

Notes of Meeting No.4 of the South East Water Customer Challenge Group held on 7th February 2018, at Mary Sumner House, London.

Present:

Zoe McLeod (Chair)
 Penny Shepherd (PS) (CCW)
 Janet Hill (JH) (Swale Borough Council)
 Richard Lavender (RL) (Kent Invicta Chamber of Commerce)
 Caroline Farquhar (CF) (Citizens Advice)
 Karen Gibbs (KG) (CCW)
 Mairi Budge (MB) (Independent – research and behaviour change)
 David Howarth (DH) (Environment Agency)
 Adrienne Margolis (AM) (Household Customer)
 Leslie Sopp (LS) (Independent – research and insight)
 Rupika Madhura (RM) (Independent – price controls) - Phone
 Steve George (SG) (SEW)
 David Hinton (DEH) (SEW)
 Alison Lee (AL) (SEW)
 Lee Dance (LD) (SEW)
 Andy Clowes (AC) (SEW)
 Jane Gould (JG) (Create 51)
 John Barnes (JB) (SEW Independent Non-Executive)
 Sue Pennison (SP) (DWI)
 Neil Hudson, (NH) (SEW)

Apologies:

Veronica McGannon (VM) (Household Customer)
 Louise Bardsley (LB) (Natural England)
 Oliver Martin (OM) (SEW)
 Simon Mullan (SM) (SEW)
 Sheila Bowdery (SB) (SEW)
 Jo Osborn (JO) (SEW)
 Laura Rafferty (LR) (SEW)

Notetaker: Nicola Blake (NB) (SEW)

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1. Introductions	The Chair opened the meeting with introductions for the new members of the group. Apologies were received from VM, LB, OM, SM, SB, JO and LR. RM arrived after the meeting started.
2. Minutes from the last meeting and Challenge Log	The minutes were agreed by the Group.
3. Chair's Report and Sub-Group updates	<p>The Chair reported back on the CCG Chairs meeting.</p> <p>ZM attended the company's meeting with Ofwat at the end of January in which the approach to customer engagement was discussed. It was felt that Ofwat was in listening mode and gave no feedback in the meeting.</p> <p>ZM attended the Water Utility conference and reported on the positive reception to JO's presentation on the company's Advizzo behaviour change work. She highlighted the use of youtube videos using a local blogger by Wessex Water – which was very engaging.</p> <p>The CCG Chairs attended a meeting with the WRSE Group where a presentation was given about the regional modelling work that has been undertaken by all the companies in the south east to inform their individual draft WRMPs. Also, on their plans to promote the coordination between companies in the South East.</p> <p>The two Sub-Groups met once since the last meeting. The Vulnerability Sub-Group's main focus continues to be on challenging the company to develop its data insights. In addition, horizon</p>

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	<p>scanning and the co-creation of the Vulnerability Strategy. The Company provided a deep dive into the training that is undertaken for frontline staff; however due to timing the group felt it was unable to review this in much detail and so this will be brought back to a future session.</p> <p>ZM informed the Group that consideration is being given to of recruiting new members to the Vulnerability Sub-Group to ensure expertise from a wider set of vulnerable groups/individuals. In particular customer with additional needs.</p> <p>CCWater are due to publish their vulnerability report later in the month.</p> <p>The Research Sub-Group had a phone meeting scheduled on dWRMP engagement. However the group was not quorate for the dWRMP engagement. Given the time constraints KG and ZM fed back comments. .</p> <p>The Chair thanked members of the Group for the high CCG turnout at the recent focus groups on resilience and the non-household customers, and asked the Group to feedback any comments that they had following these sessions.</p> <p>RL attended one of the Non-Household focus groups with 5 business customers and was surprised at the lack of knowledge generally among NHH customers and that water was not a high priority for their business.</p> <p>PS attended another Non-Household group and had a number of concerns about the quality of the material/communications used and the mixing of large volume users with quasi-household customers. ZM agreed with these comments as well.</p> <p>LS commended Accent for the facilitation of the group he sat in (NHH – Aldershot 25th January) as it was a difficult group to engage with and agree an acceptable outcome.</p> <p>The group then discussed the resilience workshops. KG /LS attended the Basingstoke workshop (29th January) and found the evening very interesting and felt that the group was well engaged throughout and a good mix of customers and LS added that the contributions from the Company staff were good.</p> <p>AM felt that in her group at some parts of the evening the Company was leading customers a bit too much. DEH commented that this was when more information was asked for and the intention was not to influence the process.</p> <p>PS expressed concern about the representativeness of customers at the resilience focus group and the NHH group. In the case of the former (predominantly white, English speaking) and felt that the session had been set up at a difficult time for some to attend e.g. commuters and parents with young children. The Company informed the Group that it had requested the recruitment quota from Accent and will share this with the Group when it is received. She queried if it might not be better to have high water users and low users in separate groups and also if any larger companies had participated in the research.</p> <p>Challenge: The CCG challenged the company to demonstrate the inclusiveness of its research.</p> <p>Action: SEW to share requirement quotas for focus groups when received.</p> <p>A special session was held on the company's approach to responsible business. The Group discussed the responsible business approach framework, and the engagement with customers and society that would need to occur to develop this. AM thought that the framework was very ambitious given the time frame and perhaps the company should look to hone down what is</p>

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	<p>relevant for the Company now and what work should go beyond the price review period, but in essence was happy with the progress being made.</p> <p>DEH added that the board is keen its aspirations are led by the views of customers so that any discussions are unconstrained i.e. they are not informed by a top down vision. The Chair reported back that the sub-group research methodology experts had advised against combining customers with expert stakeholders in an initial research</p>
<p>4. Board Prospected</p>	<p>The Chair thanked John Barnes for attending the meeting and invited him to give the Group a short background introduction.</p> <p>JB is an independent Non-Executive director on the Board at SEW and has a background in the utility sector and renewable energy which is different to the other independent non-execs on the Board. JB sees his role on the Company Board as one of challenge, support and to give advice to the Board.</p> <p>JB explained to the Group how customers should be put into the heart of every business and how issues affecting customers always have a strong focus at SEW Board meetings. For example, at the last Board meeting in January the Board discussed customer services, a review of the company's risks, of which 9 out of 19 were relating to risks that could affect customers. PR19 discussions, non-household retail services and a review of the lessons learnt report from the cryptosporidium incident at United Utilities are all examples of the customer-centric approach that guides the board.</p> <p>The Chair opened to the floor for questions. LS asked what the Board ambition is for Company performance. JB answered his personal view is that although everyone would like to say they are best in everything, but this may not end up being meaningful to customers, and suggested upper quartile performance is a good place to be. JB felt that the company was punching above its weight and embraces innovation, such as it had done with ODIs and measuring customer satisfaction at the last price review (the only company to do so).</p> <p>ZM, RM, and PS asked if the discussion of re-nationalisation, profits and transparency had been discussed at the Board given the wider media and political climate. Again JB gave his personal view that since privatisation the industry had been continually improving and if re-nationalisation happened his personal view was it would be a step backwards. DEH informed the group that the company had been having discussions with other companies and the industry had reached a consensus position which was being led by Water UK in terms of communication and lobbying.</p> <p>CF asked if the company was bigger could it do, and achieve, more. JB commented that there was always an argument that bigger could drive a more efficient service but that is not the only factor to be taken into consideration.</p> <p>DH asked how the company sees itself, was it happy just meeting statutory targets or exceeding them and therefore being seen to adopt the position of being a guardian of the environment. JB answered that it clearly wanted to help support the environment in pursuit of its statutory duties, but a balance needs to be struck between that and the EAs aspirations in this area, and what customers' priorities for the environment are.</p>
<p>5. PR19 update and discussion</p>	<p>NB updated the group on the PR19 programme. The Engagement programme had remained amber due to the overrun of the initial segmentation research and later Willingness to Pay research; however this was not having an impact on the overall programme.</p>

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	<p>LS raised concerns that further delays may cause pinch points at the end of the programme and when triangulation also has to occur. The Group raised concerns about there being insufficient time for triangulation or further research if any inconsistencies were found. NB informed the group that a call had been held with ZM to discuss future CCG agenda items to allow members to see what would be coming to the Group; this was discussed further in item 12.</p> <p>JG informed the Group that a conference call was booked with ICS on Friday (9) to discuss the findings of the assurance/gap analysis work they have been carrying out on WRMP and triangulation. The results of this will be shared with the Group at the next meeting and programme timings for triangulation will be confirmed.</p> <p>Action: Add ICS results to agenda of the next meeting as part of the triangulation agenda item.</p>
<p>6. Outcomes update</p>	<p>DEH presented the Company's draft outcomes as shown at a previous meeting.</p> <p>Action: SEW to leave grid lines on future document from Excel for ease of reading.</p> <p>DEH informed the group that the industry was currently undertaking audits on reporting measures in a consistent methodology, as a number of the common ODIs are subject to this common methodology.</p> <p>DEH and LB are having a meeting on Friday (9) to discuss the environmental measures to better define these outcomes; DH has provided a paper of the EA's thoughts on environmental measures which will be reviewed during this meeting.</p> <p>DEH informed the group that the new segmented satisfaction measures will not be financial incentives as this effectively result in a double count of the C-Mex measure. The company will circulate a draft format for showing the 'old world' satisfaction measures against the new segmented satisfaction measures.</p> <p>Action: SEW to circulate matrix grid for satisfaction.</p> <p>Challenge: the CCG would like to know the complete list of bespoke measures determine by Ofwat to have further clarity on those selected by SEW. This should include the evidence base for the selection of different measures.</p> <p>DEH informed the Group that the company needs to submit its definitions of its chosen ODIs to Ofwat in May, with this in mind the CCG will get to see the final definitions in April. The Group felt that they had had insufficient visibility on Outcomes. The Chair highlighted that there would be a strong focus on outcomes in the next three meetings. However sought assurances that the outcomes were not being decided before the findings of the consumer research had been received.</p> <p>PS commented that the Green House Gas Measure only focuses on operational emissions and does not take into account maintenance and construction, or embedded carbon. DEH added that we would not have any historical performance to use to set a measure to include these types of emissions.</p> <p>Action: Set up a separate session to be set up for the Group to review and discuss Outcomes definitions and what and why some bespoke measures have been discounted.</p>
<p>7. Engagement update</p>	<p>AL gave a verbal update to the group on the current active engagement activities. The main stage Willingness to Pay (WTP) research is currently underway following the pilot in January. The results of this research will be shared with the CCG in March.</p>

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	<p>The Supercharge web game design and build phase is almost completed and the link to the game will be sent to the Group.</p> <p>Action: Web link to Supercharge game to be circulated when build is completed.</p> <p>ZM asked the company to share the presentation that was given to Ofwat on its engagement programme.</p> <p>Action: SEW to circulate Ofwat engagement presentation.</p> <p>The next stages of engagement will be shared with the Sub-Group at the next meeting. ZM informed the group that the next Sub-Group on the 28th would have to be moved due to another commitment.</p> <p>Action: ZM to provide new dates to NB for circulating to Sub-Group.</p>
<p>8. Understanding our customers in vulnerable situations</p>	<p>SG presented paper 3 to the group which provided an update on where the company had got to on its vulnerability mapping and insights work. The report was presented at the Vulnerability Sub-Group and had been informed by the approach developed by CF of Citizens Advice. The report followed previous updates on vulnerability risk mapping and summarised what the Company knows about vulnerability within its current customer base, and how this forms the initial stage of assessment of customer need, now and into the future. This will feed into the continuing work on customer journey mapping, horizon scanning, and future customers' needs and service development. SEW recognised that they still had significant work to do in this area but this was the picture so far.</p> <p>The Group discussed the different vulnerability risk factors covered in the report, e.g. age, deprivation and language. SG explained the data differences between the national averages and the two company zones.</p> <p>PS asked the company to explain why the category of 'Other Asian' seemed higher than the national average in the eastern region of the Company. SG responded that it may be due to the large Gurkha community in that area.</p> <p>CF reiterated her comment from the Sub-Group that the Company should interrogate the data by looking at the smaller percentage who may be vulnerable (rather than the quantum). i.e. the company should not be focussing on the 80% + that spoke English – the point was to identify those that didn't. CF also thought the insight gained through this piece of work should feed into the outcomes measures for vulnerability. The Company said this was the intention.</p> <p>AM queried if the report captures people moving in and out of vulnerability – 'transient vulnerability', SG confirmed that currently it did not include customers in this transient state.</p> <p>MB asked if the data could be viewed at a more granular level i.e. postcode level. SG informed the Group that the Company has had a meeting with Scottish and Southern Energy Networks (SSEN), earlier in the month, to discuss the tool that is used to hold this level of data and the possibility of applying this for SEW's area.</p> <p>RM told the Company that she found the report very helpful.</p> <p>Challenge: SEW to consider transient vulnerability and to explain how they are going to use the data insights to inform their approach to supporting and empowering vulnerable customers</p>

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9. Engagement Dashboard	<p>JG presented a hand out of the engagement dashboard for comment on the revised layout and new summary page graphics for each dashboard (two initial examples circulated).</p> <p>Action: CCG to feedback to LR within two weeks. Action: SEW to send electronic copies of dashboard out to Group.</p>
10. Q3 performance report	<p>AL presented the Q3 performance report and explained the discharge consent failures and the abstraction breaches. The Group discussed the daily abstraction failures and why the company had over abstracted. The Company responded that if it had not gone slightly over its abstraction licence, customers supplies would have been at risk.</p> <p>CF would like for future text to include the impact of any breaches.</p> <p>Action: SEW to include paragraph on any impact of discharge breaches in any future reports.</p> <p>ZM asked the company what it is planning on doing to nudge the customer satisfaction measures as they appear to be plateauing. The Company advised that they continue to hold steering group meetings on this subject and a new magazine is currently being created to test customer satisfaction.</p>
11. Deep Dive – Water Quality	<p>Sue Pennison (SP) from the Drinking Water Inspectorate (DWI) attended the meeting to explain the process the DWI goes through for PR19. The DWI has received Companies proposed water quality schemes for approval, these costs will then be funded by Ofwat as a statutory obligation.</p> <p>Companies have been asked to create lead strategies following an increase in lead failures, some have risen to this challenge while others have not done as much as the DWI would have liked. ZM asked where SEW were on this list, SP advised that due to some late submissions it was not yet possible (or fair) to publicly comment on the company performance in this area against the rest of the industry.</p> <p>Neil Hudson, (NH) Head of Water Quality at South East Water joined the meeting to discuss paper 5. The paper provided an insight into the company’s approach to long term planning for the quality of drinking water and included a summary of the Water Quality performance of the Company against current and future OFWAT targets.</p> <p>The paper looked at a number of key areas relating to water quality - the Company’s approach to long term planning to maintain and improve the quality of drinking water supplies; the performance in current water quality metrics of Mean Zonal Compliance (MZC), discolouration contacts and asset health serviceability; and the transition to the recently published metrics which include Compliance Risk index and Discover Water metrics on customer contacts; and activities identified to ensure that the company continues to improve water quality performance across all areas.</p> <p>The Company has identified three water quality specific schemes identified for inclusion for PR19. The first scheme is the continuation of catchment management work initiated in the current period and the installation of additional treatment at Woodgarston WTW as a result of raw water deterioration with respect to nitrates. The second scheme is the installation of treatment and catchment management investigations at College Avenue WTW due to the presence of chromium above the recently published trigger level. The third scheme is the implementation of catchment management controls in five surface water bodies to address the ongoing current threat of metaldehyde.</p> <p>DH stated that while orthophosphate dosing to inhibit lead take up was understandable he mentioned research that demonstrated this can lead to significant quantities of phosphate</p>

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	<p>entering the environment. And while this was not an argument to stop orthophosphate dosing for public health reasons it was another valid argument to reduce leakage. He offered to provide SEW a link to the research paper.</p> <p>DH asked that when SEW replace lead communication pipes did the company offer to replace the customer supply pipe at a reduced cost since the contractor was already on site. The Company responded that it was not currently company policy to undertake this additional work.</p> <p>AM asked if a mixture of trace elements together could cause harm even if individually they do not. SP was unable to answer this question as toxicology is not her field of expertise.</p> <p>CF commented that it seemed strange that the DWI did not expect radiation to be tested for and reported and had any emergency planning been carried out in case any was found. The company assured the Group that this is tested for and if any issues were to be found it would be reported to the DWI as a failure. In terms of emergency planning there has not been one completed for an attack, however it is completed for loss of one site for any reason. SP informed the group that new reporting regulations were being introduced to allow more flexibility in reporting to the DWI.</p> <p>CF asked whether the pilot projects had been started or completed to resolve the higher Chromium level at College Wood as the cost of the alternative treatments need to be factored into the upcoming Business Plan. Neil Hudson could not confirm the start date of the two alternative pilot studies. Dave Hinton assured the CCG that the cost of treatment for the Chromium issue, whichever pilot study was the chosen outcome, would be provisioned within the upcoming Business Plan as a cost.</p> <p>The Group queried what customer engagement around water quality had been carried out and how that fed back into defining customers' priorities. The company has two satisfaction measures for water quality and uses the number of contacts that it receives on discoloration and taste and odour to determine customer satisfaction. There has also been more information given on the company website when an incident occurs and in the last magazine there was a dedicated section on water quality.</p> <p>Challenge: The CCG would like to see more information on the engagement carried out with customers specifically around water quality as this is a key customer priority. E.g. do customers want the Company to go above and beyond minimum statutory measures; do customers or key stakeholders have a view on <i>how</i> targets should be met and what issues should be a priority. For example KG said customers may be willing to pay more to have lead pipes replaced in schools and hospitals given the health risks – is this something the company has consulted on?</p> <p>AM asked SP what will happen to the EU directives once the UK has left the EU, SP suggested that no government would want to see a relaxing of the current standards.</p> <p>JH asked about the previous push on private supplies and the DWI believe it is still an issue and there could be possibility of companies connecting people on private supplies to the mains network.</p> <p>SP discussed discolouration issues and the number of notices put on companies over the past couple of years; of these, a total of 20 notices have been placed on areas in South East Water's area. The DWI have seen some improvement since the implementation of notices. DEH informed the Group of the challenges faced by the company in the sources that it gets its raw water from, which naturally contain high levels of iron and manganese. This issue is not always felt by some</p>

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	<p>other companies. SEW reported 26 events to the DWI last year, 9 of which were discolouration related.</p> <p>SP reminded the Group that the DWI had implemented a data provision notice in 2016 and was happy to report that the data for 2017 was received with no errors. The DWI commended the company on the response it had received to the notice.</p> <p>The DWI will be reviewing and responding to the water quality drivers submitted by companies soon. SP spoke briefly about the implementation of the two new water quality measures, CRI and ERI, which moves to a more risk-based performance measures. While this makes comparison between the companies' water quality performance harder, the Company commented that the inclusion of these new measures was a good step forward as provided a more complete compliance picture from across the water supply chain.</p> <p>ZM asked about the level of innovation in approaches to maintaining water quality taken up by companies. SP said the DWI doesn't compare companies on the level of innovation, rather they look for best practice in the industry.</p> <p>ZM asked NH what his thoughts were on the position of the company in terms of water quality. NH responded that for discolouration the company is not where it would like to be, but progress is being made and would like to see improvements coming through to achieve a higher performance position in the industry.</p> <p>ZM asked CCWater and the EA for comments on the performance of the Company. KG responded on behalf of CCWater stating that for matters of water quality they would normally defer to the DWI; however as discussed discoloration contacts have been an issue and that the company has very good information on its website for customers. DWI agreed with this and has not seen any escalated complaints come through from the company.</p> <p>DH commented on behalf of the EA and told the group that the company has a very good catchment management programme.</p>
<p>12. Terms of reference and CCG work planning</p>	<p>A hand out was provided to the Group which outlined the proposed agendas for future meetings. Concerns were expressed about individuals capacity to attend the necessary number of meetings to provide appropriate assurance to Ofwat.</p> <p>Action: CCG to review and comment on forward plan and to think about how customers with particular skills and expertise could ensure they input into the most relevant areas to them.</p> <p>LS would like to be able to see where the peaks in the workload will be, and which agenda items would require more thought and work before meetings.</p> <p>PS commented that papers had been late being sent out and that this was restricting the amount of time and constructive input that was able to be given. The programme has been developed to mitigate this happening in future but SEW said there would be some papers that would likely to be received later than is ideal due to the timetable.</p>
<p>13. AOB</p>	<p>There was no other business discussed at this meeting.</p>
<p>14. Private Session</p>	<p>The Group discussed the progress of the company on its engagement activity and data insights work. Also future timetabling.</p>
<p>15. Meeting Close</p>	<p>The next meeting will take place on 7th March at South East Water Head office, Snodland, Kent.</p>

Summary of Actions and Challenges

Actions	Owners
SEW to share requirement quotas for focus groups when received.	
Add ICS results to agenda of the next meeting.	
SEW to leave grid lines on future document from Excel for ease of reading.	
SEW to circulate matrix grid for satisfaction.	
The Chair would like a separate session to be set up for the Group to review and discuss Outcomes definitions and what and why some measures have been discounted.	
Web link to Supercharge game to be circulated when build is completed.	
SEW to circulate Ofwat engagement presentation.	
ZM to provide new dates to NB for circulating to Sub-Group.	
CCG to feedback to LR within two weeks.	
SEW to send electronic copies of dashboard out to Group.	
SEW to include paragraph on any impact of discharge breaches in any future reports.	
SEW to provide further clarity on forward work - CCG will then review and comment on forward plan.	

Challenge
The CCG challenged the company to demonstrate the inclusiveness of its research.
The CCG would like to know the complete list of bespoke measures determine by Ofwat to have further clarity on those selected by SEW. This should include the evidence base for the selection of different measures.
SEW to consider transient vulnerability and to explain how they are going to use the data insights to inform their approach to supporting and empowering vulnerable customers
The CCG would like to see more information on the engagement carried out with customers specifically around water quality as this is a key customer priority. E.g. do customers want the Company to go above and beyond minimum statutory measures; do customers or key stakeholders have a view on <i>how</i> targets should be met and what issues should be a priority. For example KG said customers may be willing to pay more to have lead pipes replaced in schools and hospitals given the health risks – is this something the company has consulted on?