

MEETING NOTES

CUSTOMER CHALLENGE GROUP

Monday 11th February, 10:00-13:00

**Bevan Room, Ty Awen,
Spooner Close, NP10 8FZ**

Present: Peter Davies (Chair), Phil Marshall, Mari Arthur, Nigel Draper, Geraint Weber, Dimitrios Xenias, Paul Harrison

Dwr Cymru Welsh Water Representatives: Mike Davis, Alun Shurmer, Anna Riddick, Daniel Davies

Apologies: Lia Moutselo, Richard Garner Williams, Lee Gonzales, Bill Darbyshire, Duncan McCombie, Eifiona Williams, Michelle Lewis

1. Welcome and Introductions **10:00**

The chair welcomed Phil Marshall who was stepping in for CCW representatives and congratulated Mari on being elected Chair of IEAP

Notes on the last meeting were agreed with the amendment of Duncan McCombie was misquoted as Duncan McClaren

2. Welsh Water Overview of Initial Assessment, of Business Plan CCG review **10:15**

Daniel Davies led the review discussion against the presentation previously circulated to the CCG

PR19 timetable – 31 January (IAP published), 1 April (deadline for IAP response), 18 July (Draft determinations), 30 August (company representations), 11 December (final determinations).

Company categorisations – no companies met the exceptional category, 3 companies in fast track with Dwr Cymru in the slow track category requiring further work to respond to the areas highlighted in the assessment by April 1st

Ofwat have provided a template for this response to be completed by April 1st. Slow track companies are expected to keep working with their CCG as they prepare to resubmit their business plan in response to initial assessment.

The Dwr Cymru Board will be considering the response on March 7th and signing off on March 28th

Test areas - DCWW received an A in securing confidence and assurance. It was also noted that the company had now been awarded self-assured status by Ofwat for its assurance reporting

The company had B grade in engaging customers and addressing affordability and vulnerability, C grades in other areas but a D in securing cost efficiency

The D grade is a critical issue and would have been the key factor in not securing fast track status. Ofwat’s view that the company should be achieving upper quartile performance in common areas without requiring additional investment and cost efficiency modelling shows that DCWW’s costs are 22% above Ofwat’s view of efficient costs.

Key areas of Ofwat challenge

		Target 2024-25	
		Business Plan	Upper quartile
	Unit		
Water supply interruptions	Minutes	8	3*
Acceptability of water	Contacts per 1,000	2.0	1.5
Pollution incidents	Incidents	90	72*
Sewer flooding (internal)	Properties	273	203*
Sewer flooding (external)	Properties	3,800	2,128
Per Capita Consumption	Litres/ head / day	139	129
Vulnerable customers PSR	Number	100,000	212,121**

In addition Ofwat have not accepted special cost factors relating to dam safety, zonal studies, or Merthyr super works.

ODIs are also a key area where Ofwat have pointed out misalignment between ODIs and what the customers expressed in research. This was seen to be a common issue across companies.

The company highlighted the specific issue of costs related to the recovery of costs for the Loughor estuary investment. Ofwat are planning to disallow any expenditure accrued before March 2019 which is the bulk of spending on the estuary, if applied

the company would have no choice but to have a bill increase next year to cover the costs.

It was felt by the company that this Ofwat assessment provided far more detail and specific feedback than in previous price reviews

3. Summary of CCG Response

12:15

It was encouraging that the assessment provided positive feedback in the key test areas relevant to the core role of the CCG, although there are areas where we can learn from other companies, particularly those A graded on customer engagement and support for vulnerable customers.

The CCG agreed that further customer research in the period to April 1st was neither required nor appropriate, as it would not be meaningful and would undermine the commitment to excellence in customer engagement.

It will be important for the company to undertake a detailed analysis of the available data in order to see if it is possible to strengthen the evidence provided, while also highlighting any gaps that would need to be addressed through further research in the period to July.

Several of the key issues raised in the assessment do relate to points we highlighted in the CCG report in

- Consistency between plan and customer evidence base - demonstrating a golden thread between what customers were saying and general priorities in plan
- challenging whether certain targets were stretching enough and the clarity on the underpinning evidence base
- alignment of ODIs with the evidence base and overall impact of ODIs on bills

Our report however did acknowledge the challenge of customer engagement around the ODIs and the messages coming back from customers in respect to the operation of ODIs

It was agreed that the CCG would be kept in touch with the progress on the company response to the issues raised with a full CCG meeting the week of 11th March to enable the CCG to provide a response to the Board meeting on the 28th March.

It was noted that Welsh Government must remain a step removed but are interested in suggestions for improvement for next price review. The Minister was meeting with Ofwat this week to review regulatory frameworks operation in the devolved context.

Action - Date setting for the CCG meeting for week of March 11th

4. CCG Plan beyond April

12:45

The chair confirmed that there were 4 new members of the CCG had been approached to cover areas identified in the review as being gaps. These will be confirmed shortly and an induction session planned for early April.

There was still need to secure greater capacity to support Dimitrios' lead on customer research particularly around data.

Discussions had been held with the company and previous chair of IEAP and note of meeting circulated. This relationship still needs to be strengthened with Mari as new Chair.

The initial review of learning from the PR19 process has been circulated but this will be finalised at the end of the process.

Action -it was agreed that the CCG should provide a report to November Board on the lessons from PR19 and also on the forward programme for the CCG.

The April CCG meeting would consider the forward work programme for the CCG