

**Minutes of the CCG
held on
19 March 2018 at 10:00 am
at
AWL, Tamblin Way, Hatfield, AL10 9EZ**

CCG Member Attendees

Teresa Perchard	(TP)	Chair
Gill Taylor	(GT)	<i>Groundwork East</i>
Jon Sellars	(JS)	<i>Environment Agency</i>
Tina Barnard	(TB)	<i>Watford Community Housing Trust</i>
Caroline Warner	(CW)*	Consumer Council for Water
Dr James Jenkins	(JJ)	Hertfordshire University
Jonathan Sellars	(JS)	Environment Agency
John Rumble	(JR)	Herts County Council

Affinity Water Attendees

Siân Woods	(SW)	<i>Assistant Company Secretary</i>
Chris Offer	(CO)	<i>Director of Regulation</i>
Rob Hutchison	(RH)	<i>Head of Corporate Affairs</i>
Chris Bolt	(CB)	<i>AWL Non-Executive Director</i>
Anne Scutt-Webber	(ASW)	<i>CCG Manager</i>
Jake Rigg	(JRI)	<i>Senior Public Affairs Manager</i>
Amanda Reynolds	(AR)**	<i>Customer Relations Director (Household)</i>
Katy Stallabross	(KS)**	<i>Head of Customer Strategy & Experience</i>
Tim Charlesworth	(TC)***	<i>Head of Economic Regulation</i>
Ed Mallam	(EM)***	<i>Contractor</i>
Lauren Schogger	(LS)***	<i>Programme Director (Change)</i>

Apologies

Karen Gibbs
Richard Haynes
Keith Cane

* by conference call
** Item 4
*** Item 5

The main business of the CCG commenced at 10:00am. There was a closed session of the CCG members at **Agenda Item 6**, and these notes are contained within these Committee Minutes.

Agenda Item	Minutes	Action points	Owner
1.	Housekeeping and Governance		
1.1	The Chair welcomed everyone to the meeting		
1.2	Apologies had been received from Keith Cane, Karen Gibbs and Richard Haynes and Scott Oram.		
1.3	Conflicts of Interest: There were no conflicts of interest declared by members. Members were advised that the company would be asking them to update their statements of conflicts of interest shortly.		SW
1.4	Minutes of 13 December 2017 were AGREED following some minor amends to be signed by the Chair following the updates.	Publish agreed Minutes	SW

The end of Phase 1 Triangulation meeting minutes within the pack were noted

1.5 **Action points:** two actions from previous minutes were noted as ongoing to be carried forward:

- Herts County Council Report on Water Resource Planning – JR reported this had not yet been published but he would make members aware when it had been.
- Circulation of a briefing on Ofwat’s final methodology

JR

TP

2. Chair and Members’ Reports

2.1 **Chair’s Report:** Members noted the contents of the Report

2.2 **Members’ Reports:** Members provided the following verbal updates to the group:

CW: CCWater (“CCW”) had recently held a quarterly review meeting with AWL. Presentations from AWL were well prepared. Complaints had reduced due to the number of billing issues dropping. Meter installations were still causing problems and complaints but they were being identified more quickly. Disruption to supplies caused by the recent bad weather was also discussed, and CCW felt that AWL coped well with this, especially sharing water with other companies, and was pleased to see AWL take responsibility of the SE region on behalf of customers. CCW had been told there had been significant reductions in demand and also that more newly metered customers (66%) are paying less as a result of shifting to this charging method. CCW have asked AWL to explore the issue of customer side leakage and report back. There was also a presentation regarding social tariffs showing AWL’s intention to carry out further engagement on the amount customers are prepared to support above the current £3 value that is added to customer bills.

CHALLENGE CCW would like to know the findings of further research with customers on acceptability of further social tariff investment, and if there is a proposal for AWL to match customer contribution to the tariff

JS: the EA’s 25-year environment plan was released 11 January 2018 the plan is for reducing abstractions by 2021 and supports Ofwat’s recommendations. Leakage and drought are key areas of concern. Whilst the SE area is above the worst-case scenario for drought measures with rivers at acceptable levels, future impact will remain weather related and have a direct effect on the environment and agriculture.

Evidence gathered on consumer opinion on proposed social tariffs to be provided to CCWater and the CCG AR/KS

JR: confirmed that Thames Water is currently going through their consultation process. He fed back on the very low attendance at one of their consultation meetings in Stevenage.

3. Company Report
(Presented by Rob Hutchison, Head of Corporate Affairs)

3.1 The Report was noted by the Committee and RH highlighted the following:

Drought Communications Planning: Planning for temporary measures has been taking place and a snap shot was contained within the report. AWL had agreed it would not be implementing temporary usage bans in the short term, therefore more emphasis was being placed on improving the impact of water efficiency campaigns. The Company will be putting together a Plan with an agreed a budget and is keen to engage with members of the CCG via a short term sub-group over the next 9 months. The CCG noted that members had previously offered – at its September and December 2017 meetings to advise the company on the development of its plans to stimulate customer behavior change.

Liaise with the Chair and members for suitable dates for the sub-group

ASW

TP pointed out that the weblink to the *Community Report* given in the Company report did not work

Check the link for the Community Report and add to the CCG Share point site

ASW

The Committee was pleased to see the innovative work relating to Alexa. KS confirmed that it will eventually be linked through to *Google Home* and *SIRI*. JJ highlighted the need to integrate with Smart meters to utilise the full potential of the technology.

4. AMP 6
(Presented by Jake Rigg)

4.1 **Community Engagement:** JRi presented the company's proposals for community engagement activities in 2018/19. He highlighted there had been improved attendance at the community engagement meetings and events following the renewed approach that involves setting up meetings in conjunction with partner stakeholders and businesses within each location. This has resulted in a vast improvement in attendance and contacts the company is making at community engagement events with over 1,000 people attending the last 6 events.

AWL is now working closely with Wholesale Ops to ensure there is discussion with stakeholders and customers **before** works happen. This has worked well for example, on a second phase of road works in St Albans. JR considered that this change in approach had improved the relationship, contact

and communications with local residents and councillors. It has opened helpful dialogue at the start of incidents as well as meaningful and productive face-to-face meetings to deal with issues or concerns. The company had also produced a Councilor Casework Guide in conjunction with Harrow and Bucks County Council.

Dashboard: this was started just after PR14 and provides context (linked from 'Discover Water' website) and stats, however, feedback has shown that it is not really clear what the data is saying as a standalone tool, but it is useful when talking to people within the communities. There are spikes in the number of visits to the website and Dashboard following community events.

TP welcomed the Plan submitted by JR and the approach and recent activities. In response to questions from the CCG JR confirmed that the Water Resources Management Plan ("WRMP") and the Business Plan ("BP") will be fully integrated into the stakeholder and customer engagement he was managing and anything captured will be fed back into the WRMP and BP decision processes. JR confirmed there is enough capacity within the team to manage this.

The stakeholder map currently being developed will show key stakeholders.

A new geographical information tool has been introduced enabling granular information to be seen online. This is particularly useful during incidents and supports contact with key stakeholders about issues relevant to the locations they are interested in or represent.

AWL confirmed that between now and end of July, any reports that can be shared with the CCG, will be sent to the Committee.

TP asked if AWL has done or will be doing any independent research to look at stakeholders and partners opinions of AWL and how well it the engages, including on the WRMP and BP. JR considered that, as part of the WRMP and PR19 there is a third party facilitating the meetings and that should provide some feedback and reflection on the quality of AWLs engagement.

CW noted the interesting insights from the stakeholder engagement programme and considered it was essential that the Company captures these when writing the business plan to show how stakeholder feedback had informed and influenced the plan. AWL agreed.

Share any relevant Reports from and the Stakeholder Programme with CCG ASW

Consider undertaking independent evaluation of stakeholder opinion of AWL's engagement (BAU and WRMP/BP) JRI

5. PR19

5.1 Customer Engagement Research

(Presented by Amanda Reynolds and Katy Stallabrass)

The slide deck "Operational Data BAU – PR19" was tabled at the meeting. The presentation sought to explain to the CCG the operational data that had been used to inform the development of the business plan for PR19. The material presented was in addition to the output of Phase 0 (which the CCG had reviewed in September 2017).

AR explained that her team was working closely with the PR19 team to look at the proposed business plan outputs and had been evolving their analysis of business intelligence during the past year so that the data from customer contact and feedback could be used to inform the business plan.

Commenting on actual performance the CCG was advised that AWL had reduced complaints by 47%. In relation to SIM whilst the end of year result was awaited the company was expecting to score an average of 4.26 and potentially ranked in sixteenth position.

The company had analysed the factors underpinning their SIM score where customers who had contacted the company about particular issues were not fully satisfied with the response. These were leakage, payment plans and supply interruptions. Customers were also more likely to complain when they lose water and the biggest driver for a negative response was 'not knowing' what was happening, or when supply would be restored. The company are trying to improve updates during incidents.

In relation to billing enquiries analysis of the increase in contacts show that customers want more flexibility on how they pay their bills rather than having concerns regarding the accuracy of the bill. The new metering programme had raised more questions and these newly metered customers were more likely to contact Customer Service. The company had plans and initiatives to improve service in this area which will form part of the Business Plan (ref Slide 9.)

CCG's Views: The Committee noted the briefing and information provided, that the previous year's SIM results were not where the Company wanted to be and that a lot of work has taken place to improve customer service. The next Business Plan runs 2020 - 2025 and the CCG needs to form an opinion on how well the Company is using the evidence it has from customer contact and feedback – so called

operational data – to identify what customers want to see improved, and how far what is proposed meets customers' expectations and is stretching. TP explained that the CCG are expecting to see evidence of this in the BP. AR responded that some improvements require investment. CO highlighted that the analysis of operational data is not suggesting any issues that the company have not anticipated, and showing how the company plan responds to customer needs will be included into the next phase of work on the BP for PR19

JJ commented that it was not possible to currently see clearly what the company's narrative for the next BP was i.e. *what your customers want and how you are responding*. The narrative needs to be clearly supported by the data, for example, if anything has been learnt about the installation of meters i.e. how the transition works from a fixed bill to a metered bill and how you respond to your customer concerns. The CCG will want to see evidence of this and how you demonstrate this to the customer and the Regulator.

Provide the CCG with a clear, high-level narrative for the PR19 BP and point out the evidence from customer contact and insight that backs that up and has been used by the company to make decisions

**CO
KS/AR**

CW noted that the information presented had also been provided to CCWater and needs to be reflected in the BP to show AWL has really understood the insight from its contacts with customers and has a clear evidence base.

AWL highlighted that it was reviewing whether to continue with the Value for Money survey through to the end of the current business plan period. The survey is very costly and it appeared likely that its intended purpose was being replaced by Ofwat developing the new CMex measure in PR19. The company had instigated a discussion with Ofwat about this.

AWL to update the CCG on its decision about the VFM survey

CO/AR

TP observed from the information that the key areas highlighted by the analysis of customer contacts were:

- payment plans,
- interruptions,
- incident information updates,
- leakage,
- the delivery of the WSP; and
- water pressure.

TP thanked KS and AR for the presentation. The CCG noted that the data and analysis was comprehensive and the presentation provided reassurance that operational data was being analysed by the company. The challenge was for the company to show the CCG the link between the analysis and the proposed business plan.

5.2 Business Plan Strategy:

Presented by Chris Offer

AWL had circulated for information a draft of the company's high level strategic 'narrative' introduction to the PR19 Business Plan. CO It had not been shared with the Regulatory Working Group or the main Board and would require Board sign-off.

The strategic narrative recognised that the company can only achieve its objectives in partnership with its stakeholders and that there were still issues relating to the underlying water resources.

TP welcomed sight of the high-level narrative but explained that the CCG needed to see how it linked to the proposed business Plan. AWL also needed to consider whether there were any issues on which any additional customer engagement was needed to support the narrative where there might not be evidence at present of customer support.

Members to feedback any comments on the draft strategic narrative document to AWL cc TP

ALL

5.3 Performance Commitment Framework:

(Presented by Lauren Schogger, Tim Charlesworth and Chris Offer)

The following documents were tabled at the meeting:

- *PR19 Summary of Customer Engagement [formerly referred to as 'Annex B']*
- *Graph showing projected household bills*

Summary of Customer Engagement Against PCs: the CCG were asked to note the spreadsheet which and incorporated changes suggested previously by the CCG. The spreadsheet shows all the performance commitments the company is proposing to include in the next business plan, the related customer insight and evidence from research, including the findings from operational customer feedback. A column (i) has also been added to include the performance commitment levels.

Maintain and update the Summary with findings from customer engagement, add the ODIs with the related results from customer engagement.

LS/ASW

CHALLENGE the CCG asked that the spreadsheet needs to also include the ODIs for each performance commitment together with the evidence that customers want it/can afford it.

CO explained that there were 13 performance commitments in the current AMP and AWL was proposing to have 18 in AMP7:

- 9 common commitments mandated by Ofwat;
- 6 new bespoke performance commitments:
 - 2 relating to vulnerability;

- 2 relating to the environment where we will develop pilot projects and continue with catchment management;
- 1 covering the reduction of properties regarded as void; and
- 1 relating to water pressure.
- 3 existing commitments will be retained:
 - sustainable abstraction;
 - abstraction incentive; and
 - the water quality measure of mean zonal compliance.

AWL proposed to drop 3 of the current commitments from the next Business Plan:

- 2 of these are currently a form of standard GSS guarantee measures of service which AWL will continue to report and make payments against; and
- the existing commitment to run the VfM survey will effectively be replaced by the new CMex performance commitment which will include customer satisfaction.

There was a discussion regarding reducing the number of 'Void' properties. CCG members challenged AWL on how this is regarded as a performance commitment that the company can control. TC explained the rationale behind the commitment which had been requested by Ofwat in the final Methodology. The Company is in discussion with Ofwat to agree the commitment proposal.

Provide feedback on the proposal for the Void properties
PC

TC

CO explained that the business had developed 6 business plan scenarios (packages) and that this had been narrowed down to three scenarios along with associated PC framework to be presented to the Board on 22 March for discussion and endorsement. The endorsement would allow the company to progress with the planned draft business plan consultation and acceptability testing.

TP asked if the Company will consult with customers regarding the ODIs and CO confirmed that this would be happening in parallel with the main draft business plan consultation and acceptability testing.

PR19 projected household bills: LS outlined the projected bill impact of the 6 different business plan scenarios (packages) and the three providing the basis for consultation. The main drivers for variation across the scenarios either come from the alternative water resources plan (with greater reductions in leakage, demand, sustainability reductions and improved severe drought resilience) or from greater operational performance (hence faster reductions in supply interruptions and low pressure).

All three of the final scenarios provide an improvement in performance above the target levels for the end of AMP6 and are accommodated within a projected falling bill profile before allowing for inflation. CO explained this was in line with Ofwat's expectations for PR19.

The CCG discussed the proposed scenarios and the associated bill levels and some concern was expressed that the draft plan scenarios could lead to a lack of investment in infrastructure that might be needed to improve resilience/reduce risk to security of supply in the short term.

CHALLENGE are the right conversations being held with the customers? When will the CCG have more details about the business plan proposals, and bill implications, presented in a way that customers can understand?

EM/LS

JJ left the meeting at 1 pm

5.4 **Review of WRMP Consultation Survey** (Presented by Ed Mallam)

Draft on line Survey Questionnaire: EM explained that the online survey would sit alongside the consultation process. The process will be supported by 8 stakeholder forums which will include both the Business Plan and DWRMP.

The information relating to drought permits needs to be clarified

EM

Venues and dates for stakeholder consultation events were to be confirmed but would run 9 April – 14 May. There will be at least one event in each of the eight communities held in partnership with other partner organisations.

EM to send the timetable of these to the CCG

EM

EM confirmed that the online Survey access panel is a representative group (they are AWL customers) but drawn from *IPSOS MORIS* sampling.

Members were invited to comment on the questions that had been drafted both at and following the meeting.

The CCG went through the document and the following comments and challenges were raised:

TP suggested that a question was included to establish how much the customers are aware of the environment they are being asked questions on e.g. can they name a local river.

- a) **Leakage Question:** this question states the Company is 'working towards reducing leakage by 14%' but it is not stated clearly how much water is currently leaking. CW suggested that context is needed in order for customers to understand the question and answer effectively - ie 14% of what?. An explanation in terms of water resources management and how this would impact the customer would be helpful.

AWL to assess the wording to include current leakage stats to clarify the context and to explain more clearly why AWL

feel reducing leakage is a major issue for the Company

b) **Drought:** the drafting of the question on drought, which refers to capital expenditure of £295 million by 2080, raised the same concern as to whether this amount of money and time span could be realistically assumed to be understood by customers or meaningful to them. It was suggested that customers could not be expected to relate to large capital figures or long-term plans without more information to put that in context or more importantly to indicate what the implication might be for their bills. It would be more effective to relate the cost impact of the schemes to customer bills. CCG members were aware that several other Companies had been able to do this in WRMP consultation materials already published. There seemed little validity in asking customers to support capital spend through to 2080, or not, without making it clear what implication that might have for household bills.

AWL to pick up the context awareness raised by the CCG

AWL to review the use of bill impact in the questions

c) The survey seemed too long for some members and covered similar things contained within the focus group topic guides. CCG members also suggested that given the complexity of the proposed questions the quantitative survey was developed **after** the focus group sessions in light of learning from what questions work with customers and what their priorities and interests are.

Look at the length of the survey and if questions are similar to those asked in the focus group surveys

d) Will there be different weightings applied to the surveys/interviews/stakeholder events?

e) **Q 15:** is a difficult question to answer – by sticking to the technical terminology and wording it is very unclear. Some questions have figures, some questions refer to costs but don't have any figures to support the statements.

Ensure consistency of data and supporting information

f) The CCG felt it would be very useful to include more meaningful questions than proposed that would help establish socio economic profile of respondents for analysis such as – age, tenure, where they live, receipt of welfare benefits, income bracket.

EM to review and update the questionnaire

g) It was suggested that the online survey could follow the in-depth interviews and that any insight gained from these interviews may be used in the development of the survey.

h) CCG members strongly suggested that AWL should follow professional advice it had received from Mori on the drafting of questions – particularly those relating to capital expenditure over very long periods of time - as it was evident from track changes on the draft questionnaires circulated that

Mori had provided some advice on drafting which was being resisted.

5.5 Review of Business Plan Consultation Survey

Business Plan Acceptability Survey: EM explained that focus groups and a face-to-face survey commences in people's homes 4 April. A Draft Brochure and survey questions are being developed. Early drafts would be shared with the CCG for review before the end of March. Consultation was planned to start on 9 April.

The minutes formally ended at 2:30 pm and the Committee continued with a closed session

Draft Brochure and draft Survey to be sent for feedback from the CCG

ASW

Minutes from Members' only session

6. Members only Session

6.1 Draft Assessment Framework for PR19 report

Members met privately without company staff present to consider and agree the draft assessment framework for their PR19 report for Ofwat.

Circulate draft assessment to CCG members and communicate to AWL

TP

Members reviewed progress the company had made, to date, in relation to each of the 19 factors on the assessment framework and allocated Green, Amber and Red ratings against each of the factors to enable the Chair to feed back to the company the areas where there was most risk that the CCG would be unable to say that the company's customer engagement approach fully met the requirements of Ofwat's policy.

The RAG rating definitions for the provisional assessment were agreed as:

- **Green =** at this stage it **seems highly probable** the company will fully meet expectations on this aspect, although a complete, finished presentation of the approach to this aspect is not yet available
- **Amber =** at this stage we think the company could fully meet expectations on this aspect, there is evidence this aspect is being addressed although more work is needed if the company is to fully meet expectations.
- **Red =** we are not confident that the company will fully meet this aspect

CCG members considered that although work was ongoing and had not yet been completed the company's approach to looking at customer vulnerability and affordability of bills was highly probably **Green**.

The CCG had not seen the complete proposition on these aspects and suggested these issues are completed as soon as possible.

There were 5 items members were clear are red and corrective action will need to be taken in the approach to customer and stakeholder engagement over the next few months, as well as in the presentation of evidence to the CCG.

The aspects currently rated as **red** were:

- Has evidence and insight obtained from customers **genuinely driven and informed the development** of the business plan?
- Has the company engaged effectively with customers on future and long-term issues, including tradeoffs and risks, **in a way customers could be expected to understand?**
- Has the company effectively informed and engaged customers about its current performance **and how this compares with other companies in a way customer could be expected to understand?**
- Performance commitment levels and ODIs – CCG view on how the company has approached this, including whether there has been customer engagement, **whether the proposed levels are sufficiently stretching and** whether customers support the proposed costs and rewards.
- Resilience – has the company's assessment of resilience **been informed by engagement with customers** to understand their expectations on levels of service, their appetite for risk, and how customer behaviour might influence resilience?

The CCG considered that most of the remaining issues were **Amber**. There were nevertheless a variety of things the company needs to do to garner and present the evidence and insight it has in a compelling and 'joined up' way to secure a Green assessment from the CCG.

The Chair undertook to circulate the conclusions of this assessment to all members, to brief the company and offer to present and discuss the views of the CCG at the Board Strategy day on 22 March 2018.

6.2 Draft Annual Report

A draft Annual Report had been circulated for members' comments to the Chair. Information about the company's 2017/18 performance commitment results would be circulated before the Annual Report was finalised.

Comment on the draft annual report

All

7. Governance and Development

7.1 Challenge Log

The updated Challenge Log was noted.

Publish the updated Challenge log

ASW

8. AOB and forward look

8.1 AOB

None

8.2 Forward Agenda

The Forward Agenda was noted.

It was noted that AWL had yet to advise on any proposals for a triangulation session to consider the outcome of the business plan acceptability testing and stakeholder engagement.

The meeting ended at 15:30

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

Signature.....

Tanen Ferris

Date.....

13/06/2018

Chair

