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**24 MARCH 2017**

**THE GREAT NORTHERN HOTEL, PETERBOROUGH**

**MEETING NOTES**

**PRESENT:**

Independent Vice-Chair: Melanie Laws  
For Environment Agency (EA): John Giles  
For Natural England (NE): Karen Purvis  
For Customer Council for Water (CCW): Bernard Crump, Robert Light  
For National Farmers Union (NFU): James Copeland  
For the Customer theme: Colin Wilkinson (CCW) and Graham Dale (CCW)  
For the Environment theme: Chris Barnard (Ouseburn Trust)  
For the Communities theme: Mary Coyle (Independent member), Carolyn Taylor (Essex Community Foundation), Jo Curry (Changing Lives)  
For Economic Impact theme: Steve Grebby (CCW), Iain Dunnett (New Anglia Local Enterprise), Sarah Glendinning (Confederation of British Industry)  
Water Forums Independent Author: Sarah Young

For the company: Heidi Mottram, Claire Sharp, John Devall, Ceri Jones, Louise Hunter, Richard Warneford, Martin Lunn, Jim Strange, Elaine Erskine, Carol Cairns and PhD Student: Fiona Calder

Ros Shedden (Secretary)

**NOTES AND ACTIONS**

**Members met with the Chair and the Secretary without the Company**

**1. Welcome and apologies**

Melanie Laws (MJL), Water Forums Vice-Chair, welcomed everyone to the meeting. MJL said Jim Dixon (JD), Chair, had sent his apologies. He was unable to attend the meeting due to a family medical issue; his wife had undergone major surgery just two days before the meeting. Members expressed concern for JD and his family asked MJL to send their good wishes on to him. MJL agreed to write a letter expressing these sentiments to JD on behalf of members.

MJL introduced two new members, who were attending for the first time, James Copeland (NFU) and Graham Dale (Customer Advocate for CCWater). MJL also welcomed the recently appointed Forums Independent Author, Sarah Young (see also Item 3).

Six independent members, Joseph Surtees (StepChange), Professor Mark Reed (Newcastle University), Lesley Crisp (Citizens Advice), Richard Powell (Chief Executive of the History of Advertising Trust), Anna Martin (GroundWorks) and Robert Leng (Essex Chamber of Commerce) had given their apologies. MJL noted that John Giles was covering both Forums for the EA, and Karen Purves was covering both Forums for NE.

**2. Notes and actions of the last meeting (10 October 2017)**

Members approved the notes of the last meeting of the Forums subject to actions on matters arising being covered later in the meeting. Notes on the actions are held in the action log in Appendix 1.

### **3. Water Forums Independent Author**

MJL introduced Sarah Young (SY) she said SY would be working independently for the Forums, and funded by the Company.

Members asked SY about her background. SY said she started life as a mechanical engineer but her career evolved into one focused on communication, customer service and facilitating change. She has written different types of communication including: several customer service plans for rail franchise bids that are submitted to the Department for Transport (i.e. technical sales documents aimed at demonstrating the bid contains convincing and relevant plans), staff newsletters for a variety of organisations and sectors, and social media and online content during change processes.

SY said she had met with Jim Dixon (Forums Chair) to agree her role, which she described, as Water Forums Author, as one of building (awareness, reputation) and creating (story, collateral). SY's immediate focus would be to work with members to agree the 'tone of voice', communication objectives/priorities. SY would then develop the Forums' online presence.

Members warmly welcomed SY and made the following observations:

- Brand is hugely important to independence;
- other CCGs were appointing authors, the Company has made a good decision in moving away from the traditional reporter author;
- members had been considering their individual strategies, they felt that working these into their biographies would really help frame their roles;
- for economic impact areas for example, the Forums need to talk to the press – it was important to get this right; and
- short videos online (e.g. interviews) can really work.

Members had previously supplied their biographies, and some draft strategies. They agreed to have five minute phone conversations with SY so that she could produce the first drafts.

### **4. Papers Review**

Members had received the following papers for information:

- 4.1 Update from the Chair
  - A. Ofwat notes from CCG chairs meeting (9 January 2017)
  - B. Water Forum response to NWL Draft Assurance Plan
- 4.2 NWG CEO company update
- 4.3 Members updates
  - A. Vulnerability workshop notes
  - B. Environment workshop notes
- 4.4 Forums strategy
- 4.5 Water Resources Management Plan

Members agreed that the papers could be taken as read. They noted that the content was appropriately focused and agreed that this continued to be a good way of providing information into the Forums to allow more time for knowledgeable face to face engagement with the Company.

Members noted that, as was their intention, an increasing amount of work was now taking place outside of the main meetings.

CCWater's Colin Wilkinson had provided a paper, 'Learning from other CCG's ways of working', which he had produced after meeting other CCG members. MJL said this gave members some good best practice which could be incorporated into Forums ways of working. Members discussed options for ways of working and the programme – these are recorded in Item 10 (Programme Workshop) below.

Melanie Laws (MJL) said she had attended an Ofwat event on 23 March 2017, Heidi Mottram and Claire Sharp had also attended for the Company. They discussed this with members in the customer engagement section (see Item 3).

MJL asked members to identify any topics they wished to raise with the Company. The main issues raised were:

- In regard to the Company's morning announcement (24 March 2017) on Wave, its joint venture with Anglian Water – members were keen to hear about this from, and discuss it with, the Company CEO.
- The debate on this topic is summarised in Company members join the meeting (Item 5 below).
- In regard to the process for producing the Water Resources Management Plan:
  - company plans for customer research on metering included asking about universal metering – members wanted to ask the Company's about its intentions on universal metering; and
  - water resources – members were disappointed that the Company paper (4.5) missed an opportunity to look at long time resilience, the Company needs to avoid thinking narrowly.

The debate on these topics is summarised in Question Time (Item 8 below).

## **5. Company members joined the meeting**

Melanie Laws (MJL) welcomed Company members to the meeting.

MJL asked Heidi Mottram (HM) to give an update on the Wave announcement.

HM said the joint venture was a significant development, the Company believed it made a lots of sense, advantages included:

- scale – the new company would become the third largest retailer – the margins in retail would be small and so larger companies, being more efficient, should be more successful; and
- synergies – the companies had different strengths which made them stronger together, e.g. Anglian had Scottish market strength and NWG had digital strength.

HM said the companies' values and behaviours were not dissimilar. As some members were involved in Anglian CCG they would already be familiar with its corporate culture, for those that were not the Company would send members a link to Anglian's material.

HM said the companies would move forward cautiously, there would be a controlled considered slow integration.

Members asked whether the customer' appetite was there. HM cited the Scotland experience, where there had originally been a slow burn, but then it got going. HM thought the England situation could be like this, but possibly faster.

CCWater members said CCWater predicted the first movers would be businesses with multi sites, looking for multi-utility deals. If take up is low, maybe the margins would have to be looked at again and this could be disruptive.

Regarding customer service after the retail split, CCWater has said it was concerned that some customers, if there was a problem, could fall between the wholesaler and the retailer. HM said at the outset there will be the protection of the customer, the Company would always sort problems out first and sort out responsibilities later.

Members challenged on the impact of efficiencies, if large companies were going to have the main advantages – how would the company make sure that the smaller companies were not disadvantaged by this. HM said she understood this point, it ought not to work that way, however potentially this was the way competition worked.

Members noted that Hartlepool customers had already had several changes/issues. HM said the companies were aware of this, potentially this merger could be better for them because of the partnership between NWG and Anglian.

Members referenced the energy market where big savings could be made for poorer service – they asked what emphasis would be made on service because of the small price margin.

HM said the Company was heavily focused on service, but could not succeed solely on this - price was important, especially to some businesses.

HM then asked members to continue to share any information on issues or good practice with the Company, it needed to learn as its processes develop.

## **6. Periodic Review (see also Paper 6.0)**

Carol Cairns (CA), presented an introduction to the Periodic Review (PR) process, and how the Company was structuring itself for Periodic Review 2019 (PR19).

Members welcomed this introduction alongside their emerging programme and strategy; they said PR19 should be a two-way process and they needed to:

- make sure they would be as effective as they can be;
- know where the Forums fit in the process;
- learn from good practice (e.g. CW's paper); and
- work with SY to show how it all knits together.

To ensure this happens efficiently, members agreed to form a small working group with their Author and some Company people to fine tune their terms of reference, strategy, processes and programme.

Members challenged the Company, they noted that strategic decisions would happen in this year (2017), this working group activity is therefore really urgent. The Company agreed and said it would set up this group in a timely manner.

With regards to Ofwat's judgment on the quality of companies' plans, members noted that it had said it would not support companies with poor business plans – they asked what this could mean.

HM described the PR09 process which had unfolded over time - essentially companies made submissions, Ofwat made assessments, Ofwat then gave further company specific guidance in dialogue (i.e. coaching), followed by companies' resubmissions.

This time, HM thought that the process was more mature, therefore Ofwat would expect more from companies and would not coach companies which had submitted poor plans, it would probably take a more conventional approach.

## **7. Customer Engagement Update (see also Paper 7.0)**

Jim Strange (JS) presented the engagement update paper. He said the keynote items the Company had found were:

- defining the conversation – where customers said they were interested in talking directly to the Company about customer service, value, finance and trust, but not as interested in talking directly to them about some things the Company needed to talk to them about;
- bathing water quality – where customers were satisfied with current status of the sea water and amenities at the beach were more likely to influence their decision to visit than the water quality;
- river water quality – where segmentation was key in interpretation of customers' voices – there was a lot of support for improvement;
- sewer ownership and responsibilities – where customers had a limited understanding;
- lead supply pipes – where customers demonstrated a very low awareness of the potential for harm - even after information was provided about the health risks, customers gave replacement a low priority, communication would be key;
- discoloured water – customers expressed a desire to improve further; and
- future of Combined Sewer Overflows (CSOs) - customers weren't aware of the need for or the operation of CSOs; after information was given they supported CSOs with the expectation that company would reduce spills.

JS asked members to note that the Company would set up a dedicated session with members on social tariffs.

Members made the following observations:

- some research is on small numbers of people – this would need to be recognised in the triangulation;
- beaches – recent performance has been good, but the Company should not be considered to be a 'done deal'; performance would have to be maintained as catchment pressures change; it should also remain mindful that the weather can have a huge impact on performance such as in 2012;
- with reference to the Thames (CSO) pollution example of bad behaviour – customers may lose confidence in water companies;
- the findings are fascinating, the company is finding out customers views on particular topics, but what about what is between topics; the little gems that the company sees, these should be preserved – they could possibly be things for the future – members challenged to make sure it didn't miss or lose something important; and
- the Company's willingness to pay research should give distribution of values, not a single average figure - the range is more important; boiling down to an average can make information meaningless.

Members went on to discuss outcomes – they saw the term as language for the big commitment. They noted that the Company was not necessarily revisiting them, but looking at the next level down, i.e. the measures. Members agreed that these should be more meaningful to customers. The Company used an example of how this could be done, leakage could have an additional target for the length of time from find to fixing - a mark of how important customers and the Company view it. Members welcomed the use of such service and perception measures.

Members also noted that Ofwat, in its Outcomes consultation (December 2016), had recognised that it needed some consistent measures. However in their responses, both CCWater and the Company had stated that Ofwat should consult with customers on these.

Melanie Laws (MJL) for the Forums, and Heidi Mottram (HM) and Claire Sharp (CS) for the company had attended the 'Customer participation in the water sector' Ofwat event on 23 March 2017. Ofwat had called on companies to think of customers as active participants in the water sector, not passive recipients.

Ofwat said this would be a fundamental and progressive change, but it really should not be seen as a radical position. Customers are not passive – they are in the middle of the water chain and their behaviour drives demand and dictates the sector's work.

Ofwat believed that bringing customers into the heart of the sector's thinking, and working with them to identify issues and routes to improvement, we could see better customer service and resilient supply at a price all can afford.

To inform this Ofwat had published a report on best practice in other sectors and overseas – this can be found by following this link: <http://www.ofwat.gov.uk/publication/tapped-in-from-passive-customer-to-active-participant/>.

Members and the Company discussed engagement vs participation and agreed that current engagement is a combination of both.

CS said the Company had already co-created many of its strategies with customers, e.g. its Unrivalled Customer Experience Strategy (2016–2020), it was currently working with customers on its digital strategy.

Members noted:

- they had seen many examples of participation – e.g. Water Rangers, which they considered to be excellent; and
- there should no longer be any need to compare so much to non-industry examples when water industry businesses are now excellent in customer engagement and participation.

HM said engagement and participation is the right aspiration, however companies also need structured data out of this. CCWater members said it has seen lots of types of engagement, the challenge is, if it is going to make a difference, the company needs to set how to handle it in this current review – i.e. how this all works.

JS said this would become clear when members worked with the Company on its triangulation processes.

## **8. Annual Assurance Plan (see also Paper 8.0)**

Jim Strange (JS) presented the outcome of the Company's Draft Annual Assurance Plan consultation. The Company had more success in its stakeholder consultation than in 2015/16, including the response from the Forums.

The most important aspect of this year's consultation was that the Company had produced a customer version of the draft plan, and for the first time actively reached out to its customers. This had been highly successful, customers had responded with a range of requests for help and recommendations for the plan. JS gave an example of an excellent request which had helped improve the plan, a request for information on the Company's data protection assurance.

Members asked how many of the customer responses to the Assurance Plan consultation were from vulnerable customers. Elaine Erskine (EE) said that the Company did not know this as it had emailed our database of all customers whose email address it held. The Company could, however, cross reference this with details of customers on our priority services register so see if we can get a feeling for this and share with members.

JS said this response was consistent with customers' views, in the 'defining the conversation' engagement, saying they wished to talk about trust and confidence.

Members congratulated the Company on its assurance plan customer engagement, they said this had not been achieved by any other company.

On impending further data protection regulation, members asked how the Company was managing it. The Company said it had a dedicated team for this; it was working from a strong base. Charity

members asked if the Company could consider helping others. The Company said it was very happy to do this, and took the action contact charity members to offer help.

Members then went on to note that the Water Minister had signalled that Government Agencies may begin data sharing to support vulnerable people. Lack of vulnerability information had long been a barrier to water companies. Members agreed that this would be a start of a more joined up approach.

## **9. Question Time**

Members' brought three important areas of discussion to the table – current performance scrutiny, Water Resources Management Plan – customer engagement on universal metering and water resources.

### ***Current Performance***

Members had been given a performance update in the NWG CEO company update paper (4.2) – they asked when the Forums would focus on this.

HM said the Company planned to follow the process it had used in 2016 when it gave a comprehensive update to the June meeting; then industry comparisons were provided and discussed at the first meeting after they are available, in 2016 this was in October. In addition mini updates would be given to other Forum meetings.

### ***Customer Engagement on Universal Metering***

Members had noted that the Company proposed to include questions on universal metering in its customer engagement. They asked if the Company was considering moving to universal metering in Essex.

Martin Lunn (ML) said that companies in seriously water stressed areas had a statutory requirement to do research on whether customers would like to be metered.

CCWater members said they had worked with another company; its research found that meters didn't reduce consumption on being fitted, they reduced consumption after being given advice. Ofwat is pushing companies to carry out more demand management. Members agreed that this will be an interesting topic for Forums.

### ***Water Resources***

Members said that although Company resources are secure at this time, it should still look at long time resilience, the company needs to avoid thinking narrowly.

Heidi Mottram (HM) said the company is in a secure place, but does take its strategic obligations seriously. Martin Lunn would cover its activities in this area in a presentation on resilience (see Item 11).

## **10. Water Forums Programme Workshop**

The Company had further developed the Water Forum activity programme which overlaid Forum activities on to the regulatory time line. Members were able to see:

- key deadlines, including Water Forum Report timelines;
- work scheduled outside of meetings;
- main Forum meetings, with draft agendas;
- induction activities;
- PR19 customer and stakeholder engagement activities allocated to network themes; and
- other non-PR19 activities allocated to themes.

The Company said it would meet with individual members to agree their scope, then prepare a stakeholder management plan.

Members found the programme good, comprehensive and helped them understand the task in hand.

Members examined the flow of information, and made several recommendations to improve it. Also, CW's CCG best practice paper held some proposals to improve the Forums ways of working. Melanie Laws (MJL) asked for this to be considered with all the recommendations made on the day (24.03.2017) to be brought together in a quick piece of work to bring these things together, proposition what we are doing now what role is going to be.

## 11. Resilience (see also presentation slides)

Martin Lunn (ML) gave a presentation on the Company's role in national and local water resource planning.

ML described how, following a request from the Water Minister, Water UK had funded work to look at the resilience of public water supplies given the uncertainties of:

- population growth;
- climate change; and
- sustainability reductions.

The study had looked at the industry's vulnerability to historic droughts, 1 in 200 year droughts and 1 in 500 year droughts where Level 4 restrictions (rota cuts and standpipes) would be required.

144 scenarios were modelled and 13 "typical" scenarios from this range of outcomes chosen. Water resource schemes were then selected from potential schemes to satisfy the supply demand imbalance created in each scenario.

ML said this was not a National Plan but, as the future unfolds, a number of possible scenarios would drop out and then likely scenarios become more certain.

The study has given companies a mixture of demand management and resource development options to ensure demand is met. Its economic appraisal showed smaller sums of money invested in a timely manner could avoid the need for large sums in an emergency situation.

Members agreed it is a huge piece of work. However, they challenged on the concept of actually running out of water; they thought that companies would not let that happen. They asked what companies are preparing for. ML said this is why the concept of using scenarios works so well, with time some scenarios would be ruled out. It was a sustainable way of planning.

ML said drought is not the only aspect, some solutions would tackle more issues, there were some errors, there were some difficult graphics, if customers are to be engaged, more transparent publications are needed.

Members said this needs to be linked to flooding. ML said the Company had built some flood alleviation into Kielder reservoir operations. Whilst it worked here there was probably no scope for any other NW reservoirs.

Members agreed that the study was important, it set a direction. They were pleased that water was being seen as joint resource. They also noted that demand management was very important.



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## 12. Next Steps

The next Forums meeting will be held in June. In the interim, customer engagement is ongoing, the company will notify and invite members as events are set up. The programming work-group will meet in early May.

**Following the workshop, members broke the meeting to resume in camera. Members held their meeting review in this session. Melanie Laws (MJL) prepared a summary of this review, this is in Appendix 2.**