

**Minutes of the CCG
held on
19 December 2018 at 2pm
at
The Rotunda, 90 York Road, London N1 9AG**

CCG Member Attendees			Affinity Water Attendees		
Teresa Perchard	(TP)	Chair	Siân Woods	(SW)	<i>Assistant Company Secretary Minutes</i>
Gill Taylor	(GT)	<i>Groundwork East</i>	Lauren Schogger	(LS)	<i>Programme Director (Change)</i>
Jon Sellars	(JS)	<i>Environment Agency</i>	Amanda Reynolds	(AR)**	<i>Customer Relations Director (Household)</i>
Tina Barnard	(TB)	<i>Watford Community Housing Trust</i>	Katy Taqvi	(KT)**	<i>Head of Customer Strategy & Experience</i>
Dr James Jenkins	(JJ)	<i>Hertfordshire University</i>	Anton Gazzard	(AG)*	<i>Community Operations Delivery Manager</i>
David Cheek	(DC)	<i>Friends of Mimram</i>	Jordan Scott	(JS)**	<i>Project Administration Team Leader</i>
			Chris Bolt	(CB)	<i>Non- Executive Director, Affinity Water Limited</i>

Key

Item 2 only *

Item 3 only **

Agenda Item	Minutes	Action points	Owner
1.	HOUSEKEEPING AND GOVERNANCE		
1.1	TP welcomed everyone to the meeting which started earlier.		
1.2	Apologies had been received from Caroline Warner, Karen Gibbs, Richard Haynes, and Keith Cane and also Chris Offer, Director of Regulation from Affinity Water Limited. It was noted that Jon Sellars will be standing down and Dan Beane will replace him, although Jon would continue as a member of the WRMP sub-group until that work is completed. - Keith Cane is also stepping down but may join part of the meeting in March.		
1.3	No members declared any conflicts of interest with any items on the agenda for this meeting. JJ flagged up a possible conflict of interest in future, as AWL Andy McIlwraith had approached him regarding provision of advice/consultancy on water saving issues. TP proposed that when it was clear what the terms of reference/scope of the work was he update the CCG who could then take a view on any possible conflict/s and how to manage them.		

1.4 **Minutes of 22 October 2018:** with the exception of Jon Sellars not attending, the minutes were approved as a correct record of the meeting and signed by the Chair. *AWL to publish minutes onto the website* **ASW**

1.5 **Matters Arising:** the article by TP for the Water Report journal had now been published. Most CCG Chairs surveyed were positive about the PR19 process. A number of common issues were raised, for example, timetabling, slippage and business plans produced by companies too close to the submission date. The discussion between Pauline Walsh, Developer Services and Tina Barnard would happen in the New Year. There were no other matters arising and all actions had been added to the agenda.

1.6 **Chair's Report:** the Chair reported she was awaiting Ofwat's response to AWL's business plan on 31 January 2019 to see if the CCG would be expected to undertake more work on assurance of the business plan, especially if any aspects needed revision and resubmission.

1.7 **Members Updates:**

GT: highlighted that the Feargal Sharkey article, published in the Guardian, had resulted in a written response from AWL and EA/DEFRA.

Send EA/DEFRA response to Guardian Article to CCG members

JS/DB

DC: to support the work on the revised draft WRMP, members of the CCG were invited to form a working sub-group which has held 2 meetings so far. AWL had outlined the work it was developing to consult publicly about a revised dWRMP from March 2019 with a deadline for resubmitting the Plan by the end of May 2019. DC noted that it was difficult to be clear on what the company is consulting their customers on and if sufficient consultation is taking place. There was a need to quantify different options. He felt the minutes of the sub-group meetings did not reflect all the points agreed and discussed and were missing references to:

- *the website needed to be available to support the consultation/engagement;*
- *the stakeholder consultation/engagement up to mid-February*

AWL had updated CCG members on revised dWRMP prior to today's meeting and confirmed that they have started asking customers about different options available for managing water resources. AWL had said it was re-evaluating if the reservoir development in the business plan was the best option and were now considering their strategic options.

CB explained the Board has set up a sub-committee to review the rdWRMP and its process. It was conscious that this is a statutory document which could be referred to public enquiry. The Board was seeking assurance that the rdWRMP will be fit for purpose in

the event of a public enquiry, as this is the requirement from the Secretary of State.

DC commented that the CCGs key concern was the lack of quantity of customer engagement. At this point the intention was only to seek views from a pool of 32 customers in focus groups. The CCG was not, and are not convinced that 32 people in focus groups will provide enough quantitative evidence. TP highlighted that the CCG had previously suggested the company obtained and made appropriate use of Thames Water's research with customers into water resources.

AWL confirm Thames's consultation group size.

LS/ASW

CB confirmed the Board expected there to be a detailed stakeholder engagement plan. TP noted the CCG are hoping to see details of this by the end of December.

Provide the CCG with the Stakeholder Engagement Plan contacts' list

LS/ASW

DC suggested that AWL undertake quantitative research at the same time as the stakeholder engagement/consultation. The CCG was concerned about the available time left. JJ supported this concern and observed that not allowing for enough time to complete the research appeared to be a common theme for AWL, noting that the company's decision to revise and resubmit the rdWRMP was taken in August. Other companies appear to have planned more effectively and it would be sensible for the Board sub-committee to consider why this seemed to be happening within AWL again.

CB agreed on the need for quantitative evidence. DC suggested that for speed *IPSOS Mori* could be asked to frame 5 or 6 questions for inclusion into a regular monthly omnibus survey.

AWL to consider this and approach IPSOS Mori

LS/ASW

The CCG working group would meet again in the first quarter of 2019. The first Focus groups were taking place 10 January 2019 and LS, CB/AWL would report back to the CCG on progress in due course.

2. AMP 6

AG joined the meeting

2.1 The Company Report was noted. LS highlighted the following key areas:

- delivery of performance commitments was now 'amber' with leakage having a knock-on effect from the summer weather, and resources are concentrated on repairing leaks. Mitigation plans are underway with discussions taking place with the auditors to assess the exceptional summer demand.
- average water use is influenced by the summer, with metering the most effective source to help reduce use of

water. AWL had reduced the waiting times for fitting meters and delivery was ahead of its targets;

- Community Ambassador & Advocates are people within AWL that understand their local communities and each EMT member has been assigned to a community, alongside a Director from the AWL Board;
- The billing leaflet review is underway. Messaging had been reviewed and would be segmented so that it is targeted specifically to demographic needs.
- DC highlighted it would be helpful if AWL's bills provided a comparison to show how each customer was doing in terms of consumption

Include the CCG in the billing leaflet review **LS**

LA/AG to speak to AM reference customer comparison information **AG**

2.2 Supply Interruptions: AWL had failed to meet its performance commitment in each of the first three years of AMP 6, performing poorly against the industry measure of 'average property minutes'. As a result, a deep dive had taken place and an improvement plan was instigated focusing on 5 key areas:

1. *Functional Standby – having the right people available at the right times to make the right decisions;*
2. *New contracts linked to ODIs – closer relationships with a tier 2 supply chain incentivising ODI success and removing commercial barriers to success;*
3. *Network Control Desk – implanting the control vision strategy to reduce the time of response;*
4. *Equipment and materials – complete review of plant and equipment and an in-house restoration capability; and*
5. *Extended 'working window' – new operating models to give seamless in hours and out of hours performance.*

Changes delivered from these programmes were highlighted in the paper and the CCG noted that following the implementation of the five deliverables, performance had significantly improved.

Lessons had been learnt from the severe freeze/thaw and prolonged dry weather periods during 2018, informing the current winter preparations and ongoing weather planning. Improvement was still needed in provision of alternative water supplies and communications with customers before, during and after an event. Internal working groups continued to identify and deliver improvements across these and other areas identified as best practice in Ofwat's *Out in the Cold* Report.

Notification of planned Interruptions had, historically, been an area where AWL had underperformed. A lot of work has taken place with other water companies such as Anglian and Thames,

sharing best practice. New systems were now in place to help the company improve performance including:

- *network detection system ("NEDS") situational awareness software that shows the visibility across all systems where teams get an informed, single overview.; and*
- *a new customer impact tool ("CIT") which was deployed during 2018 providing visibility of all planned and unplanned interruptions with key information including number of properties affected, the owner and time frame.*

TP asked if the company was seeking customer feedback to evaluate the changes. AG confirmed that following the freeze/thaw AWL had sought feedback from customers in Barnet where 1300 homes had a supply interruption for 13 hours. The biggest issue highlighted was consistency of communication and response. The challenge was ensuring AWL has the right people following clear procedures to enable sustaining the improvements being implemented at a time of system failure.

TP thanked AG for his report which the CCG had sought to seek assurance that improvements in performance in this area were due to active management (see CCG Annual Report).

3. AMP 7 MOBILISATION

AM, JK, KT and AR joined the meeting

3.1 AM presented on the Per Capita Consumption (PCC) Report:

The penalty for not meeting the target average PCC of 147.4 l/d[per person] is £2.75m in year 3 of the current AMP. This is a rolling target and performance next year (2019/20) would determine if the company would have met this. AM was confident AWL would achieve the target.

Members asked a range of questions about metering and AWLs proposals for 'fast data' in response to which the following points were made:

On average, meters were read every six-months During Q4, because of the annual billing cycle, data becomes less accurate. AMR meters inserted into the ground provide monthly data and a better profile of water usage throughout the year. Approximately 80,000 properties are "on the journey" for the 2 year switch. The Business Plan proposed the replacement of 220,000 old meters with AMR meters during the next AMP.

Slides 5 & 6 of AWLs presentation compared consumption between unmeasured properties and measured. Traditionally those on a meter had been 'opt in' customers so likely to use less water, which would change going forward. AM confirmed that AWL had completed 30,000 meter installs for 2018 with a target of

55,000 for the year. 85,000 installations are planned for the final year of AMP6.

AMR and AMI enabled meters were due for trial during the next AMP.

Provide the CCG with any data reference customer behavioral changes

AM/ASC

Home water efficiency checks ("HWEC"): there was not much data relating to the impact of these.

Provide the CCG with percentage data regarding contact for the HWEC appointments

AM/ASC

Customer Communications was focusing on providing reliable, frequent and meaningful information, including on usage. We are looking at some loyalty schemes, for example, that allow donations to communities by reducing usage and donating money to something local and meaningful. This initiative will trial in May 2019.

AM highlighted that it would be helpful if a working group with some CCG members could review the findings of behavior change initiatives and advise on the strategy going forward.

AM to circulate a paper on the trial initiative with ToR to the CCG

AM/ASW

JS joined the meeting

3.3 Insight from developers("D-MeX"): JS explained that the new D-MeX initiative from Ofwat is designed to improve customer service, and is a mechanism designed to incentivize water companies to provide an excellent customer experience for developer service customers (small and large property developers, self-lay providers alongside new appointments and variations). The implementation timeline for the pilot and go-live timetable from April 2020 was noted by the CCG.

Measures to be implemented include a customer satisfaction survey as well as financial incentives which would be partly based on a quantitative measure of a water company's performance against Water UK metrics. Performance payments would be up to 2.5% and performance penalties would be up to 5% of a company's annual developer services revenue. Ofwat's preferred proposal was that D-MeX scores would be based on a survey of customer satisfaction to incentivize companies to improve the experience of developer services customers.

JS explained the D-MeX survey is with a small number of customers at any time providing a snap shot of the month. These will predominantly be larger developers and therefore one of the risks is the same customers could get surveyed every month.

JS highlighted that developers see AWL as a utility supplier rather than a stand-alone business/partner and there needs to be more work done on this. The application process is all online and

customers currently like that and the company was continuing to develop the structure to meet their needs.

SIM transition to CMEX: KT provided a briefing to members on CMex. CMex was a survey-only based customer measure whereby any customer living within AWLs supply area might be contacted. SIM however had been based only on surveying customers with recent contact with the company. CMex was a new mechanism to incentivize all water companies to provide an excellent customer experience for residential customers.

CMex had a number of other features which made it different to SIM:

- *brand perception assessment:* as customer views of Affinity's brand were to be measured it would be important for the company to increase brand awareness and recognition;
- *customer satisfaction measured 0 – 10:* although not having many calls about cost, complaints tend to relate to chlorine and hardness of water and the company needed clear communications with regard to the science and what we do;
- Complaint volumes would affect enhanced reward payments;
- multiple survey channels would be used; and
- NPS will be measured within each survey.

Owat had conducted two surveys (May and September 2018) and was reviewing the survey formats and methodologies. The shadow year started in 2018/19 and league tables would be published during this period. The company had so far been able to see from the 'shadow' against CMEX reporting that

- It was in the top 3 for digital contacts; and
- Its self-serve channels scored well with customers

Next steps were to engage more of the business with the details of CMex and increase customer awareness on key facts such as quality of tap water.

The CCG asked what the status of the VFM survey now was, particularly as this featured in the CCG's present terms of reference. The company indicated they continued to run the VFM survey and it provided very useful data. The company agreed to share the results with the CCG

KT to provide the CCG with data and reports from the VFM survey

KT

The CCG noted and congratulated AR and her team on the recent awards achieved:

- Gold award for Best Customer Insight at the European Contact Centre and Customer Service Awards ("ECCCSA"); and
- Best Online Customer Experience at the Engage Awards 2018

Presentation on the insight gained from the ECCCSA award to be sent to the CCG

KT/AR

4. CCG PROGRAMME 2019

A brief paper had been circulated by the Chair about the future role of the CCG TP explained she had been engaging with the Company as to what will be required of the CCG going forward and whether there should be changes to the Terms of Reference of the group and/or its work and approach. She expected recruitment to be undertaken in the Spring for additional members for the CCG so the Terms needed to be reviewed to support that exercise.

Members supported the move to review and refresh the CCG terms of reference. Members made a number of points in discussion which the Chair undertook to feedback to the company including the following points.

- *Members would like to see the CCG have more obvious power and influence;*
- *Sub Groups are a useful way of working and should continue where appropriate, particularly if time or task limited;*
- *the current ToR were fairly broad and inclusive of a range of issues but it may be helpful for the CCG to be asked to look at and advise at a strategic level on the company's overall customer engagement strategy and communications with customers;*
- *the CCG should continue to be asked to provide assurance on performance reporting as well as review the VfM study, if the study continues and other customer insight;*
- *Members present would prefer more frequent but shorter meetings that are more focused and not as long with greater clarity as to what input is required from the CCG on issues the company presents; and*
- *The CCG should have greater engagement with regulators (Ofwat and DEFRA etc)*

Members noted and welcomed the fact that the Chair had asked the company to consider offering remuneration to volunteer members

5. GOVERNANCE AND DEVELOPMENT

Challenge Log: the challenge log was assessed. It was agreed to close all items on the Log proposed for closure and publish an updated log.

Publish on the website

ASW

Forward Agenda: a draft to be distributed in early 2019

Distribute draft forward plan agenda

TP/ASW

6. AOB & CLOSING

6.1 **Date of next meeting:** 13th March 2019

6.2 **AOB:** There was no other business and the meeting closed at 6 pm

I confirm that the Minutes of 19 December 2018 are a true and accurate record of the business discussed and agreed.

A handwritten signature in cursive script, appearing to read "Taron Ferrer".

Signature: Date: 19th March 2019

Chair