

Notes of Meeting No.4 of the South East Water Customer Challenge Group held on 10th January 2018, at South East Water, Head Office, Snodland, Kent.

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)
 Louise Bardsley (LB) (Natural England) - Phone
 Adrienne Margolis (AM) (Household Customer)
 Leslie Sopp (LS) (Independent – research and insight)
 Rupika Madhura (RM) (Independent – price controls) - Phone
 Paul Butler (PB) (SEW)
 Steve George (SG) (SEW)
 David Hinton (DEH) (SEW)
 Oliver Martin (OM) (SEW)
 Simon Mullan (SM) (SEW)
 Alison Lee (AL) (SEW)
 Jo Osborn (JO) (SEW)
 Lee Dance (LD) (SEW)
 Laura Rafferty (LR) (SEW)
 Jane Gould (JG) (Create 51)
 Steve Brown (Water 2050)
 Ben Leonard (Brand Edge)
 David MCGole (Brand Edge)

Apologies:

Veronica McGannon (VM) (Household Customer)
 Mairi Budge (MB) (Independent – research and behaviour change)
 David Howarth (DH) (Environment Agency)
 Sheila Bowdery (SB) (SEW)

Notetaker: Nicola Blake (NB) (SEW)

Agenda Item no.	Notes and Actions
1. Introductions	The Chair opened the meeting with introductions for the new members of the group. Apologies were received from VM, MB, DH and SB. DEH and LS arrived after the meeting started.
2. Minutes from the last meeting and Challenge Log	<p>The minutes were agreed by the group.</p> <p>The chair asked for an update on a number of outstanding actions from the last meeting.</p> <ul style="list-style-type: none"> • OM to circulate the last staff survey – this will be completed before the next meeting • ZM to circulate the CCG website link – ZM will send the link to the group after the meeting • SEW to provide the note from the Board away day in October – the presentation is currently being updated to reflect discussion at the meeting and will then be reviewed by the Board again before sharing with the Group • JO and AM to meet to discuss community engagement – a meeting has been set up for the next couple of weeks • SEW to check if the number of abstraction breaches is correct - AL to provide a short note on the breaches performance number.
3. Chair's Report and Sub-Group updates	<p>The Chair thanked members of the Group who attended the ODI workshop at the beginning of December and thought that it was a very informative session.</p> <p>The Sub-Groups have met twice since the last CCG meeting. The main focus of the Research Sub-Group has been the Willingness to Pay research; the Chair was pleased with how the Company had taken on the Sub-Group's comments and the comments pulled through from focus groups. Members of the Sub-Group attended the cognitive interviews and could see how</p>

Agenda Item no.	Notes and Actions
	<p>different customer segments' attitudes were coming through in the responses. The Research Sub-Group were also shown the Engagement strategy and made high level comments on this first draft, which have been captured in paper 5.</p> <p>The main challenge that has come from this Sub-Group is for the CCG to understand the Company's strategic approach to understand who its customers are and how best to engage with them; and ensure that approach is inclusive. ZM sees a gap in the research with customers around longer-term issues and is aware there has been more deliberative research undertaken on this aspect by other companies.</p> <p>The main focus of the Vulnerability Sub-Group has been getting the data and insight for customers with additional needs. CF expressed her frustration with the slow progress of this. The Sub-Group has also discussed horizon scanning, deep dives in to the PSR and Co-Creating the Vulnerability Strategy.</p> <p>ZM informed the group of upcoming meetings and conferences. The next CCG Chairs meeting will take place on 16th January, the main agenda item for the meeting will be Ofwat's final methodology. JO is speaking at the Utility Week conference on 17th January. A Sustainability first conference on Project Inspire report launch is taking place on 29th January. SEW are meeting with Ofwat on 2nd February to discuss the company's approach to engagement. ZM informed the Group that she will be attending the meeting and will discuss during the private session how the Group would like her to input into the meeting. ZM informed the group that on 29th January and 1st February SEW will be holding focus groups for the resilience research if any members of the Group would like to attend they should contact AL.</p> <p>JO discussed with the Group that following requests for a shared private area for documents, a member of IT will be looking into creating a Google shared drive for CCG members.</p>
<p>4. PR19 update and discussion</p>	<p>OM presented paper 2 to the Group and explained that the Engagement programme was amber due to the overrun of the initial segmentation and later Willingness to Pay research; however this was not having an impact on the overall programme.</p> <p>The PR19 programme is currently being reviewed following the publication of the final methodology, so an updated set of milestones can be shared with the Executive team and the Board this month before being brought to the next CCG meeting.</p> <p>PS welcomed the sight of a new programme and asked for the same clarity and scope around future CCG meeting agendas, this would enable the group to understand the programme in more detail for 2018 and the Company's expectations of CCG input, and enable it to begin preparation of its own report to Ofwat.</p>
<p>5. WRMP update and discussion</p>	<p>The Company submitted its draft Water Resource Management Plan (dWRMP) to Defra on 1st December for review before it publishes the plan for public consultation – at the moment the working date for this is 31st January 2018 but that is subject to Defra giving clearance by then that the plan can be published LB asked the Company what plans it had if Defra were delayed in approving the plan for publication. LD advised that while the Company was planning to the 31st at the moment, it was comfortable it could revise the consultation timetable to still meet engagement requirements.</p> <p>ICS have been commissioned to undertake a gap analysis/assurance review of the research carried out so far for the WRMP, with their recommendations due to be received by the end of January.</p>

Agenda Item no.	Notes and Actions
	<p>LB welcomed the gap analysis being completed by ICS and echoed a comment from a previous meeting that customers sometimes struggle to understand the true environmental impact of some of the preferred options in a plan, and asked if these will be clearly articulated in the engagement carried out. LD confirmed the intention was to carry out more deliberative research on the preferred options of the dWRMP during the statutory consultation process.</p> <p>PS stated that if the company would not be aiming for 15% reduction in leakage (or similarly PCC ambitions) in its business plan the CCG would need to look particularly carefully at the findings from the customer research that supports this decision. DH suggested the Willingness to Pay results would be the place that this would be drawn out, these results are due by the end of February and can then feed into the additional deliberative discussions being planned. PS reiterated her concern that SEW should have sufficient neutrality on this debate when testing it with customer and not 'lead the witness'. LS added deliberative research by its very nature is 'leading' a debate to allow customers to make an informed choice.</p> <p>PS raised the prospect of testing with customers some preferences that may be considered 'not do-able' ie they are not within the remit of SEW. For example the Company could be asked by customers to lobby against more housebuilding in the south east where there is less water available. The dWRMP however solves a problem eg the supply demand balance, and it's not in the company's power to challenge the assumptions (eg population growth) that cause that problem. That said, DEH suggested this issue could be tested through the societal research the Company is looking to carry out.</p> <p>AM asked if Drought planning was included in the dWRMP. LD confirmed that the Drought plan and dWRMP are linked – the Drought Plan specifically captures the operational decisions that would need to happen in a drought to conserve supplies; while the dWRMP is the strategic plan that identifies what water resources are needed to deal with a greater range/severity of droughts when they eventually happen. The Drought Plan was published on 15th December following a consultation last year, which received 13 responses from stakeholders.</p> <p>Action: SEW to send dates of dWRMP engagement events when they have been confirmed.</p> <p>ZM asked SEW who it was trying to reach with its dWRMP engagement, and what does engagement success look like to SEW? JO confirmed it has constructed its engagement following a gap analysis of engagement on the last dWRMP to devise both an overarching and targeted campaign (to where new resources are proposed for example). Campaign objectives have been developed to measure the success of this engagement, which would like to build on the success of the last plan with increased number of customers engaged with. ZM asked if the engagement materials being prepared for the consultation would come to the Research Sub Group for review; the Company confirmed they would.</p> <p>LS raised that the Company will need to consider vulnerable customers who are digitally excluded and will need to think of innovative ways of engaging with these customers. JO advised they would hope to reach these people while holding drop in sessions and meeting with parish councils/community representatives.</p> <p>AM asked the Company how much of the engagement is prescribed by the regulator. The company advised this was at a high level only – the form, content and channels used for the consultation are determined by SEW. The Group discussed the possibility of using the dWRMP sessions to discuss other issues. JO and AM to include this in their discussions when they meet.</p> <p>RM queried how the CCG would receive feedback following the consultation responses. It was agreed that SEW will provide feedback to the group following the end of the consultation</p>

Agenda Item no.	Notes and Actions
	<p>period; ZM and SEW can then discuss how the CCG will feed in any comments to the dWRMP at this point.</p> <p>Action: SEW to share dWRMP engagement material with Research Sub Group.</p> <p>Action: SEW to bring consultation feedback to CCG following end of consultation.</p> <p>Action: ZM and SEW to discuss CCG feedback into dWRMP process.</p>
<p>6. PR19 overall graphic</p>	<p>OM presented the PR19 overall graphic to the group, which has been updated following review at the Research Sub-Group last week.</p> <p>Action: SEW to email copy of graphic that was handed out during the meeting.</p> <p>AM asked the company to clarify what was meant by sustainable legacy as this can mean something different to everyone. For the Board specifically this means operating in such a way that current and future assets will last well into the future.</p> <p>LS commended the company for this step forward from the last version on the graphic and it has reflected the comments made at the Sub-Group very well.</p> <p>The Group discussed the need to clearly explain what is meant by horizon scanning and asked the Company to think about the positioning of the horizon boxes.</p> <p>Action: SEW to explain Horizon scanning and review the position of the boxes in the graphic.</p>
<p>7. Engagement strategy and stakeholder mapping</p>	<p><u>Engagement Strategy.</u></p> <p>The document was shared with the Research Sub-Group last week, and high level comments received at that meeting have been summarised on page two of the document. The group were also asked to send detailed comments to the Company via email.</p> <p>AM asked if the Company distinguishes between mandated engagement and engagement that it chooses to undertake. The Company does not make this distinction. Furthermore, while Ofwat does not mandate what engagement needs to occur, the Company has taken into account its principles for engagement; these have been incorporated into the engagement aims listed in the SEW strategy.</p> <p>LS commented that the summary page was good and captured all the comments that had been discussed and reiterated the need for the Company to move away from 'corporate speak'.</p> <p>ZM thought the approach was solid around the PR19 engagement; however she remains concerned there still seems to be a gap between the customers' priorities determined at PR19 and what specific engagement is carried out around these by the Company. There is a list of activities, but where does engagement fit in and what does it deliver? The Company need to articulate better the value to its business of engagement so it becomes more authentic. The Company will review the content and look at how this issue can be visualised.</p> <p>Action: SEW to review content and how best to visualise the engagement links between activities and priorities.</p> <p>Action: SEW add text to the document detailing what the Company sees as the value of engagement to the business.</p>

Agenda Item no.	Notes and Actions
	<p><u>Stakeholder mapping</u></p> <p>JO updated the Group on the work the Company has been doing for its stakeholder mapping, and thanked the Group for the comments received and feedback on the questions for the perception audits that are currently underway; this work will finish at the end of January. The Company has received 32 responses to date and will bring the results of the audits to a suitable Sub-Group meeting.</p> <p>ZM asked when the group will receive a full list of stakeholders, the Company advised that this would occur following the audits.</p>
<p>8. Engagement dashboard</p>	<p>LR presented the first draft of the engagement dashboard.</p> <p>Action: SEW to circulate an electronic copy of the engagement dashboard.</p> <p>The Company is currently reviewing how to present the detail on the dashboard without making it too text or data heavy. LS agreed that it needs to have the right balance of text versus visuals if it was to work as a dashboard.</p> <p>PS suggested adding a longer trend column to the dashboard as this may give a better idea of what is happening.</p> <p>LS commented that it was good that the company was taking this first step in creating this dashboard; however the Company should go back to basics and think about what the purpose of the document is and who the audience is. OM confirmed the audience has always been internal eg the CCG, the Executive team and the Board to capture and report insight and learnings; once it is further developed and refined the Company could look at publishing it for customers.</p> <p>ZM reminded the group that the dashboard was originally asked for by the CCG to show the insight being learnt by the Company from all its BAU engagement and/or research carried out and it was important not to 'lose the colour' this dashboard offered around those specific areas. ZM to send further comments on the dashboard via email.</p> <p>Action: ZM to send further comments on the dashboard via email.</p> <p>CF again reiterated her frustration that she is still waiting for the 'who are they?' data about customers, which was raised at the Vulnerability Sub-Group meeting. Following the Sub-Group CF and SG have met to scope out a framework to get this information.</p> <p>The Group discussed having a suite of dashboards which, if well signposted to each other may work if there are multiple audiences they are being aimed at. If the Company will publish the dashboard to the public, RL thought that for NHH customers specifically that work would need to ensure it fits onto one page to make it useful for time-poor business customers.</p> <p>ZM concluded that there had been good progress made on the dashboard work by the Company, and dealt with a key challenge from the group.</p>
<p>9. Societal impact</p>	<p>DEH gave a verbal update to the group as to where the Company was in its thinking of its societal impact work and research that go beyond service and product issues.</p> <p>ZM put the Company in contact with the company Sense making, a consultancy that work with companies on strategic planning and in particular have expertise in exploring key societal issues. A session with the Executive team was held in December 2017 and a proposal of the engagement</p>

Agenda Item no.	Notes and Actions
	<p>programme that needs to occur has been received. The intention is that deliberative workshops will be carried out with a mix of customers, stakeholders, SEW staff and Board members.</p> <p>CF asked the company if customers will be asked for their views at the session or will the Company go to the sessions with views already established. OM confirmed SEW would need to provide some context in terms of its current position/responsibility, but would encourage participants to offer their own views.</p> <p>LS commented that facilitators and scribes for every table would be needed for the type of session that was described but needs careful management, particularly around the identification and selection of customer participants. The Company agreed and explained it had taken a similar approach with the stakeholder workshops that were held last year (run by EQ). LS would like to see how the participants of the focus group will be identified and recruited; the Company will bring this to a suitable Sub-Group meeting,</p> <p>The Group discussed what would happen if the results showed a high appetite for a return of water to public ownership. If this was the case the Company would look to understand what was prompting those views, and see how it could address those concerns by what it does now, rather than get into a wider political debate about ownership.</p> <p>AM expressed concern for getting the terminology correct - the Company will need to be very comfortable with how it ends up labelling its ESG programme.</p> <p>Action: SEW to share how EQ will identify and recruit members for the deliberative workshops at a suitable Sub-Group meeting.</p> <p>The Group discussed if the Company would identify itself as a certain segment at the end of the research as customers have? SEW hadn't thought of this and it would be a very interesting exercise. PS added that the Company should express caution in doing this as it may be seen as ranking one segment higher than the others and therefore not treating all segments the same.</p> <p>KG asked if future customers would be included in the deliberative workshops; the Company would address that during the recruitment process.</p> <p>ZM raised concern that the Company was asking for expectations over views as often expectations are already being met. That said, ZM was pleased with the progress being made on societal impact and likes the idea of mixing customers and stakeholders in the deliberative workshops.</p> <p>ZM said she still was not clear what the Company's level of ambition was around wider societal issues - while its environmental role is clear, it is less so on water more generally. The Company responded that it wanted to understand customers' views and expectations first before articulating this via the Board's ambitions.</p>
<p>10. Behaviour and innovation toolboxes</p>	<p>DEH presented paper 7 to the Group, which detailed what the Company means by innovation, worked examples of ways the Company has been innovative and what could be in the three proposed tool boxes.</p> <p>The Group asked the company how it proposed to stay 'ahead of the pack' in terms of innovation; SEW advised this would be done by considering a wider base and not simply companies within the water industry.</p> <p>The Company informed the Group that it was currently working with Portsmouth water and Southern water on a joint piece of work for regional resilience.</p>

Agenda Item no.	Notes and Actions
	<p>The Group discussed the mechanisms that were in place for staff members to submit ideas of innovation and the communication that is carried out when something has been selected. JO explained that a 'Pipe Up' forum had been created on the new intranet site for staff to post ideas.</p> <p>PS thought that the SEW innovation tool box should be linked and feed into the customer and stakeholder boxes as the text suggests each box is a single entity and does not interlink with the other. The Company will look at the wording for this as this is not the impression that was intended.</p> <p>Action: SEW to review wording of tool boxes to show linkages.</p> <p>ZM asked the Company where they saw a vulnerability tool box sitting in this framework. OM thought it would be an extension of the customer tool box, but may review if an additional/specific toolbox is required just for vulnerability.</p> <p>Action: SEW to provide further information on its community chest fund following discussion.</p> <p>The presentation stated that following the implementation of the Advizzo project in a test area, this area showed a 2-3% reduction in consumption. DEH stated that it was too early in the project to tell if this is sustained change or not.</p> <p>Action: SEW to provide impact data on the In Your Area web portal.</p> <p>JH asked if the Company would lobby government to get catchment management into the government environmental report. PB responded that the water industry trade association Water UK would have a direct input in this on behalf of companies.</p> <p>Members of the group were asked to send any further ideas to DEH. ZM will send detailed comments via email.</p> <p>Action: CCG members to send comments on Toolboxes presentation to DEH.</p> <p>Action: ZM will send comments on Toolboxes presentation to DEH.</p>
<p>11. PR19 Final Methodology highlights</p>	<p>The presentation shared with the Group highlights the key points from the Ofwat final methodology which was published on 13th December, this presentation has been shared with the Board.</p> <p>Ofwat's thoughts on Customer engagement and Vulnerability remained unchanged in the final methodology.</p> <p>Action: SEW to recirculate Ofwat's Tapped in report.</p> <p>Non-Household (NHH) customer topic guides have now been received, AL to circulate to the group.</p> <p>Action: AL to circulate the NHH customer topic guides.</p> <p>The Company is currently reviewing how it engages with Non-Household retailers, this will be fed through to the Sub-Group at a suitable time.</p> <p>The cost of capital highlighted in the methodology is lower than at the last price review and therefore will be fed into the Willingness to Pay bill starting point.</p>

Agenda Item no.	Notes and Actions
12. Bespoke services research debrief	<p>Ben Leonard (BL) and David Mcgole (DM) from Brand Edge attended the meeting to discuss paper 9.</p> <p>During the sessions some customers clearly displayed which segment they were in when offering up ideas to be put forward, Global thinkers offered up very community based ideas. Very few customers were aware that the Company offered bottled water to customers who are experiencing an interruption. This supported the evidence that customers do not truly understand what the company does until there is a failure. Some customers also were unaware of the PSR. This could be seen as a big opportunity to communicate with its customers on these points.</p> <p>The Group discussed that although localness came through as a strong positive during the focus groups, some were shocked when they discovered SEW was owned by foreign investors.</p> <p>Brand Edge summarised areas of untapped potential as below:</p> <ul style="list-style-type: none"> • Priority Services Register • Community Engagement • Responsible usage • Innovative discounting and incentive schemes <p>There is a workshop scheduled for next week with the internal team to move forward following this debrief.</p> <p>KG asked Brand Edge for suggestions of idea how the Company could have a greater local presents given the high preference to this. DM suggested:</p> <ul style="list-style-type: none"> • local bottom up activities • pop up contact centre during incidents • word of mouth • not TV adds <p>ZM asked the company if there was anything that has come from this research that they will take on. The Company should think about being more visible to customers and be more inventive in how it gets out to customers.</p>
13. AOB	There was no other business discussed at this meeting.
14. Private Session	[ZM to add notes from discussion]
15. Meeting Close	The next meeting will take place on 7 th February 2018 11:00 – 4:30, Mary Sumner House, London, SW1P 3RB.

Summary of Actions

Actions	Owners
OM to circulate the last staff survey	
ZM to circulate the CCG website link	
SEW to provide the note from the Board away day in October	
SEW to check if the number of abstraction breaches is correct	
SEW to send dates of dWRMP events when they have been confirmed	
SEW to share dWRMP engagement material with research Sub-Group	
SEW to bring consultation feedback to group following consultation close.	

ZM and SEW to discuss CCG feedback into dWRMP process.	
SEW to email copy of graphic that was handed out during the meeting.	
SEW to explain Horizon scanning and review the position of the boxes in the graphic.	
SEW to review content and how best to visualise the engagement links between actives and priorities.	
SEW add text to the document detailing what the Company sees as the value of engagement to the business.	
SEW to circulate an electronic copy of the Engagement dashboard.	
ZM to send further comments on the dashboard via email	
SEW to share how EQ will identify and recruit members for the focus groups at a suitable Sub-Group meeting.	
SEW to review wording of tool boxes to show linkages.	
SEW to provide further information on its community chest fund following discussion.	
SEW to provide impact data on the In Your Area web portal.	
CCG members to send comments on Tool boxes presentation to DEH.	
ZM will send comments on Tool boxes presentation to DEH.	
SEW to recirculate Ofwat's Tapped in report.	
AL to circulate the NHH customer topic guides.	