framework is best suited to Wales, and WG and Defra's strategic position statements, which set the future direction for Ofwat.

Measures to assess the campaign's success:

- Early input of our 'lessons learned' recommendations to Ofwat and other stakeholders for their consideration in early preparation for PR24.
- Governments' regulatory reviews and position statements reflect CCW recommendations and consumer views.

2020-21 Campaign: Create excellent, accessible and affordable services for all

Campaign Aims:

- Improving water company performance by sharing good practice on affordability and vulnerability
- Improving water company approaches to transient vulnerability
- Influencing the development of social tariff guidance by Defra and Welsh Government
- Improving the Guaranteed Standards Scheme (GSS) by calling on Defra and Welsh Government for a comprehensive review
- Improving how water companies are supporting customers who cannot pay
- Reviewing companies' overall debt recovery processes

Activities: What we will do to deliver this campaign:

- Contribute expert opinions to Defra and Welsh Government reviews of social tariff guidance.
- Continue to call for a wider review of GSS regulations.
- Publicise our review of water companies' affordability and vulnerability initiatives from the 2019 Price Review to identify good ideas and influence the development of the next price review.
- Publicly praise those water companies who demonstrate good practice on affordability and vulnerability - including transient vulnerability - and hold to account those who need to do more for consumers. Share expertise through our 'Water for All' report and our Affordability and Vulnerability Workshop.
- Influence companies to contribute their own money to social tariffs.
- Investigate companies' approaches on debt recovery and highlight areas for improvement.

Measures to assess the campaign's success

- Poor performing companies improve their offering to consumers struggling to pay, or in other vulnerable circumstances, by increasing the numbers of consumers they have helped financially. They can either do this as a step towards meeting their Price Review commitments, or by proposing to help in situations such as an unplanned water supply interruption.
- More companies contribute their own money to social tariffs.
- The issue of transient vulnerability is acknowledged in stakeholders' publications and external communications work.
- Decisions and guidance by Defra and Welsh Government reflect our positions.
- There is a reduction in the level of bills left unpaid as companies improve their approaches to debt recovery.

2.2 Outstanding services that are always delivered right first time

2020-21 Campaign: Get the basics right for water consumers

Campaign Aims:

- Improve water company performance by repeatedly publicising poor performing companies and retailers on key consumer issues, including complaints levels, leakage rates, water supply interruptions and sewer flooding. We'll do this by publishing performance information, such as our new Water Mark² report.
- Work with the industry and Ofwat to improve the complaints process for consumers.
- Fix the root causes of billing complaints, including when consumers repeatedly have problems.
- Speed up performance improvements to the business customer retail market in England.
- Ensuring lessons have been learned from major water incidents.

Activities: What we will do to deliver this campaign:

- Share good practice and customer service innovations through publications, such as the new Water Mark report.
- Publicise the best and worst water company and retailer/wholesaler performers and highlight where there is a significant cross-industry issue; or consumer detriment, through our household and business customer complaints reports.
- Get companies and retailers to consider the root causes of complaints and act to reduce them. Specifically, we want to see a reduction in the number of billing complaints. We will report quarterly on poor performing companies and retailers.
- Keep water company responses to major incidents under review and share lessons learned.

Business customers and other non-household customers

- Where monitoring of the market reveals consumer detriment caused by regulation, governance or design of the market, we will recommend changes to resolve customer issues.
- Publicise our 'Testing the Waters' perceptions research on business customers' experiences in England and Wales and identify areas of consumer detriment.
- Contribute to the development of any necessary messaging to business customers in Wales regarding changes to the market conditions (eligibility to swap).
- Contribute to Welsh Government's ongoing monitoring of the market and the development of messaging to business customers.

Household

- New work with Ofwat and the industry to improve the consumer complaint journey with water companies and improve timely complaint resolution.
- Conduct new research to better understand consumers' needs and expectations and tailor our consumer journey accordingly.
- Publish our assessments of water companies' household complaint and debt practices.

² Water Mark will compare company performance over a number of metrics, such as consumer satisfaction with service.

- Influence Ofwat’s innovation work towards a consumer focused approach.

Measures to assess the campaign’s success:

- The poorest performing companies have improved across key consumer metrics included in our publications such as Water Mark.
- The household consumer complaint process is improved.
- Business and household complaints to CCW fall, especially in the areas of disputed bills and debt.
- No complaints resulting from the expected market changes for business customers in Wales.
- Major issues, with the regulation of the business customer retail market in England, that we have identified as affecting consumers, are being addressed by Ofwat and/or the Market Operator.
- After major incidents, all consumers (including those in vulnerable circumstances), report they got the help they needed, when they needed it.

The standards we deliver to consumers when handling their complaints

We aim to consistently maintain and improve our good standards of complaint handling, regardless of the new and varied complaints we receive. We set ourselves challenging targets for case acknowledgement, resolution times and customer satisfaction, which we aim to meet year-on-year. We’ve found this more challenging in recent years due to the increase in complaints we have received from business customers since the retail market opened. These performance standards and consumer satisfaction targets are reviewed annually.

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

2.3 A Safe and Reliable Service Now and for the Future

2020-21 Campaign: Ensure water and sewerage services are fit for the future

Campaign Aims:

- Challenging water companies to ensure performance commitments on resilience (including leakage) and the environment are on track so the system works now and is fit for the future.
- Increasing the involvement of CCW and consumers in regional water resource planning in England.
- Challenging the effectiveness of companies' climate change adaptation plans from a consumer perspective.
- Encouraging the development of a drainage system that is fit for future needs.
- Promoting the value of water and in doing so, encourage consumers to use their water and sewerage services responsibly.

Activities: What we will do to deliver this campaign:

- New work to gather information from companies to investigate the scale of household and business consumers who are 'worst served' by their companies.
- Press all companies to use their climate change adaptation plans as an opportunity to raise consumer awareness of the challenges faced and the plans to address these.
- Actively engage in the sewerage companies development of Drainage and Wastewater Management Plans.
- Work with partners/stakeholders to use all suitable channels to inform and encourage consumers and businesses to value their water services and use them responsibly. This will focus on water efficiency and sewer misuse and use our new research community to gain consumer perspectives.
- Conducting new consumer research to assess their views on the water environment and their expectations of how water companies should manage their operations and tackle environmental challenges, both now and in the longer-term.

Measures to assess the campaign's success:

- Worst -served household and business consumers are identified.
- Assess whether our contribution to discussions on climate change adaptation plans are influential and are being taken on board by the companies.
- Assess whether consumers' views and priorities are accounted for in the Drainage and Wastewater Management Plans.
- Consistent messaging on water efficiency and behavioural change and coordinated campaigns with other stakeholders in England and Wales.

3. Our other consumer activities to ensure we deliver for water consumers and meet our statutory obligations

Much of our campaign work ensures we will deliver on our statutory responsibilities, including helping disadvantaged consumers and representing business customers who need help as they negotiate their way around the water retail market in England. Our legal duties are set out [here](#). We consider these as our 'business as usual'. This includes our daily activities, such as helping household and business consumers with their enquiries and complaints, as well as time-limited activities, such as representing consumers in discussions on lead in water in Wales. Further examples of this work is outlined below.

We are required to keep information about consumer matters under review. Our 'business as usual' activity means we will:

External Communications work

- Campaign to raise the profile of consumer issues, such as affordability; options to cut bills; using water wisely;; refill scheme; fats, oils and grease disposal; scams and the Priority Services Register (PSR)³

Business customers

- Help micro, small and medium-sized businesses think about water efficiency through our partnership links
- Hold two business customer forums per year to hear about the issues they face

Holding companies to account

- Work locally with each water company to monitor (and publicise where needed), how it is delivering on its performance commitments, using insights from our 'Water, Water, Everywhere', Water for All', and Water Mark publications, and addressing consumer perspectives from our Water Matters research
- Publish information on company financial performance
- In Wales, monitor Hafren Dyfrdwy and Welsh Water's implementation of the Wales-specific legal requirements for landlords to register details of their tenants liable for-water and sewerage bills and debt

Reliable services

- Influencing policy development through membership of high-level, sector-wide groups including - National Framework Senior Steering Group, National Drought Group, Water Efficiency roundtable groups in England and Wales, and Water Leaders Group, Misuse Group of the 21st Century Drainage Board. Being actively engaged in the Regional Water Resources Planning Groups.
- Represent consumers if a Government proposes to change its metering policy
- Advise governments on consumer perspectives on transferring responsibility for customer-owned water supply pipes to water companies; either because of customer side leakage, or stricter lead standards.

³ Each company runs a PSR, which allows consumers to register issues such as being unable to collect bottled water during a water interruption or the need for braille services

Working with stakeholders

- In Wales, contribute to the review of the Water Strategy for Wales scheduled for 2020/21.
- In Wales, participate in discussions and groups regarding full implementation of the Wales Act provisions by 2022 (which includes the devolution of water sector regulation according to administrative boundaries).
- Sharing our expertise on complaint handling, working with the industry's Water Redress Scheme (WATRS) to ensure there is progress in delivering a consumer-friendly process.

Affordability and vulnerability

- Use our authority to secure the effective implementation and use of data sharing (Digital Economy Act) by Government agencies and companies
- Update our affordability tools and guide, and update our vulnerability guide.

Fair charges and value for money

- Pressure companies to improve customers' perceptions of fairness of bills and value for money, because of the impact these factors have on consumers' views of how much they trust their water company.
- Represent consumers at Competitions and Markets Authority (CMA) inquiries, where a water company has appealed against Ofwat's final 2019 price review determination.
- Investigate companies' charges schemes and question those companies that are out of line with good practice.

Welsh language obligations

- Review and improve CCW's online content in Welsh in line with CCW's statutory Welsh language obligations.
- Review CCW's Welsh language scheme or adapt to the full enactment of the Welsh language measure.

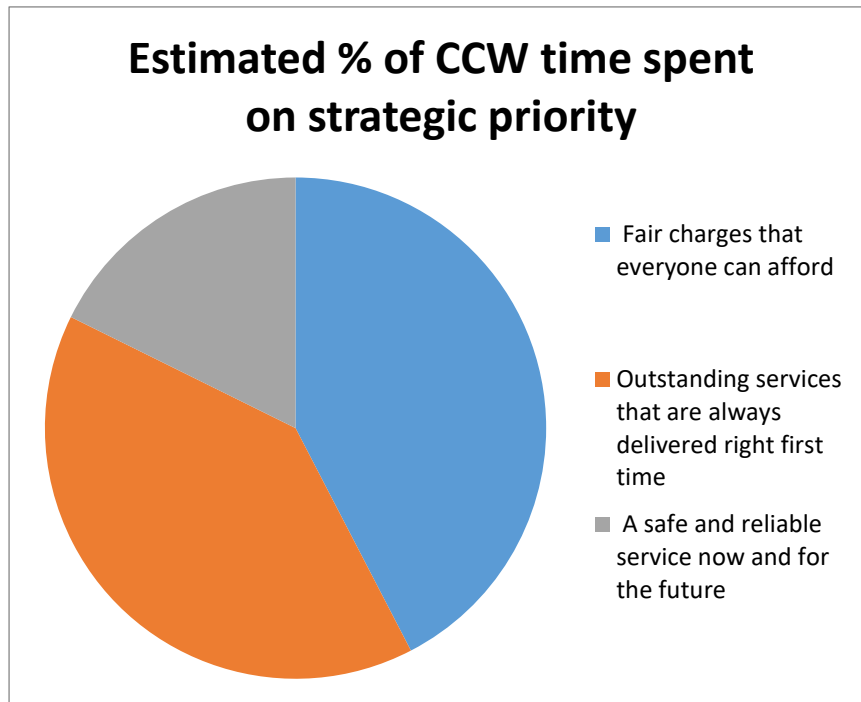
5. Making sure our support services are effective and value for money

5.1 Our Corporate Targets

WHAT WE WILL DO	OUTCOMES
Safe and secure environment for CCW staff to work in.	Have no occurrences of avoidable reportable workplace incidents as per Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.
Effective Human Resources Support	Short and long-term sickness levels are managed below those of the public sector (8.4 days – based on figures from Chartered Institute of Personnel and Development, 2019). More than 67% of staff are satisfied with the amount of training they received (as measured by our 2019 internal staff survey)
Efficient and appropriate processes that support CCW, which are shown through good governance, internal and external auditing.	Internal auditors confirm CCW has an adequate and effective framework for risk management, governance and internal control. External audit identifies no areas of concern, leading to the accounts being ‘qualified’.
Efficient finance and budget management to ensure there is accountability for how water customers’ money is spent.	Annual spend to remain within allocated Budget of £5.9m and Licence Fee of £5.783 million. 100% of all undisputed and valid invoices to be paid within 30 days
Effective management of data.	All Freedom of Information Act requests and Subject Access Requests (SARs) are responded to within the statutory timescales to ensure we meet requirements such as the General Data Protection Regulations. All staff receive annual training/updates on their individual and organisational responsibilities.
Availability of information on CCW’s new contracts, payments to suppliers and Board members’ expenses.	All expenditure details will be published in line with Government instructions and all Board members’ expenses will be published within three months of quarter end.
Provide opportunities to come along to meetings in public across England and Wales.	All meetings in public are advertised on our website, including agendas and available papers, seven working days in advance.
Ensure adequate and proportionate compliance with our statutory Welsh Language obligations	<ul style="list-style-type: none"> • All requests to communicate in Welsh (including for complaints) are accurately registered on our Welsh language register. • All recruitment in Wales is delivered in line with our statutory obligations. • All public meeting notices, press releases and publications providing information which could assist the wider public are issued bilingually. • We review and improve CCW’s online content and messaging in Welsh. • We will continue to report annually to the Welsh language regulator.

5.2 Our Resources

The chart below shows an estimate of how our resources are split between our Strategic Ambitions.



We manage the organisation with a headcount of 78 and full time equivalent staff of 76. We retain a strong regional and Wales focus through our Local Consumers Advocates (LCAs), consumer relations and policy staff working with the companies at a local level on the issues that matter to consumers. The '[About Us](#)' section on our website gives more information about our approach to governance and transparency. Our organisation's structure is set out on our website [here](#).

6 Risk Factors and Alternative Scenarios

In accordance with the current Framework agreement between CCW, Defra and the Welsh Government, we have outlined how we have considered risk and alternative scenarios as we developed our Operational Business Plan.

Main risk factors that could affect the achievement of this Plan

The main risk factors are:

- New Government priorities
- Other bodies claim to speak with the voice of the water consumer
- New company/retailer procedures, or a major event cause unprecedented consumer complaints to CCW and reduce our performance
- CCW takes on too many projects and is unable to deliver the Forward Work Programme or the Operational Business Plan

Alternative Scenarios

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

We have built flexibility into the OBP, but if there was a major new government or regulatory initiative that required substantial resources, we may have to defer work on issues of lower strategic importance with the expectation that we will return to them in subsequent years.

Organisational Changes

During 2020-21, we will have a new Chief Executive Officer.

Subject to consultation, we will be reducing the committees in England to two. We will also be making changes our Board structure to improve governance and oversight by increasing the number of independent non-executive Board members, and removing the regional Chairs in the English regions.

CCW
Victoria Square House
Victoria Square
Birmingham
B2 4AJ

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



The voice for water consumers
Y corff sy'n rhoi llais i ddefnyddwyr dŵr

CCW Board
3 March 2020
Paper 187/19P

Title:

2020-21 Budget and Licence Fee

Report Author:

Paul Hibbert, Interim Head of Finance & Procurement

Responsible Lead:

Paul Hibbert, Interim Head of Finance & Procurement

Paper for approval

Purpose

1. To enable the Board to review and agree the proposal for a £5.937m budget and £5.898m licence fee for 2020-21 following previous discussions and in light of the Forward Work Programme (FWP) and planned office moves and the possibility of adding to Consumer Relations resources during 2020/21.

Recommendation

2. The Board is asked to agree a budget of £5.937m and licence fee of £5.898m subject to final approval from Defra and Welsh Government. The budget will be funded from the licence fee with the exception of the non-cash depreciation charge of £39k which is excluded from the licence fee.
3. The budget will increase from the current budget of £5.912m as a result of inflationary pressures, costs associated with office moves, higher customer complaint levels and the contents of the forward work plan.
4. The Board is asked to specifically consider risks to the budget in paragraphs 15-18.

Budget Requirement for 2020-21

5. As previously discussed, there is no formal agreement to carry forward underspends, and Defra has advised that each year any forecast underspends in excess of £100k must be considered as part of setting the licence fee for the following year. For 2019-20 we are forecasting an underspend of around £20k against the licence fee element of the budget as a result of us making an additional provision for dilapidations ahead of our office moves next year. In drafting the licence fee at £5.898m, we have taken £0k of this forecast underspend into account (i.e. setting the budget and licence fee at the expected spend). However, we will seek to retain this year’s underspend to contribute to next year’s costs of moving offices.

6. In the light of responses to our FWP consultation, and, subject to the Board’s discussion on the FWP and Operational Business Plan (OBP), it is proposed that the budget is set at £5.937m and the licence fee at £5.898m. Any underspend will be added to our budget for 2020-21 subject to Defra agreement.

7. Our licence fee costs each bill payer 22p each year.

8. Whilst our licence fee has increased this year, we should note that our Licence Fees from 2006/07, are well below the Retail Price Index inflation rates (RPI).¹

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

Staff Headcount Changes

10. We are required to agree headcount and full time equivalent (FTE) caps with Defra. Following recent increases in complaints activity, we will advise Defra HR and our Defra and Welsh Government sponsorship teams of an increase to our headcount information. Our headcount information is summarised in the table below:

	2019/2020	2020/21
Budget Headcount	82 (80)	83 (81)
Defra Approved Headcount	78 (76)	79 (76)

Assumptions for 2020-21 budgets

11. The assumptions for the 2020-21 budgets are detailed below Annex A shows the movement from 2019-20 expected outturn to the 2020-21 budget:

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

2020-21 Budget and Licence Fee

- The budget takes into account the expected changes to the board structure during the year, which overall has very little effect on the costs.
- Additional costs have been included to cover the period of an interim Head of Finance.
- For consultancy and research £464.5k has been budgeted, which comprises £374k on policy research, £50k on policy consultancy, £30k on the customer satisfaction survey, and £10.5k on governance.
- The budget includes costs of £53k (£30k revenue and £23k capital) relating to the upcoming office moves. We are expecting a carry forward into next year of around £20k and the Executive will ensure that this figure is held as a contingency against any additional costs for these moves. We also have a general contingency fund of £50k which can be used to fund any further costs.
- We have, during 2019/20, increased our provision against a dilapidations charge by £30k to £99k which we believe is a fair assessment of the likely liability when we vacate the Birmingham office. This reduces the risk of having to find further funds at the time of vacating. This also has the effect of reducing this year's underspend.
- There is an additional £20k capital budget included for the replacement of our telecoms infra-structure.

Additional Resources for Consumer Relations

12. Following the Board discussion at its last meeting we have considered the potential budgetary consequences of adding more resource to Consumer Relations to seek to achieve satisfaction levels which compare favourably with current leading consumer bodies. We do not believe it would be appropriate at this stage to adjust our licence fee upwards from the level we consulted on,. Instead we have looked for opportunities to reallocate budget to Consumer Relations. The Consumer Relations team will be bringing a paper to the Board in April but have so far estimated a possible additional resource required for 2020/21 of around £90k, in addition to replacing relatively expensive Agency staff with our own.
13. It is anticipated that savings on the cost of agency staff would follow in subsequent years, following a transition period in 2020/21 where we reduce the number of agency staff employed.

14. The Executive have identified the following areas which could contribute to this additional cost.

£50k Research Programme – by not undertaking either the Environment or the Price Review Engagement work. In addition there may be further, much larger opportunities in future years to consider doing our tracking survey less frequently, depending on how well the new consumer community works.

£15k Consumer Relations – by making the vacant team support post a part time role

£14k CEO – savings from likely period between CEO leaving and new CEO starting

£12k A reduction in hours proposed by one of the team (for 9 months of the year).

£91k total

Risks & Opportunities

15. We have included amounts in the budget to cover the expected costs of moving offices, together with the £50k contingency mentioned above. We believe this is prudent as these costs are not yet fixed and could change.
16. Any research and consultancy projects which are committed to but not fully complete in 2019-20 will impact on the 2020-21 financial year. It is expected that all projects started in the current year will be completed prior to year-end. However, any project slippage could result in a need to carry budget forward to cover specific projects.
17. Should there be any other in-year budget pressures identified, decisions would have to be taken to reduce discretionary spend (e.g. research & consultancy or training).
18. Requirements to comply with the Welsh Language Commissioner's Welsh Language Standards may lead to costs during the year.

Next Steps

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

2020-21 Budget and Licence Fee

Annex A - Summary of 2020-21 Budget and Comparison to 2019-20 Forecast

	2019-20 Forecast Outturn £'000	2020-21 Budget £'000	Variance £'000	Comment
STAFF COSTS	3,971	4,032	61	Inflation at 2% for 19-20 and FYE for 20-21, Benchmarking exercise FYE £30k, Apprenticeship levy £15k max. and saving of £10k LCA extra days
RESEARCH SERVICES	598	515	(83)	Reduced following end of PR19 workload
PERSONNEL OVERHEADS	284	247	(37)	Reduction due to reduced workload after completion of PR19
TRAINING	44	44	0	
PUBLICITY, LIBRARY & PARLIAMENT	104	81	(23)	1. Branding activity approx. £7.5k Saving on Comms contracts - £9k Yell, £3k Media Monitoring
COMPUTER SERVICES (INCL FINANCE LEASE DEPRECIATION)	225	220	(5)	
OFFICE SUPPORT COSTS	190	202	12	
ACCOMMODATION	390	395	5	
FINANCE LEASE DEPRECIATION	69	69	0	Cost of finance leases now showing as depreciation due to changes in accounting treatment, but still requiring cash payments, therefore included in licence
UNALLOCATED	0	50	50	Forecast for 2020-21 includes £50k contingency
SUB TOTAL (LICENCE FEE)	5,875	5,855	(20)	
NON CASH DEPRECIATION	32	39	7	
REVENUE TOTAL	5,907	5,894	(13)	
CAPITAL	5	43	38	20k telephone system; 23k Cardiff hub
BUDGET TOTAL	5,912	5,937	25	

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

2020-21 Budget and Licence Fee

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

CCW Board
3 March 2020
Agenda Item 189/19P

Title: Finance Report (to January 2020)

Report by:

Usha Nayyar, Finance Manager

Responsible Lead:

Paul Hibbert, Interim Head of Finance & Procurement

Paper to note

Purpose

1. The purpose of this report is to provide a summary of financial performance for the year to date as at January 2020 and highlight risks and opportunities for the year-end.

Recommendations

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

Summary Financial Performance

3. In month spend for the month of January 2020 was £473k compared to a budget of £466k, an overspend of £7k (2%).
4. The year to date spend to January 2020 is £4,646k compared to a budget of £4,647k, a variance of £1k (0%).
5. The forecast for the full year is between £5.862m and £5.902m, an underspend of £10-50k.
6. Our budget for 2019-20 was agreed at £5.813m. We have received approval from DEFRA for the carry forward budget from 2018-19 of £99k increasing the budget to £5.912m. DEFRA has advised that we are able to carry forward underspends of up to £99k forward to the following year, but if our underspend is more than £100k then we should reduce the licence fee to reduce the carried forward amount

In Month Performance against budget

7. In January, actual spend was £473k, an overspend of £7k (2%) compared to a budget of £466k. In month variances are as follows:
- Staff costs overspend of £17k (5%) mainly due to budget re-profile and extra budget allocated for the Consumer Relations staff and the budget added for the interim Head of Finance and Procurement.
 - Personnel overheads overspend of £10k (63%) mainly due to budget re-profile on travel and subsistence, hotel accommodation and meeting costs against various teams.
 - Training underspend of £2k (50%) due to budget profile evenly split at the beginning of the year. This budget is likely to breakeven for year-end.
 - Publicity costs overspend of £4k (0%) mainly due to £3k of the budget re-profiled for the printing budget.
 - Computer services underspend of £5k (19%) mainly due to the budget profile added in January 20 for the Tap upgrade £3.1k which is going ahead in February 2020 and budget for the external postcode look up upgrade of £1.7k which is a yearly subscription.
 - Office support costs underspend of £10k (43%) mainly to due spending £3k less on Call Care than budgeted, the internal audit spend of £3K incurred ahead of schedule and budget profile, and £1.3k RBS GPC card rebate for the period 1 August 2017 – 31st July 2018 received in January 20.
 - Accommodation costs underspend of £7k (17%) mainly due to additional budget for the Cardiff Hub being added making the year to date figures balance.

	Month Actual Jan 20 £'000	Month Budget Jan 20 £'000	Variance in Month £'000	Var %
TOTAL STAFF COSTS	340	323	-17	(5%)
RESEARCH SERVICES	24	24	0	0%
TOTAL PERSONNEL OVERHEADS	26	16	-10	(63%)
TRAINING	2	4	2	50%
PUBLICITY, LIBRARY & PARLIAMENT	4	-	-4	0%
COMPUTER SERVICES	22	27	5	19%
OFFICE SUPPORT COSTS	13	23	10	43%
ACCOMMODATION	34	41	7	17%
DEPRECIATION & NON CASH ITEMS	8	8	0	0%
CCWATER REVENUE TOTAL	473	466	-7	(2%)
CAPITAL	-	-	-	0%
CCWATER GRAND TOTAL	473	466	-7	(2%)

8. 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).

Budget Transfers

9. The table below shows the original budget to the end of January of £4,666k, compared to the revised budget at the end of January of £4,647k. Budget adjustments have been made as a result of the quarterly budget review meetings with principal budget holders. Explanations for the budget movements made during the period (over £5k or 10%) are below:
- a. Staff Costs budgets have been re-profiled mainly for vacancies from the Wales and Northern Chairs for the first two quarters which have been transferred to the unallocated budget. The PA to Council Chair vacancy underspend has been allocated to Human Resources for extra HR support on recruitment. The PRP budget has been allocated following approval of the pay uplift. Under spend from a Policy Manager vacancy in the Regulations team has been transferred to unallocated budget. Extra budget has been allocated to Consumer Relations for caseworker resources and senior customer case worker vacancies, both of which have been backfilled by agency staff at a cost premium. Extra budget has been allocated for the interim Head of Finance & Procurement from December 2019 to March 2020.
 - b. Research budgets has been re-profiled by £68k to reflect updated timings of various research and consultancy projects.
 - c. Publicity, Library and Parliament has been re-profiled by £32k to reflect the timing of the new combined contract for the Media Monitoring and budget allocated for the Brand Refresh project.
 - d. Office Support costs increased by £17k mainly for the extra use for the Callcare contract, £2k for telecoms budget, £2k for internal audit advisory work on the counter fraud work.
 - e. Accommodation budget has been re-profiled for the service charge credit.

Year to Date Financial Summary

10. The actual expenditure for the year to date is £4,646k compared to the budget of £4,647k, an over spend of £1k (0%).

	Original Budget to Jan 20 £'000	Forecast Budget to Jan 20 £'000	Budget Move ment £'000	Year to Date Actual to Jan 20 £'000	Variance Actual to Revised Budget £'000	Var %	Budget Remain ing £'000	Fore cast Budget Total £'000
TOTAL STAFF COSTS	3,272	3,255	-17	3,253	2	0%	718	3,971
RESEARCH SERVICES	437	369	-68	368	1	0%	230	598
TOTAL PERSONNEL OVERHEADS	189	192	3	184	8	4%	100	284
TRAINING	37	36	-1	41	-5	(14%)	3	44
PUBLICITY, LIBRARY & PARLIAMENT	64	96	32	100	-4	(4%)	4	104
COMPUTER SERVICES	153	153	0	152	1	1%	73	225
OFFICE SUPPORT COSTS	121	138	17	138	0	0%	52	190
ACCOMMODATION	316	326	10	328	-2	(1%)	62	390
DEPRECIATION & NON CASH ITEMS	77	77	0	77	0	0%	24	101
CCWATER REVENUE TOTAL	4,666	4,642	-24	4,641	1	0%	1,266	5,907
CAPITAL	-	5	5	5	0	0%	0	5
CCWATER GRAND TOTAL	4,666	4,647	-19	4,646	1	0%	1,266	5,912

11. The variances are as follows:
- Personnel overheads underspend of £8k (4%) on travel, hotel costs and meeting costs against various teams. We will be monitoring this budget with budget holders to get a clear position for year-end.
 - Training overspend of £5k (14%) mainly due to budget profiling. This budget is expected to be used in full during the course of the year.

Forecast Outturn

12. The table below sets out the risks, which may arise during the year and the likely outturn against each.

Risks	Range		Likelihood (Low / Med / High)	Most Likely Outcome £000	Description
	Low (Upper case) £000	High (Lower case) £000			
DECO/ICT	0	20	Low	0	Possible upgrade to telephony / communications infrastructure. Timing and value are to be confirmed as part of the project plan.
DCEO	0	25	Low	0	Possible further work on review of business processes or preparation for a Tailored review
DCEO-HR	13.2	13.2	Mitigated	0	Advertising costs for recruitment of CEO & HOF Budget allocated in Jan 20
DCEO-HR	5	17	Low	0	Payroll/Pension changes for Cabinet Office, likely 2020-21
DCEO-HR	2	20	Low	0	Charges relate to apportionment of HR Central Service costs from DEFRA
Corporate/Wales	13	13	Mitigated	0	Cost model for Tŷ William Morgan House, new Wales Hub, Budget allocated in Jan 20
Finance & Procurement	0	10	Low	10	Early works to prepare for VSH and Cardiff office moves, e.g. Disposals, archiving / storage / scanning of paper records.
Finance & Procurement	10	18	Mitigated	0	Agency cover for Head of Finance & Procurement budget of £18k allocated in Jan 20
Corporate	0	10	Low	0	Potential for the annual leave accrual to change. This could be a risk or opportunity, and will be monitored.
Corporate non cash	0	86	Med	30	Dilapidation provision increase estimated by DEFRA £86k
Policy	0	10	Mitigated	0	Contribution to Ofwat NHH research to increase sample sizes budget allocated £10k
Policy	0	40	Mitigated	0	Observing water use and disposal of fogs Budget allocated £18k
Policy	3.5	3.5	High	3.5	Policy Managers travel time
Consumer Relations	10	25	Mitigated	0	Additional staffing on CR team to deal with continued high complaint volume £10k allocated in Jan 20
Consumer Relations	3.1	3.1	Mitigated	0	Tap upgrade £3.1k allocated in Jan 20
Consumer Relations	1.5	1.5	Mitigated	0	Postcode look up for TAP £1.7k allocated in Jan 20
Consumer Relations/Communications	8	8	Mitigated	0	Public Accessibility of the Website- How customer contact CCWater, basic navigation/user friendly due by Sept 2020. Business case approved £8k allocated
Communications	5	10	High	10	Cumulative overspend from rebrand, promotional items and website accessibility
Total Risks	74.3	333.3		53.5	

Finance Report (to January 2020)

13. The table below sets out the opportunities, which may arise during the year and the likely outturn against each.

Opportunities	Range		Likelihood (Low / Med / High)	Most Likely Outcome £000	Description
	Low (Lower Case) £000	High (Upper Case) £000			
Consumer Relations	10	20	High	17	Possible reduction of Service Charge for Wales Office could vary against budget; this cost is not yet known.
Consumer Relations	2.4	4.6	Med	2.4	Team assistant post not filled
Wales Policy/LCA's	0	7	Mitigated	0	Underspend on personnel overheads £7k transferred to Contingency fund
DCEO-HR	14.1	14.1	High	14.1	Recruitment of CEO amount due on appointment
DCEO-HR	0	3.6	Med	3.6	Recruitment fee for Wales SCC
Policy & Research	6	8	Mitigated	0	LCA overtime not required £8k transferred to unallocated fund
Corporate	1	3	Med	1	RBS GPC rebate for 2017-18 for period 1 August 2016 – 31 July 2017
Corporate	0	10	Low	0	Potential for the annual leave accrual to change. This could be a risk or opportunity, and will be monitored.
Corporate	0	6	High	6	Non cash
Corporate	0	28	High	28	Unallocated budget
Total Opportunities	33.5	104.3		72.1	
Net (Risk) / Opportunity				18.6	

14. The forecast underspend is in the region of £10-50k, as there are a number of risks and opportunities outlined above which may not materialise.
15. There is also the possibility of timing projects to straddle this financial year and next in order to manage our spend within budget, particularly on research and consultancy.

Annex One

COST CENTRE TITLE	SPEND TO January 20	PROFILE TO January 20	VAR January 20	VAR %	FULL YR RevisedBudget1	OFFICE %
OFFICE OF CHIEF EXECUTIVE	193,257	194,152	895	0%	231,352	4%
BOARD	194,042	195,447	1,405	1%	238,496	4%
GOVERNANCE	237,743	238,300	557	0%	283,326	5%
ICT SERVICES	278,325	276,623	-1,702	(1%)	336,121	6%
HUMAN RESOURCES	242,482	238,470	-4,012	(2%)	329,912	6%
WALES LCAs	23,772	24,720	948	4%	29,319	0%
WALES POLICY	77,094	78,448	1,354	2%	95,025	2%
TOTAL OFFICE OF DEPUTY CHIEF EXECUTIVE	1,246,715	1,246,160	-555	(0%)	1,543,551	26%
POLICY	120,584	119,496	-1,088	(1%)	143,683	2%
SOCIAL POLICY	182,260	182,933	673	0%	219,761	4%
ENVIRONMENT	183,054	182,467	-587	(0%)	221,809	4%
REGULATION	322,055	321,534	-521	(0%)	387,163	7%
MARKET INTELLIGENCE	470,327	470,478	151	0%	715,367	12%
CENTRAL AND EASTERN LCAs	17,497	17,709	212	1%	21,311	0%
NORTHERN LCAs	15,362	15,364	2	0%	18,764	0%
WESTERN LCAs	18,530	18,586	56	0%	22,950	0%
LONDON & SOUTH EAST LCAs	27,345	28,644	1,299	5%	37,325	1%
TOTAL POLICY AND RESEARCH	1,357,014	1,357,211	197	0%	1,788,133	30%
FACILITIES AND PROCUREMENT	406,064	404,213	-1,851	(0%)	494,340	8%
FINANCE AND RESOURCES	155,497	158,399	2,902	2%	216,401	4%
TOTAL FINANCE AND PROCUREMENT	561,561	562,612	1,051	0%	710,741	12%
COMMUNICATIONS	300,387	299,025	-1,362	(0%)	350,384	6%
TOTAL COMMUNICATIONS	300,387	299,025	-1,362	(0%)	350,384	6%
CONSUMER RELATIONS	302,730	304,383	1,653	1%	372,464	6%
BIRMINGHAM - CRM, SCC	347,880	348,009	129	0%	430,703	7%
BIRMINGHAM - CRM, CC	291,622	292,688	1,066	0%	396,644	7%
CARDIFF - CRM, SCC	214,824	213,142	-1,682	(1%)	255,918	4%
TOTAL CONSUMER RELATIONS	1,157,057	1,158,222	1,165	0%	1,455,729	25%
UNALLOCATED	0	0	0	0%	27,721	0%
DEP'N & NON CASH ITEMS	18,994	18,993	-0	(0%)	30,741	1%
CCWATER REVENUE TOTAL	4,641,728	4,642,223	496	0%	5,907,000	100%
CAPITAL	4,860	5,000	140	3%	5,000	0%
CCWATER GRAND TOTAL	4,646,587	4,647,223	636	0%	5,912,000	100%

Finance Report (to January 2020)

Annex Two

	MONTH		YEAR TO DATE Actual to January 20	RevisedBudget1 to			RevisedBudget1	
	Actual January 20	RevisedBudget et1 January 20		January 20	Variance	Var %	Remaining	Total
TOTAL STAFF COSTS	340,103	323,171	3,253,037	3,254,636	1,599	0%	717,873	3,970,910
RESEARCH SERVICES	24,009	23,920	367,951	369,034	1,083	0%	230,316	598,267
TOTAL PERSONNEL OVERHEADS (Excluding Training)	26,268	15,962	184,347	192,140	7,794	4%	100,245	284,592
TRAINING	1,817	3,650	41,464	36,503	-4,961	(14%)	2,240	43,704
PUBLICITY, LIBRARY & PARLIAMENT	4,125	388	100,135	96,093	-4,042	(4%)	3,603	103,738
COMPUTER SERVICES	22,387	27,061	152,373	153,485	1,112	1%	73,222	225,595
OFFICE SUPPORT COSTS	13,027	22,422	137,995	137,828	-167	(0%)	52,238	190,233
ACCOMMODATION	33,394	41,359	327,472	325,550	-1,922	(1%)	62,195	389,667
SUB TOTAL	465,131	457,933	4,564,773	4,565,269	495	0%	1,241,932	5,806,706
DEPRECIATION & NON CASH ITEMS	1,899	1,899	18,994	18,993	-0	(0%)	11,747	30,741
FINANCE LEASE DEPRECIATION	5,796	5,796	57,961	57,961	0	0%	11,592	69,553
CCWATER REVENUE TOTAL	472,826	465,629	4,641,728	4,642,223	496	0%	1,265,272	5,907,000
CAPITAL	0	0	4,860	5,000	140	3%	140	5,000
CCWATER GRAND TOTAL	472,826	465,629	4,646,587	4,647,223	636	0%	1,265,413	5,912,000



The voice for water consumers
Y corff sy'n rhoi llais i ddefnyddwyr dŵr

CCW Board
3 March 2020
Agenda Item 190/19P

Title:

Regional/Wales Round up – March 2020

Report by:

Regional/Wales Chairs

Responsible Lead:

Regional/Wales Chairs

Paper for information/discussion

Appendix: no

Purpose

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

Recommendations

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

Northern

3. Northumbrian Water and Yorkshire Water have requested Ofwat refer their PR19 final determinations to the Competition and Markets Authority (CMA). Anglian Water have also referred to the CMA which impacts on Hartlepool Water. Northumbrian and Yorkshire will focus their appeal on the longer-term resilience and investment with particular focus on the customer support they claim to have for this.
4. The February storms have had significant impact on consumers in the northern region with significant flooding particularly in areas where flooding occurred previously within the last 10 years. In Yorkshire the Calder Valley was severely impacted with Hebden Bridge, Mytholmroyd and Mirfield suffering some of the worst

flooding. Whilst significantly fewer households were flooded many businesses were and the overall impact was great. Most of these areas were flooded in 2012 and 2015 and have had investment to improve local flood defences. This raises further questions about the need for greater catchment management of upland Pennine areas. Media reports suggest that Companies in the region worked effectively with Local Authorities and EA staff to support people affected.

5. Whilst there were other flooding incidents across the north the largest individual impact on customers was from flood damage to a remote supply across the fells in Cumbria. This incident tested United Utilities as the damage was in a remote area which was very difficult to access. Up to 7500 properties were affected in some way and a number lost supply. Bottled Water was available for vulnerable customers and at collection points for other customers. Farmers were supported and alternate supply vehicles maintained supply for most of the duration of the incident for the majority of customers. Anglian Water and Severn Trent Water supported UU with additional tankers. The scale and difficulty of the repair resulted in loss of supply to some customers. Appropriate levels of compensation have been paid.
6. Northumbrian Water are reporting a sustained reduction in complaint numbers resulting from the change to their billing system.

Western

7. South West Water (SWW) have asked us to review and comment on a new suite of Code of Practice documents for both the SWW and Bournemouth areas. We are currently looking at these and will use the opportunity of our regular liaison meeting on 5th March to comment further.
8. Pennon Water Services have advised Ofwat that they are unable to accept responsibility for non-household customers on the Isles of Scilly on the intended vesting date of 1st April or at any future date. This has thrown the timetable for SWW taking on the household water supply on the islands into some confusion, as the Secretary of State cannot currently proceed with the necessary legislation without a NHH supplier. This is something which I warned Ofwat and others might be the case a year ago, when it became clear that no discussions had taken place with any retailer.
9. Ofwat are considering, as I understand it, a number of potential alternative approaches, some of which would need novel licensing/legislative arrangements to put in place. It is likely, however, that there will be further delay in the overall process.
10. We had a useful quarterly meeting with Bristol Water (BW) in which they took us through in some detail their strategy to ensure better complaints handling, with a number of governance interventions to ensure that not only complaints are handled

in a timely and effective way but also that there is learning across the organisation on root causes of complaints and changes to working practice which can obviate these at source. We also heard of their plans to target supply interruptions and meet their new performance indicators. They gave illustrations of a number of alternative supply options which they are now using and which should mean that particularly small and remote communities are better served in a case of mains outage than previously.

11. In the context of a discussion on DMEX, BW raised with us the Ofwat stipulation that developers can only appraise the performance of one water wholesaler, and the limiting effect this may have in providing a comprehensive picture of developer experience if large developers who operate in many areas across the UK cannot share the perceptions gained from comparing different companies. This does seem on the face of it perverse, and I wonder if this is something we should discuss with Ofwat at some point.
12. We were given in confidence notice that Bristol would be appealing to the CMA on the final determination, and this was announced publicly the day after our meeting. The referral was a little surprising, given earlier indications and the disruption felt by the company previously, but the company's announcement made clear that they felt that technical matters regarding the financing arrangements were not something they could agree. They have indicated that they agree with Ofwat on the proposals, which they describe as ambitious, for customers, local communities, and for the environment.

London and South East

Southern Water

13. On 12 February 2020 the Environment Agency brought a court case against Southern Water relating to incidents at a number of the company's waste water treatment sites involving seven in North Kent and ten in the Solent area. The incidents occurred during the period 2010 and 2015 and the court action follows an investigation by the Agency.
14. Simultaneously, the company has undertaken an internal investigation and has implemented the following changes:
 - Strengthened whistle blowing policies along with the appointment of an independent adjudicator who will consider any concerns registered by members of staff
 - Enhanced control across all waste water treatment works including compulsory compliance and a Code of Ethics training for relevant staff
 - A modern compliance framework incorporated into a refreshed company vision values and purpose
 - Appointment of a Director of Risk and Compliance to challenge front-line teams
 - The company is also currently investing £26m in waste water sites.

15. I will keep the Board informed of the progress in the court case.

SES Water

16. With the highest average water use of 162 litres PCC in 2018/19 the company has put in place a pilot in the Tandridge district to test new ways of working under their 'Every Drop Counts' campaign to achieve demand reduction targets in the 2020-25 Business Plans as follows:
- Reduction in leakage by 15%
 - Reduction in household consumption by 7% per person
 - Installation of water meters in at least 90% of households, including at least 10% smart meters
 - Monitoring of consumption in newly built properties
 - Three steps in the pilot have been identified involving building consumer awareness, delivering water efficiency checks and developing an intelligent network
 - SES will evaluate the pilot by collecting data on the trial, tracking PCC and leakage

Thames Water

17. Following the burst main in Hackney last October a number of measures were put in place to rehouse customers and to make compensation payments of £5000 per property. Three families have now been moved back into their properties but for others the company anticipates a three to six month lead time, while basement flats could take six months. A new incident strategy has been shared with the London Borough of Hackney's Civil protection team and feedback is said to be positive.

Central and Eastern

Anglian Water

18. We held a valuable routine liaison meeting with Anglian Water on 12th February. Much of the meeting was devoted to an in depth debrief of the major supply interruption incident in the Leighton Buzzard area on 13th December 2019. We discussed the background to the incident, communications, incident management, compensation and lessons learned.
19. The company is reporting an increase in complaint numbers. Some of this can be directly attributed to discrete service issues. Some relates to the move to reporting complaints through additional channels; the company believes that there are issues with the consistent application of definitions relating to these channels. These issues were the subject of a seminar hosted by our complaints team subsequent to our review meeting, which has now taken place with, as I understand it, some redrafting and clarification to take place.

20. On 14th February Anglian Water confirmed that they have asked Ofwat to refer their final determination for consideration by the CMA.

Essex and Suffolk Water

21. Due to indisposition of our normal point of contact we haven't had a liaison meeting for some time and we are in the process of arranging this. The company is continuing to make progress in complaint numbers returning to levels which are now more typical of those seen prior to its installation of a new customer service IT system 18 months ago.

22. On 14th February Northumbrian Water confirmed that they have asked Ofwat to refer their final determination for consideration by the CMA.

South Staff & Cambridge Water

23. Our most recent liaison meeting was rearranged because the senior management team were dealing with a second significant main's burst incident, affecting the same properties in Tipton as those which had been affected in the event reported in my last update. The impact on local domestic customers, businesses and amenities, most notably a school, has been and continues to be significant. The company has committed to replace a 300m stretch of supply pipe, which will take some weeks. The company has taken a very customer-centric approach to the handling of these incidents. We will join a meeting to be held with affected customers at the end of the mains renewal programme to hear directly of their experiences.

24. South Staff Water have confirmed they have accepted the Final Determination for PR19.

Severn Trent Water

25. We have liaised with SVT through a number of forums in recent weeks. These include a meeting of the SVT CCG, which had the opportunity to be briefed on the implications of the Final Determination for PR19. Whilst SVT was a fast tracked company, nonetheless there were a number of features of the Final Determination which will impact on the business and its customers, including the Weighted Average Cost of Capital, handling of performance commitments, especially in relation to supply interruptions and the Compliance Risk Index, the handling of business rates and the true-up mechanism for growth.
26. I continue to receive in depth briefings from the CEO, relating to a number of issues of strategic importance that I raised with the Board when I met with them in October. The most recent of these was on the approach being adopted to Asset Risk management and maintenance investment prioritisation.
27. Tony Ballance, who will be known to many colleagues, is leaving SVT to take up a new role with Cadent.

Regional Committee

28. We held our deferred regional committee meeting on 22nd January. This adopted a new format. Colleagues from DWI and the EA presented on the assessments made of the companies in the Region in their respective annual reports. Our Policy Managers presented on the principal relevant findings from our own reports on complaints, on support for vulnerable people and affordability, and on resilience. We had assembled a “scorecard” for each company drawing on all of our data and our engagement. It identified for each company three areas where we commended their approach for others to learn from, along with a similar number of areas which would be “better for customers if...”. The companies reported on both categories, sharing good practice and committing to improvement and action respectively. We had a small number of members of the public present and a number of our own broader staff. In general, feedback on this approach was positive.

Wales

Floods

29. South Wales was hit particularly hard by the flooding that followed storms Ciara and Dennis. Crickhowell and Pontypridd experienced extensive flooding to properties, but no problems that effected the water network. However, Dŵr Cymru experienced difficulties in Monmouth, Trehafod and Aberdulais. It managed a potential water supply interruption due to flooding of waterworks in Monmouth with minimal disruption to customers. From what we have seen the company was proactive in its communications and support provided to vulnerable customers. We will be asking for a review of these incidents.

Welsh Government Water Forum

30. I attended the Welsh Government Water forum at the end of January which focussed on environmental and wastewater issues:
- WG is seeking support and consensus for a higher aspiration for bathing water status in Wales (good instead of satisfactory).
 - Achieving good environment water quality in Wales will rely on tackling misconnections, diffuse pollution, agriculture/nitrates, combines sewer overflows (CSOs) through catchment management/long term investment and monitoring.
 - The first Minister’s office in Wales is administering funds through a WG Environmental Growth plan which could create opportunities to fund more sustainable drainage, surface water removal and catchment management projects in the next two years. The First Minister would like to leave a legacy of tangible environmental improvements at the end of his terms and before the Assembly elections in 2022.

Welsh Government PR19 Forum

31. I attended the PR19 Wales Water forum both companies confirmed that they had accepted the final determination. Dŵr Cymru was keen to make the point that it

does not accept the determination in its totality but in the round, for example it does not agree with some of the challenging targets such as those on water supply interruptions and internal sewer flooding. It does not think that companies should be given unachievable targets.

32. The WG's review of PR19 process is continuing. Its consultancy work will be commencing in April with a view to the consultant completing its report in Summer 2019. It will be exploring the appropriateness of the regulatory and prices setting framework for Wales.

'Closing' the Non-Household market in Wales:

33. Lesley Griffith AS, the Welsh Government Minister for Environment, Energy and Rural Affairs has approved proposals to consult on changes to change market eligibility for non-household customers in Wales. By increasing the eligibility threshold, the government is hoping to effectively close the market for around 150 over 50ML customers. The WG does not have to consult with anyone but Ofwat, but is choosing to invite written representations from stakeholders including CCW. We expect the consultation soon and will have around three weeks to respond. Provided that there are no major objections to the change, the WG intends to 'close' the market in 2020/21. There are three over 50ML customers who have swapped suppliers. They can remain with their current supplier. If the contract is broken or the retailer fails, however, they will have to return to a Welsh company; and they will be unable to swap in the future. WG's decision is based on evidence of high levels of complaints and dropping satisfaction in the aftermath of the retail market in England.

ANNEXES:-
NONE