

MINUTES OF CUSTOMER CHALLENGE GROUP

Meeting held on Thursday 22nd September at 10:30
Thomas/George Room, Ty Awen

Attendees: Peter Davies (Chairman); Daniel Davies (Welsh Water); Mike Davis (Welsh Water); Jean Francois Dulong (Welsh Local Government Association); Lee Gonzales (Consumer Council for Water); Leighton Jenkins (CBI); Geraint Weber (Natural Resources Wales); Delyth Jewell (Citizens Advice); Carly Jones (WEL representative); Rachel Lewis-Davies (NFU); Lia Moutselou (Consumer Council for Water); Anna Riddick (Welsh Water); Alun Shurmer (Welsh Water)

In attendance: Julian Jacobs (J-Consult Ltd); Joanne Murphy (Welsh Water); Rachel Risely (Accent); Rob Sheldon (Accent); Ali Sims (Djs); ??? (Blue Marble)

Apologies: Craig Anderson (Warm Wales); Nigel Draper (Valleys to Coast Housing); Louise Jackson (Welsh Water); Ruth Jenkins (National Resources Wales); Graham Jones (Federation of Small Businesses); Marc Lee (Legal & General); Duncan McCombie (McCombie & Daughters Ltd); Steve Ormerod (Cardiff University & Chairman of IEAP); Amanda Williams (WCVA); Dimitrios Xenias (Cardiff University)

1. Welcome

- All members were welcomed to the meeting and introductions were made.

Timings of Meetings

- Peter Davies explained the meeting would be a critical session which will influence the next stage of the research.
- The next meeting will be held on Monday 31st October. The date has been brought forward from late November to better align with the research timetable.

Vulnerable Customer Workshop

- A vulnerable customer workshop (facilitated by Julian Jacobs) was held on Monday 19th September – thanks were extended to those who were able to attend.
- Competition in the industry and information on hard to reach customers was reviewed. There are few direct links or examples of best practice available.
- A review took place of what DCWW is currently doing and what is planned.
- Partnership meetings with CCG were considered.
- Valuable input from L&G colleagues was received. They demonstrated a wider research portfolio that can be drawn upon.
 - L&G have three groups of customers built into their business planning:
 - Crisis
 - Capability
 - Connectivity
 - Alun Shurmer added a 4th group 'Circumstance' from a DCWW viewpoint.
- Agreed to include a short session on the customer sentiment dashboard at the October meeting.
- Lia Moutselou circulated a summary of CC Water paper. Some information is not public yet but the paper will be circulated by email with a caveat not to disclose further.

2. **DCWW Company Updates (Alun Shurmer and Mike Davis)**

Return of Value Consultation

- The Return of Value consultation closed on Monday.
- 12,051 responses were received from all parts of Wales.
- The increased awareness of 'not for profit' has changed the views of customers.
- 2000 customers have provided their details for further contact/involvement.
- Further analysis is required. A detailed paper will be available at the October meeting.
- CCG will be able to provide their input after the results have been considered at the November Board meeting.
- A public announcement of how the profit will be spent will be made in July 2017.
- It will be useful to see the key messages that have been delivered from the consultation which will become an annual exercise and iterative process.
- The need to engage with business customers. Peter Davies to follow up on a further Business Breakfast meeting and will report back at the next meeting.
- The benefits in comparing urban vs rural issues.

Complaints

- Alun Shurmer had emailed CCG alerting them to the CC Water announcement regarding a significant increase in complaints for DCWW.
- There are three main reasons for the increase: glitches with the new billing system; chasing bad debts; changing customer contact styles (from telephone to email/web contact)
- The numbers are too high and there are challenges ahead.
- DCWW will be submitting a report to CC Water in response to the announcement and this will be shared with the CCG.

Market Reform

- Some competitors are exiting the competition market.
- Ofwat's report to UK Government is extending to the household sector in England.
- A Water UK report identifies issues in South East England who face water shortages. One resolution to this is to move water from Wales and the North to the South. This is a long term issue and it would be useful to seek the views of customers in the future.

3. **Research Feedback: Willingness to Pay (Rachel Risely, Accent)**

- This is a multi-phased piece of work. The field work was completed at the same time as the performance measures work.
- Customers interacted with show material and were also asked to consider different scenarios. Water diaries were kept on paper or on an app.
- The exercise revealed that although people focus on the numerous clear water occasions, taking away the wastewater service has the greatest emotional impact.
- Customers did not spontaneously mention persistent low water pressure, hosepipe ban, odour or noise from sewage works as priority areas.
- The most important issues raised were sewer flooding inside/outside; discoloured water; water taste and smell.
- Some updates have been made to the materials. Both PR14 and PR19 approaches are to be piloted in the quantitative stage but qualitative feedback suggests that the new materials are seen as a considerable improvement.
- Further improvements will be made e.g. language changes and the potential to gamify is being considered
- Comparative data was explored but as there is no direct comparison, the market data is not felt to assist customers in making choices about where DCWW should be investing. Customers would prefer to see year on year performance against targets.

- Next Steps
 - Final list of service measures and levels to be agreed.
 - Further input from CCG will be required week commencing 14th or 21st November for customer evaluation work.
 - PR14 involved a comparison across 17 companies. It would be possible to do the same under PR19 but other organisations are most likely to look at DCWW as are slightly ahead. Comparisons can be made with the South West and North in terms of the coast and mountains etc.

4. Phase 1 Research Feedback – Presentations from Accent, Djs and Blue Marble

Blue Marble – Customer Priorities

- *Mood*
 - Overall, optimism is outweighed by concerns.
 - Low income groups and vulnerable customers paint a particularly bleak picture.
 - The youngest group felt they had been dealt a bad hand.
 - The empty nesters/retired group were the most optimistic.
 - Implications for DCWW:
 - Post-recession cost-consciousness prevails
 - Need to demonstrate empathy for customers experiencing hardship.
- *Looking to the Future*
 - Customers raise issues that relate directly to wellbeing goals. However goals with more direct relevance to DCWW (resilience, global responsibility) are less immediate for customers.
 - There were common themes across all sessions. Awareness of a lot of issues is low e.g. metering.
- *Perceptions*
 - Domestic customers have vague perceptions of DCWW and struggle to assess trustworthiness. Very few are aware of not-for-profit status.
 - Most non-domestic customers were unable to describe DCWW in terms of brand values or attributes.
 - SMEs tend to judge DCWW in relation to other utilities – it is perceived as better at service delivery and value.
 - Account managed customers have different expectations – tend to judge in relation to other suppliers. It fares less well on softer, relationship attributes
 - Implications for DCWW:
 - Customers have no choice of supplier and are unable to make comparisons
 - Bills differ between neighbours for domestic customers (often inexplicably)
- *Expectations*
 - Domestic customers recognise two future challenges for DCWW – population growth and climate change
 - Non domestic customers expect DCWW to put customers first and act like a competitive supplier.
 - Implications for DCWW:
 - Customers appreciate the need to invest in the future but question bill increases without clear justification
 - Additional investment will need strong communication to develop trust that is in the customers' best interests.

Accent – Performance Measures

- Water is a low interest area.
- People struggle in a small company environment. The original 8 performance measures and underlying targets were felt to be too ‘corporate’.
- Lack of relevance means that customers question why DCWW are focusing on ‘performance’ measures’ in a non-competitive water world.
- Customers are looking for ‘promises’ to be optimistic, dynamic, believable and challenging.
- The new approach to customer promises was welcomed. However, issues with language, focus and underlying targets mean these need to evolve further.
- Next steps – continue development of promises, measures and targets.
- There is the potential to reconvene respondents to test final set pre-Christmas (late November).

Djs - Resilience

- Focus group and in-depth interviews were held with household customers and businesses.
- Participants understood the terms “reliability” and “resilience” and whilst they weren’t able to expand on these in great detail there was an understanding of what they mean.
- Participants were prompted with three different scenarios relating to water supply, water quality and sewer flooding.
- Sewer flooding was totally unacceptable to customers with water supply having the highest tolerance levels.
- The extent to which DCWW should be planning for extreme events was also investigated
 - There was a general consensus from domestic customers that between a “once in a generation” flood to once in 200 years is what should be planned for
 - There was a rough consensus from business customers to plan for 1 in 50 years.
 - Both groups felt water quality was something that should be constantly planned for.
- There wasn’t a great deal of difference in vulnerable customers reactions to the different resilience scenarios compared to the wider group of participants. The differences were:
 - They were clear that they will need assistance in accessing water
 - Delivering water both proactively and on-request are essential after they have made contact with customer services
 - Planning for floods should be around a 1 in 50 year period.

5. Phase 1 Research – DCWW Next Steps (Alun Shurmer)

- Four distinct pieces of research have been conducted.
- DCWW have reviewed the research to identify commonalities and differences between the findings.
- A decision on including 5 or 6 measures will need to be made in the next few weeks.
- Immediate response
 - ‘soft’ dimensions (values, customer focus) need to be developed to build Trust in Welsh Water – Trust surveys are ongoing
 - Low awareness of not for profit status - Continued Not-For-Profit awareness raising through social media and ‘Have your say’ campaign
 - Internal feedback to Commercial Business Team regarding feedback from SME’s and Account Managed business’
 - Measure satisfaction specifically amongst businesses against other utility providers for SMEs; and other key suppliers for Account managed
 - Increase promotion of Vulnerable Customer services
 - Ensure we’re using clear and understandable language when referring to what water can or can’t be used for when e. boil notices are served

- PR19 implications
 - Minimise any bill increases and ensure clear justification
 - Case for long-term investments (e.g. resilience) need to be clearly explained to customers.
 - Keep list of measures of success to a minimum
 - Review of wording and associated MoS for Customer Promises
- Previous project suggestions from CCG for Phase 2 were considered. Noted, in discussion:
 - Most flooding is caused by surface water. This is a key priority for Welsh Government who are focused on 3 key areas for their Water Strategy. DCWW need to understand more of customers' perception on flooding etc.
 - There is a perception that bills are lower in England. Pumping water from Wales to England may not be a popular decision and is a much bigger issue for the Government to decide.
 - Catchment management is a long term resilience issue and to be discussed for WW2050
 - Accent completed Stage 2 water resource work last time and can repeat this.
 - A Water Management Resource Plan is currently being drafted.
 - Building bigger pipes isn't feasible e.g. Loughor
 - The need to be mindful of not duplicating work to be done in the coming months and areas where some research may already exist.
- Agreed to bring back a proposal to the October meeting. Any further comments to be fed back to Peter Davies as soon as possible and by 7th October at the very latest. A teleconference will be arranged week commencing 14th or 21st November to consider the customer evaluation work by Accent.

6. **Date of Next Meeting**

The next meeting will be held on Monday 31st October at Linea.