

Customer Challenge Group

Purpose of Meeting:	Customer Challenge Group planned meeting Number 1	
Location:	Hub	
Date of Meeting:	5 September 2012	
Present:	Chair Robin Dahlberg Jim Barker, Environment Agency Kirstie Berridge, Charis Grants (Deputy for Allyson Broadhurst) Karen Gibbs, CCWater Allan Johnson, Tendring Council Mark Kibble, Dacorum Council Milo Purcell, DWI (Deputy for Jacky Atkinson) Hazel Smith, GlaxoSmithKline Jill Thomas, CCWater Mark Tomkins, Heathrow Airport Ltd	
Observers		Presenters Nick Carney, VWC Tim Monod, VWC Mike Pocock, VWC Liz Allen, VWC
Apologies:	Jacky Atkinson (Milo Purcell to attend) Allyson Broadhurst (Kirstie Berridge to attend) Tim Hutchings, HCCI	
Distribution:	As above and web site	
Originator:	Liz Allen	

No	Notes of Meeting	Action
1	Introductions and purpose. New members, who were deputising for the primary contact from DWI and Charis Grants were welcomed. The Chair explained that the meeting aimed to cover 3 core areas: <ol style="list-style-type: none"> 1 role of the regulators and their expectations from the PR14 process and the CCG 2 introduction to debt – as a subject for discussion and as a means for developing a challenge process 3 review of findings from the last price review, lessons learned by VWC and how these are being addressed in PR14. 	
2	Regulator Presentations While they are not a regulator, CCWater were also invited to present to better inform the CCG. 1 CCWater 2.1 A presentation was made by Karen Gibbs, Policy Manager London and South East, highlighting key purpose of CCWater as a customer representation organisation who will act on behalf of customers as needed. <ul style="list-style-type: none"> • Expectations of PR14 include: <ul style="list-style-type: none"> • The final bills should be acceptable to customers as shown through assessment of satisfaction • There is buy-in for long term investments which will improve services • Plans reflect evidence output from consultation • Good practice in engagement and consultation can be demonstrated • Trade off's, compromises are part of the discussions • Expectations of the CCG <ul style="list-style-type: none"> • Challenge company constructively • Provide additional information and support from other research. In the discussions, the followed points were made: <ul style="list-style-type: none"> • The number of formal complaints received by CCWater is relatively small as each 	

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	<p>company has a robust process for managing issues and CCWater will direct customers back to the company if they have not been through the full internal complaints process.</p> <ul style="list-style-type: none"> • CCWater also provide information and advice to customers on a broad range of issues • Veolia have good processes in place to follow up customer issues and to address root causes. 	
2.2	<p>2 DWI</p> <p>A presentation was made by Milo Purcell, Deputy Chief Inspector, covering a comprehensive range of issues including role of DWI, issues for PR14 and the role of the CCG.</p> <p>The Chief Inspector of the DWI is separately appointed by the Secretary of State and has powers to prosecute water companies for breeches of regulations. The team of inspectors work with the companies to ensure adequacy of controls and completeness of any investigations. The two core objectives are to protect public health and to maintain public confidence in water quality.</p> <ul style="list-style-type: none"> • Expectations of PR14 <ul style="list-style-type: none"> • Use of risk based approach to assesses and manage the adequacy of the existing treatment and identify what additional investment is required • Addressing specific pesticide issues and evaluating the success of different approaches – ie catchment management • Adequate investment in maintenance of asset to maintain compliance • Company demonstrates a rounded use of indicative data, not just water quality, to prioritise future investment • Expectations of the CCG <ul style="list-style-type: none"> • Ensure that adequate assurance of process is provided • Define the scope and content of the report at early stages so that the right information and assurances can be provided • Align effort and topics to the regulatory timetable. 	
2.3	<p>2 Environment Agency.</p> <p>A presentation was given by Jim Barker, Water Planning Manager, on the role of the EA with particular reference to regulation of water.</p> <p>The EA grant licences for abstraction, delivers EU and UK legislation and are the technical adviser to Defra on the statutory Water Resources Management Plans which feed into the company business plans. The aim is to deliver integrated water planning and regulation.</p> <ul style="list-style-type: none"> • Expectation of PR14 <ul style="list-style-type: none"> • Key interest is WRMP and awareness of the challenges from climate change, population growth and uncertainty including management of flooding in catchment and coastal areas and long term resilience • Joint working with the WRSE (Water Resources in South East) to look at innovative and regional action • Delivery of WFD (Water Framework Directive) requirements and promotion of ecological status of water bodies and the ‘no deterioration’ obligation • Want to see less water abstracted and for companies to come up with innovative solutions (both supply side and demand side) • Burden of proof and development of options shifts towards the water companies and away from the regulator • Expectations of the CCG <ul style="list-style-type: none"> • EA will be holding separate meetings with company and would hope to share outcomes with the CCG • Duty on the company to articulate assumptions which can be scrutinised. 	
3	<p>Debt</p> <p>A presentation on debt in the water industry was made by Nick Carney, Debt Collection Manager.</p>	

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	<ul style="list-style-type: none"> • The presentation highlighted the challenges of debt management in the water sector which are different to other utilities. While the value of water bills is only about 30% of amount of the bills from other utilities, the level of debt in the water sector is three times higher. Debt from water is not counted as a priority debt. Customers cannot be disconnected for failing to pay bills. • The challenge for the industry is to identify early on when customers are having difficulties and put in interventions to support. These include Water Sure and Water Direct and help for vulnerable customers through the Veolia Trust. • The Walker Review in 2009 makes some recommendations for the water sector which are currently under consultation with Defra. • An Ofwat report in 2010 highlighted that debt added approximately £15 to every bill across England and Wales. • Initiatives taken by the company are aimed at getting customers to get in touch as soon as possible so that appropriate arrangements can be made to manage the debt. Each individual will be treated as a unique case who will require a solution appropriate to their situation. <p>The following discussion raised a number of questions which will be developed into a challenge which will go forward to the company for a response and further discussion at a future CCG meeting.</p> <ul style="list-style-type: none"> ○ Action. The Chair will work with the representatives from CCWater to shape the challenge for the business. <p>Discussion Points included:</p> <ul style="list-style-type: none"> • Recognition that the issues of debt are likely to get worse, as a result of changes to the benefits system • Transparency of information to customers about the amount of debt and what that means to their bills could be linked to information about how to reduce consumption to 'trade off' potential increases • The opportunities to use social tariffs and how they apply and additional impacts on bills • Constraints of current regulation where water providers do not have a contract with an individual and cannot seek redress from landlords if tenants default • Should debt and social tariffs be discussed together? • How do domestic and commercial tariffs account for debt? Does one group of customers subsidise the others? 	RD
4	<p>Lessons learned from PR09</p> <p>A presentation was made by Tim Monod, Veolia Water Company Secretary and Regulations Director.</p> <p>Ofwat use a range of economic comparators to rank the relative performance of water companies. At the last price control, Veolia ranked in the lower half of the industry for many measures.</p> <p>By understanding why and where they performed badly, decisive action is being taken. This includes: improving data sets and understanding how they are used; working more closely with Ofwat to better understand their expectations; showing Ofwat through improved performance that the company is delivering against its regulatory requirements.</p>	
5	<p>Water Resources Management Plan and Water Resources in the South East</p> <p>A presentation was made by Mike Pococok, Physical Asset Strategy Manager.</p> <p>Water Resources Management Plans are statutory reports which address a range of legislation and are submitted to Defra every 5 years. They cover long term water resource planning for a 25 year period.</p> <p>The water companies working in the South East of England have similar issues with water resources and have been working collaboratively to understand potential opportunities for considering water resource planning across the region. Their findings will feed into the options</p>	

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	<p>which will be part of the discussion for the WRMP the outcomes from which will shape a significant part of the Business Plan.</p> <p>The challenges for the company are around meeting increased demand from population growth, with a reduced supply as a result of sustainability reductions and increased uncertainty about winter rainfall.</p> <p>As part of the discussion and consultation on WRMP, the company are seeking to understand customer preferences, now and in the future; differences in wants and needs in different communities; understand the range of the impacts of reductions in abstraction; and weighing up the views of different community and customer groups.</p>	
6	<p>Approaches to Consultation in PR14 A presentation was made by Liz Allen, Stakeholder Engagement Manager</p> <p>The company recognises the importance and value of involving customers and stakeholders in decision making. Ofwat and CCWater have provided some guidance and the business is using external experts to develop the strategy and processes for engagement to ensure the outcomes can be used to help shape the business plan.</p> <p>Planning is important – the questions of why, what and who to engage with, needed to be answered before performing any engagement. The type and level of engagement chosen will be appropriate to the issues under development. In the early stages of the engagement programme work will be focused on gaining information from customers which can be used to help shape more detailed consultation and participation later.</p> <p>The outline programme was shared. The first benchmarking exercises will take place in September. The results of that activity will be used to shape the questions for the next sessions later in the year.</p>	
7	<p>Discussion items and follow up actions</p> <p>Working of the CCG meetings</p> <ul style="list-style-type: none"> • All papers which lead to a discussion at CCG meetings should be available in advance of the meeting • Information papers / presentations should be identified as such and linked to the agenda • Decision papers should be kept short and clearly identify desired outcomes • There needs to be alignment of subjects for the CCG to review with the regulatory timetable <ul style="list-style-type: none"> ○ Action Chair to meet with company to review regulatory timetable and align subjects to CCG meetings • Assurance – what 3rd party assurance will be available to the CCG <ul style="list-style-type: none"> ○ Action Liz Allen to inform CCG about use of third parties and their access to the CCG <p>What does success look like for the CCG?</p> <ul style="list-style-type: none"> • Needs to be clarified as this will help structure reports and to identify subjects for challenge. 	<p>RD</p> <p>LA</p>
8	<p>General information</p> <p>The Chair will be meeting with the Chairs of the other CCG's and will be sharing experiences and knowledge.</p> <p>CCG members will be provided with access to a secure section on the Veolia web site. A simplified access route will be provided after brand changes have taken place.</p> <p>A glossary of terms will be made available on the CCG web area.</p>	

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Minutes of 1st CCG meeting held on 5 September

Approved by _____

Date _____