

MINUTES OF CUSTOMER CHALLENGE GROUP

Meeting held on Thursday 9th February 2017 at 10:30
Llandegfedd Water Sports Centre, Llandegfedd Reservoir, NP4 0SY

Attendees: Peter Davies (Chairman); Craig Anderson (Warm Wales); Daniel Davies (Welsh Water); Mike Davis (Welsh Water); Nigel Draper (Valleys to Coast Housing); Lee Gonzales (Consumer Council for Water); Danielle Ingleson (Welsh Water); Louise Jackson (Welsh Water); Ruth Jenkins (Natural Resources Wales); Carly Jones (WEL representative); Duncan McCombie (McCombie & Daughters Ltd); Lia Moutselou (Consumer Council for Water); Steve Ormerod (Cardiff University & Chairman of IEAP); Anna Riddick (Welsh Water); Alun Shurmer (Welsh Water); Dimitrios Xenias (Cardiff University); Paul Marsh & Peter Jones (for agenda item 3)

In attendance: Joanne Murphy (Welsh Water); Rob Sheldon (Accent);

Apologies: Jean Francois Dulong (Welsh Local Government Association); Delyth Jewell (Citizens Advice); Marc Lee (Legal & General); Rachel Lewis (Age Cymru); Rachel Lewis-Davies (NFU); Russell Todd (WCVA)

1. Welcome

- Peter Davies welcomed all members to the meeting and introductions were made.
- An optional visit to the Valve Training Rig at Sluvad Water Treatment Works would take place at 14:00.

2. Performance Update (Mike Davis)

- The Group reviewed the performance report which is an extract from the monthly report that is considered by the Board and which contains Scorecards and KPIs.

NOTED in discussion:

- DCWW is behind target on water colour, taste and odour (set a stretching target). This is a common problem for DCWW compared to other companies and relates to the area and nature of the infrastructure. A further investment for pipe replacement will take place over the next few years and whilst the work has started there is generally one or two years lead time.
- The customer service matrix shows a good overall performance but there is a small minority for repeat problems where customers are having to make chase calls.
- Unexpected glitches with the new billing system caused complaints.
- An increased number of contacts about the debt recovery processes have been received following a change of approach.
- 8 different systems currently capture customer contact and the methods used. This has caused problems whereby information has not been easily visible and has been missed. A major investment into a new system to capture all the information in one place has been made. Helping staff communicate better with customers is critical to the process.
- Customer Feedback App has been rolled out to 160 colleagues so far.

Notes and actions from discussion:

Debt is an area of focus for the CCG going forward. Dimitriox Xenias recently attended a CCG Chairs meeting (in Peter Davies' absence) and debt was very much the focus of discussion. The CCG emphasised that reducing the cost debt on customer bills is part of the compact with customers that allows the social tariff subsidy, but that the process needed to be handled sensitively to distinguish "can't pay and won't pay"

DCWW need to ensure customers are aware of the help that is available e.g. HelpU tariff
CCG to receive updates on progress re debt reduction

The CCG asked for feedback in future meetings on the implementation of the App and progress on the improvement in customer contact systems

The Stronger Together Conference, facilitated by the CCG, identified potential for collaboration between utility companies and potential for building better links to local wellbeing and resilience plans. The CCG encouraged the company to follow through on the outcomes of this conference

The CCG raised the issue of performance in the non domestic sector and the impact of market opening. The importance of ensuring that the business voice was heard through the CCG was stressed – action to be taken forward via the Chair

3. **Annual Performance Report – Assurance Plan Overview (Peter Jones/Paul Marsh)**

- The Annual Performance Report is published before the 15th July and contains a mix of financial/non-financial data and measures of success.
- An Audit & Assurance Framework is in place and was designed to build a high level of trust – there is a close link to the Board.
- The Company Monitoring Framework was introduced by Ofwat last year and put companies into categories. It has been a challenge for all companies but has a transparent approach and concentrates on accuracy of data in parts.
- The assurance plan looked at 29 measures – an analysis of strengths and weakness has been undertaken this year.
- Ofwat suggested the assurance plan could contain more financial data. This has been taken on board and will, from this year, include data on statutory and regulatory accounts.
- Engagement with the CCG will be improved this year and links to the consultation will be circulated.
- Hard copies of Welsh Water's Statement of Risks, Strengths and Weaknesses 2016/2017 were left for the Group to review after the meeting.

Actions from discussion

- Peter Jones to circulate copies of last year's report to the CCG.
- Paul Marsh to share the email sent to all stakeholders.
- Peter Davies to have a further discussion with Peter Jones & Paul Marsh to review the assurance process in more detail on behalf of CCG

4. **PR19 Update**

PR19 Timeline/WW2050

- WW2050 work sets the long term context for the PR19 plan.
- Customers are being asked about 'measures of success' and the cost implications for making improvements.
- Efficiency is important and we need to ensure we have a plan for 2020 cost efficiencies. Costs are assessed at price review and DCWW needs to benchmark against other companies.
- Ofwat will publish the methodology consultation in July

- The Board will discuss WW2050 in September and by early 2018 we will have a view of what the PR19 plan will look like.

Notes and actions from discussion:

The need to consider disruptive challenges that are likely to transform systems and not just consider business as usual models

Resilience framework and environment impact has to be critical, given the potential scale of climate change impacts of the period and longer term

A consultation launch event for WW2050 will take place in May; a full discussion will be held at the CCG meeting in April; Qualitative research via focus groups will be undertaken in May/June. All stakeholders will be offered one to one discussions on WW2050. CCG members will have opportunity to engage in this process and attend focus groups.

The CCG will review WW 2050 consultations submissions to inform its challenge framework for PR19

Ofwat Outcomes Consultation

- Performance targets need to be stretching.
- Outcome Delivery Incentives – these were new at PR14 and the theme proposed was to strengthen ODIs with consistency of how they were applied across the industry.
- Ofwat have stated that companies need to work more closely with other utilities to make joint plans.
- Noted the 10 common performance measures Ofwat are considering prescribing.

The Chair noted that he was intending to respond to the OFWAT Outcomes consultation

Measures of Success

- Measures of Success will be considered more fully at the next meeting.
- The Group considered the tabled 'Promises' chart which is an internal document on what does and doesn't work.
- All areas will be prioritised into a draft list.

Customer Research Timetable

- PWC are helping to work on triangulation to track and evidence the narrative required.
- A record of what is being done and what decisions are based on should be available in June as a Triangulation Report drawing on the full range of customer evidence
- At the next meeting, discussion will focus on the illustrative research matrix

5. **WTP Update (Accent Research)**

- Received an update from Rob Sheldon which included an overview of the two survey approaches tested and the proposed revised layout.
- The PR19 style survey has the advantage of being simpler for respondents, can accommodate more attributes within the same survey and is associated with a higher conversion rate from recruitment to completion.
- Further refinements and testing will need to be conducted following the first 100 interviews.

NOTED, in discussion:

Ofwat have shown interest in the research and have been briefed on proposed changes.

Some questions had been “framed” differently so that customers understood all the potential implications of given scenarios.

The possibility of varying the building blocks to questions so that some customers receive questions in a different order. Respondents may be getting despondent towards the end of the question set.

Basic assumptions have been made that all respondents know how to answer the questions and this may not be the case. The use of a proxy was suggested and this is something that could be explored.

Vulnerability doesn't always equate with literacy skills etc. Carly Jones will provide details of software that is available to read text and provide an approximate reading age.

The CCG agreed to approve the revised PR19 processes as set out

6. AOB and Date of next meeting

The date of next meeting - 24/04/17