

Notes of Meeting No.8 of the South East Water Customer Challenge Group held on 4<sup>th</sup> April 2018, at Mary Sumner House, London.

**Present:**

Zoe McLeod (Chair)  
 Penny Shepherd (PS) (CCW)  
 Janet Hill (JH) (Swale Borough Council)  
 Caroline Farquhar (CF) (Citizens Advice)  
 Karen Gibbs (KG) (CCW)  
 David Howarth (DH) (Environment Agency)  
 Adrienne Margolis (AM) (Household Customer)  
 Leslie Sopp (LS) (Independent – research and insight)  
 Steve George (SG) (SEW)  
 Alison Lee (AL) (SEW)  
 Andy Clowes (AC) (SEW)  
 Jane Gould (JG) (SEW)  
 Paul Metcalfe (PM) (PJM Economics)

**Apologies:**

Veronica McGannon (VM) (Household Customer)  
 Rupika Madhura (RM) (Independent – price controls)  
 Mairi Budge (MB) (Independent – research and behaviour change)  
 Louise Bardsley (LB) (Natural England)  
 Richard Lavender (RL) (Kent Invicta Chamber of Commerce)  
 David Hinton (DEH) (SEW)  
 Oliver Martin (OM) (SEW)  
 Jo Osborn (JO) (SEW)  
 Simon Mullan (SM) (SEW)  
 Laura Rafferty (LR) (SEW)  
 Nicola Blake (NB) (SEW)

**Notetaker:** Amy White (AW) (SEW)

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1. Introductions	Apologies were received from VM, RM, MB, LB, , RL,DH, OM, JO SM, LR and NB
2. Declaration of interest	There were no declarations of interest.
3. Minutes from the last meeting and Challenge Log	The minutes were agreed by the Group.  ZM confirmed that she would ask NB for an update against actions from the previous meeting.
4. Chair's Report and Sub-Group updates	<p><b>Environmental Focus Group</b>            The last EFG meeting was well attended and covered a number of topics including the free-thaw event (and particularly the impacts on farmers/livestock businesses); Willingness to Pay research and environmental performance commitment definitions; PCC and leakage (including reporting) and behaviour change and water efficiency audits. There was specific feedback from EFG members that the company's PCC and leakage aspirations were not ambitious enough.</p> <p><b>Vulnerability Sub-Group</b>            The bulk of the last Sub-Group meeting comprised of a presentation from CAG on its findings from its stakeholder engagement, with staff, vulnerable customers and stakeholder groups. There is positive support for this work and a feeling that everything is coming together and CAG are doing a good job. SG confirmed that a new role of vulnerability champion was agreed in principle and would be progressed. The Sub-Group also discussed the definitions of the proposed vulnerability outcomes and, while</p>

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	<p>discussing the possibility of rewards and penalties for these, had a strong view that these outcomes should be reputational only. CF observed that the Company is taking on more of a social care-type role which had previously been the responsibility of other organisations such as local authorities; if that is the case then special training for staff may be needed for managing an individual's complex or challenging situations? PS advised that if the Company felt this was the case that maybe this should be flagged up to regulators that this was an additional role that water companies were being expected to fill.</p> <p><b>Research Methodology Sub-Group</b> The focus of the last Sub Group meeting had been ICS' proposal for additional qualitative and quantitative research on the Company's draft WRMP. The Sub Group urged the Company to ensure that customers are able to make informed choices, and to frame leakage, PCC and drought questions carefully so as to not restrict the debate around what customers consider is stretching performance.</p> <p><b>Responsible Business Workshop</b> The workshop saw high levels of participation from attendees (limited representation for this first event) with two overarching themes emerging – the public health aspect and healthy environment. Consensus was reached on what being a responsible business means. PS felt that the Company could lead the way in societal events and were heading in the right direction with regard to 'responsible business'. She felt that the focus in this area from the company's shareholder representatives (Hastings) was a positive step in achieving this.</p> <p><b>Ofwat CCG Chairs meeting</b> ZM raised the issue of gender weighting in WTP surveys. Ofwat had also sought to understand from the recent round of company meetings on engagement what innovation was occurring; there was discussion around how this assessment could be made when comparing small water only companies (WoCs) with large water and sewerage companies (WaSCs). Ofwat's view is that smaller companies often had the advantage in being able to reach their local communities in more innovative and targeted ways.</p> <p>There was also debate about the role of the EA and DWI in providing commentary for CCG reports.</p> <p>Gap properties and voids were also discussed, along with opportunities for innovation in this area. SG explained that every street in the company's supply area was effectively "audited" during the company's metering programme.</p> <p>ZM said that she would update the group on her update to the company's Board during the private session at the end of the meeting.</p>
5. Research programme update and PR19 programme update	<p><b>Engagement forward look summary</b> AL explained that the findings of the NHH WRMP research will be on the agenda for May's CCG meeting. Further progress is also being made regarding Financial and Non-financial support research.</p> <p>PS raised concerns about the timing of any triangulation work, and that if that exercise reveals any issues that need addressing, it could be too late in terms of a back-up plan. JG told the group that ICS were developing the triangulation framework and process and this would begin from the end of May. LS suggested the need for some contingency planning, ie there may be the opportunity to re-contact research respondents if permission had already been sought to re-test issues.</p>

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	<p>LS still has residual concerns about the choice of methods for planned research, which the one-page research summary sheet should be able to road test.</p> <p>Action: SEW to continue populating one page research summaries for future planned research and circulate to CCG.</p>
<p>6. WRMP Research</p>	<p>JG summarised ICS' proposal to carry out additional WRMP research, with 8 x focus groups (with pre-task), 12 x in depth phone interviews with vulnerable customers and 600 quantitative telephone interviews. Some of the qualitative research will be held in those areas that experienced the recent freeze-thaw event. SEW need to ensure Research Sub Groups plus EA and NE representatives have opportunity to input into topic guides.</p> <p>LS said it was important the research is framed and presented as a re-testing of issues, rather than being an exercise in confirming previous findings. LS said it was important the right people were recruited, i.e. they could deliberate the topics and make informed views. JG confirmed that ICS was over-recruiting and undertaking a 'soft' cognitive assessment prior to selecting attendees for the focus groups.</p> <p>CF asked whether there was a link between customers knowing that they had a leak and being aware of how much water they were using, and whether this was built into the water resource plan. JG explained that Lee Dance believed the more significant issue was around encouraging customers to change their behaviours. Following the freeze/thaw incident where a significant amount of leakage came from customers' supply pipes, the Group asked whether the Company had considered taking over responsibility for the customers' pipes. This is an area that has been discussed but had a number of complexities, such as ownership of assets and rights of access.</p> <p>ZM feels that there is an insight gap with regard to customers' views about sharing water and is pleased the Company are carrying out additional research to test this issue. PS asked if it is clear that the sharing is just within the south east rather than nationwide. She also asked whether the predicted population growth in the south east would have an impact on the results.</p> <p>JG also updated the group on the wider WRMP engagement and consultation so far via the slide deck prepared by Communications.</p> <p>PS suggested there was an eastern bias to engagement with little occurring in the western region. JG said this was reflective of the fact there was more proposed infrastructure development in the eastern region which naturally attracts more interest, and expectations that SEW will engage. SEW will provide a further update on dWRMP consultation and engagement to the May CCG meeting.</p> <p>Action: JG to send out Topic Guides for review and would like comments returned to her by cop Tuesday (10).</p> <p>Action: SEW to provide an update on the WRMP consultation programme and western region engagement.</p> <p>Action: AL to check that KG and PS have received invites to the upcoming cross company WRMP stakeholder events and ensure that all CCG members are invited to future Stakeholder meetings.</p>

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<p>7. Business Plan production update</p>	<p>JG presented the company's initial thinking on the structure of the summary business plan and supporting appendices, and the 5-page Executive Summary, that it would submit to Ofwat. CF asked where the vulnerability strategy would feature within the plan and appendices. JG explained that vulnerability issues would likely feature across a number of chapters while the strategy would sit within the overall Retail appendix. The Group was concerned there wasn't a clear placeholder for vulnerability in the main plan structure, while ZM suggested the Company should have a separate Vulnerability appendix so it reflected a cross-business commitment, rather than the preserve of Retail.</p> <p>AM raised concerns that the Exec Summary structure was not reflective of the main plan structure, and asked whether both were being submitted to Ofwat. JG confirmed that they were. While the documents are trying to achieve different thing within the page constraints – and so can have different structures for that reason – this will be reviewed.</p> <p>CF is concerned that the term alignment in Chapter 2 suggests customer aspirations are being shoe-horned into the Board's strategy. The Board strategy should be developed from customers and stakeholders' opinions and views. ZM added the group needed assurance that the strategy process was starting with customers. PS reiterated that it would be looking for evidence not 'fluff' in the plan.</p> <p>Regarding the cost adjustment mention in Chapter 6 of the plan, PS said it was her understanding that justification of any cost adjustments (and bill impacts) needs to be supported by evidence, e.g. customer research.</p> <p>Action: JG to review vulnerability placeholder in main plan and supporting appendices.</p> <p>Action: JG to review structures of main plan and Executive Summary to see if they can be more closely aligned.</p> <p>Action: SEW to confirm position around need for customer evidence for any cost adjustments in plan.</p>
<p>8. Non-Household context setting</p>	<p>AL provided an update on the NHH research undertaken to date and planned. –The NHH Willingness to Pay results will be presented by Paul Metcalfe from PJM Economics later in the meeting.</p> <p>Action: AL will send out a paper copy to the group of the bill profiling questionnaire for review.</p>
<p>9. Debrief</p>	<p>Non-Household - Willingness to Pay (WTP)</p> <p>Paul Metcalfe from PJM Economics presented the findings from the NHH WTP research.</p> <p>PS and ZM both asked what the Company intended to do with the results; and is there any option to re-test outcomes that may not make sense?</p> <p>ZM wondered how appropriate it was to follow the same survey structure as the household WTP design.</p> <p>ZM asked which question proved to be the most challenging for the participants. PM replied that bill increases are generally the answer that is hardest to understand.</p>

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	<p>AM had expected that water supply interruptions would come out higher than leakage for NHH customers. PS believes that it may have something to do with the business' water dependency and are SEW able to compare industry types by segmenting the NHH participants into water dependent and non-dependent?</p> <p>ZM asked within each business who we are asking to complete the survey. PM said it was the person responsible for making either bill or service-based decisions.</p> <p>The Group asked whether there was any scope to give water efficiency devices to businesses. SG explained this role would need to be fulfilled by the retailer, who has the commercial relationship with the NHH customer.</p> <p>LS asked if the graph on page 19 could have the confidence intervals applied so as to highlight that there is no significant difference between small and large water users.</p> <p>Action: Accent to look into segmenting the NHH research groups into water dependent and non-dependent.</p> <p>Action: AL to confirm the wording in the survey does clarify that they are answering questions regarding their water provider, i.e. SEW as a wholesaler (not retailer).</p> <p>Action: PM to perform and report on statistical tests for significant differences between segments.</p>
<p>10. Stakeholder mapping and perception audits</p>	<p>SG presented the group with a copy of the Stakeholder mapping document in JO's absence. JO would like any comments on the general approach.</p> <p>PS commented on the language being used in section 2.1 Vulnerable Customers under the heading Stakeholder group. It was felt that the wording 'mainstream charities and minority charity groups' should be changed to local and national charity groups.</p> <p>PS also noted that Churches and Faith groups were absent as stakeholders in relation to vulnerability and age, yet they are advocates for both.</p> <p>ZM had concerns regarding how the categorisation of the low interest/high influence had been agreed and would like to sit down with JO and review this before taking the document any further.</p> <p>LS felt the use of colour on the mapping outputs chart was not helpful, finding it confusing. He was also not keen on the key sectors' teardrop diagram. DH pointed out that although the Environment Agency appeared in the teardrop diagram, it did not feature in the Stakeholder map.</p> <p>Action: ZM will have a separate meeting with JO to discuss the Stakeholder mapping and perceptions audit document.</p> <p>Action: SG to feedback to JO the Group's comments. .</p> <p>Action: All to review the Stakeholder mapping and perceptions audit document and feedback any further comments via email to JO, copying in ZM.</p>
<p>11.</p>	<p>AL advised the group that bill profiling is not yet ready for discussion at today's meeting.</p>

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Bill profiling research update and discussion	
12. AOB	<p><b>Water Incident compensation</b> SG presented the group with a document detailing statistics following the ‘thaw’ incident. PS asked how the Company’s water incident compensation payments compared with the neighbouring water companies, Southern Water and Thames Water. SG advised that they did differ and PS wondered if there were cases where customers in neighbouring postcodes may have received different amounts due to being with another water provider.</p> <p>SG advised the group that the Company’s response to the water incident is due to be submitted to Ofwat on Friday 6<sup>th</sup> April 2018.</p> <p>CF asked how the compensation payments were being funded. SG confirmed any compensation costs would come from the Company’s general operating expenditure. ZM asked how business customers had received their compensation. SG confirmed that the Company had made the payments to the Retailers, who would then have made payments to the business customers.</p> <p><b>BSI 18477 Audit</b> SG informed the group that the BSI audit had taken place last week and that although the formal results were still awaited, the feedback from the Auditor had been very positive, with just 3 minor areas that needed work. SG said that once the final report had been received, he would share it with the group. ZM said that she was very pleased that the Company had undertaken the audit, and with the positive outcome.</p> <p>Action: SG to share the final BSI 18477 Audit report with the group when received.</p>
13. Private Session	[ZM to provide summary notes]
14. Meeting Close	The next meeting will take place on 2 <sup>nd</sup> May 2018 11:00 am – 4:00 pm at South East Water, Snodland.

### Summary of Actions and Challenges

Actions	Owners
JG and LS are to create a one page summary of the research programme detailing the methodology, an end to end process and should distribute this to the whole group.	JG & LS
JG to send out Topic Guides for review and would like comments returned to her by cop Tuesday (10).	JG
DH and JH to review the wording of WRMP research paper topic guide and feedback to JG and LS.	DH & JH
SEW to provide an update on the WRMP consultation programme and western region engagement.	JG

Actions	Owners
AL to check that KG and PS have received invites to the upcoming cross company WRMP stakeholder events and ensure that all CCG members are invited to future Stakeholder meetings.	AL
JG to review vulnerability placeholder in main plan and supporting appendices.	JG
JG to review structures of main plan and Executive Summary to see if they can be more closely aligned.	JG
SEW to confirm position around need for customer evidence for any cost adjustments in plan.	JG
AL to confirm the wording in the survey does clarify they are answering questions regarding their water provider ie SEW as a wholesaler (not retailer).	AL
Accent to look into segmenting the NHH research groups into water dependent and non-dependent.	Accent
PM to perform and report on statistical tests for significant differences between segments.	PM
ZM will have a separate meeting with JO to discuss the Stakeholder mapping and perceptions audit document.	ZM
SG to feedback to JO the comments for alteration in the Stakeholder mapping and perceptions audit document.	SG
All to review the Stakeholder mapping and perceptions audit document and feedback any further comments via email to JO, copying in ZM.	ALL
SG to share the final BSI 18477 Audit report with the group when received.	SG

Challenge