

Notes of Meeting No.9 of the South East Water Customer Challenge Group held on 2<sup>nd</sup> May 2018, at South East Water Head Office, Snodland.

**Present:**

Zoe McLeod (Chair)  
 Penny Shepherd (PS) (CCW)  
 Janet Hill (JH) (Swale Borough Council)  
 Caroline Farquhar (CF) (Citizens Advice)  
 Richard Lavender (RL) (Kent Invicta Chamber of Commerce)  
 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 – Customer Services Director)  
 David Hinton (DEH) (SEW – Asset and Regulation Director)  
 Oliver Martin (OM) (SEW – Head of Regulation and Strategy)  
 Jo Osborn (JO) (SEW – Head of Communications)  
 Alison Lee (AL) (SEW – Economic Regulation manager)  
 Laura Rafferty (LR) (SEW – Insight lead)  
 Nicola Blake (NB) (SEW – Regulatory programme controller)  
 Andy Clowes (AC) (SEW – Business Consultant)  
 Jane Gould (JG) (SEW - Consultant)  
 Jo East (JE) (ICS Consultants)  
 Emma Gilthorpe (EG) (SEW - Non-Executive director)  
 Dave McCormick (DM) (Sense Making)

**Apologies:**

Rupika Madhura (RM) (Independent – price controls)  
 Louise Bardsley (LB) (Natural England)  
 Simon Mullan (SM) (SEW)

**Notetaker:** Nicola Blake (NB) (SEW – Regulatory programme controller)

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1. Introductions and Declaration of interest	Apologies were received from RM, LB and SM.  PS declared her on going interest of being on the committee which gives grants to fair tax marks.
2. Minutes from the last meeting and Challenge Log	The minutes were agreed by the Group.  The group requested electronic copies of the handouts from the last meeting.  Action: NB to circulate handouts from April 4 <sup>th</sup> Meeting.  CCWater raised a question as to the company's need to carry out cost adjustment research which was raised at the last meeting. The Company responded that this would be covered later in the meeting.  CF noted that the response to the challenge relating to the impact of the social tariff on debt levels did not meet the question asked, the Company and the Chair will be carrying out a review of the Challenge log and Action log, and this will be picked up during this review. The Group suggested adding a RAG status column to the logs to make reviewing important actions and challenges easier.
3. Chair's Report and Sub-Group updates	The Chair informed The Group of a number of CCG membership changes due to the increased time commitments of CCG work; <ol style="list-style-type: none"> <li>1. MB will no longer attend the main CCG meeting, however will continue to attend the Research Sub-Group.</li> </ol>

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	<p data-bbox="475 286 1407 347">2. VM will no longer attend the main CCG meeting, however will continue to attend the Vulnerability Sub-Group.</p> <p data-bbox="475 353 1382 443">3. CF will no longer attend the Vulnerability Sub-Group, however will continue to attend the main CCG and input into the papers for the Vulnerability Sub-Group and provide input remotely.</p> <p data-bbox="424 481 1414 734">The Chair (ZM), DH, KG, and LB attended the WRSE joint company stakeholder event on 18<sup>th</sup> April. They reported a good spread of stakeholders in attendance including NHH retailers. This was the first event of its kind and seemed to be well received. SEW were doing a lessons learned. The Chair fed back stakeholder feedback that the level of ambition around leakage reduction was not ambitious enough in SEW's WRMP which is an issue across the industry. Also that there appeared to be a general consensus across the companies that improvements were needed in how companies were engaging with businesses.</p> <p data-bbox="424 772 1391 898">The Chair updated the Group on discussions and action resulting from the Outcomes meeting earlier in the month and informed the Group that an additional special meeting will be added in June to discuss outcomes targets and the finalisation of definitions. The submission to Ofwat, is due 3rd May.</p> <p data-bbox="424 936 1174 965">Key areas raised where there were different points of view included:</p> <ul data-bbox="475 972 1407 1323" style="list-style-type: none"> <li data-bbox="475 972 1375 1093">• The appropriateness of SEW including WINEP in the outcomes given this was a statutory obligation. Environment Agency are supportive if the target at which rewards is set is stretching and goes above and beyond the minimum but this view was not shared by all members of the CCG.</li> <li data-bbox="475 1099 1407 1323">• Whether or not to keep the Outcome Single Source of Supply - there has been no Willingness to Pay from customers but it is difficult to know if this is because customers didn't understand it and it was poorly explained in the engagement process. The Company responded by reminding the group that the survey had been cognitively tested and developed through qualitative focus groups. The survey also included a question to ask if customers understood all aspects of the survey and the response to this question was positive.</li> </ul> <p data-bbox="424 1361 1407 1487">Vulnerability Outcomes were discussed at the last Vulnerability Sub-Group with lots of discussion had around protection, services received and financial support. The Company's Social tariff and PSR research is due to get underway early next week, which will inform the further development of those outcomes.</p> <p data-bbox="424 1525 1359 1615">ZM informed the Group that the Company was currently on track to be the first water company to be accredited for BSI inclusive service standard with a second audit being carried out in June.</p> <p data-bbox="424 1653 1401 1778">The Research Methodology Sub-Group has been very busy reviewing topic guides and ZM thanked the Sub-Group for their hard work and quick turnaround on comments, this was echoed by the Company as well. The Company's rewards and penalties research will start soon following a review of the questionnaire after its cognitive testing.</p> <p data-bbox="424 1816 1407 1906">AM informed the group that she had attended the Company's KnowHo<sub>2</sub>w awards for local schools, and praised the event and the staff who took part. She said some good ideas came through from the event.</p> <p data-bbox="424 1944 1382 2033">PS attended a WRMP public consultation event and feedback some positive comments, one comment for improvement was given that the signage outside the venue was small and could have caused people to miss it. Having specialist SEW people at the event who</p>

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	<p>knew really knew the detail of what they were talking about was very good as it meant customers could engage with those in the field doing the schemes i.e. leakage technicians.</p> <p>CF thanked the company for sending a representative to the CABs Advice Together Group - the member of staff was from the customer care team. The meeting is held quarterly.</p> <p>Action: JO to send High Fives to staff members who attended WRMP public consultation event and the Advice together Group on behalf of the CCG.</p> <p>ZM informed the Group that she will be chairing the next Ofwat CCG Chairs meeting and that Sustainability First will be presenting the New Pin research, with which SEW has been involved.</p> <p>The Company informed the Group that they are shortlisted for 3 awards in the Water industry achievement awards, water company of the year, customer services initiative of the year (joint bill), and, water resilience initiative of the year (water and farming partnership).</p> <p>ZM informed the Group that she will be attending the next PR19 Board Committee meeting.</p>
<p>4. Research programme update and PR19 programme update</p>	<p>AL informed the Group that Frontier economics are carrying out analysis on the results of Supercharge and this will be shared with the Group at the Outcomes meeting taking place in June.</p> <p>AL updated the Group on the large non-household research, PS asked which level of job role would be targeted for this research, the Company responded that it would be targeting director of operations would be contacted.</p> <p>PS and AM requested to review the topic guides in addition to the Research Methodology Sub-Group. PS suggested that SEW should also consider the procurement teams as they would have a different perspective. The CCG also suggested that the research cover large and small water users, public sector and private companies.</p> <p>Challenge: SEW to target procurement and operations staff in the large business research</p> <p>Action: PS and AM to receive the topic guides for the large non-household research when sent to the Research Sub-Group. SEW to clarify the range of roles of those who are being targeted for the NHH research.</p> <p>Challenge: The Group would like to see the company engage with large companies with varying water consumption and to pull out any differences of view relating these companies and low water users.</p> <p>The Group discussed who would be carrying out the interviews with the directors, the company confirmed that it would be the directors of the call centre at Accent.</p> <p>There was some concern that time was becoming very short and review of any future engagement may be very fast turnaround, due to this, the Group requested a forward look timeline for all activity to be carried out before submission of the business plan. Also queried how SEW would allow time to address any gaps.</p>

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	<p>Action: SEW to produce a forward look timeline of interaction points needed from the CCG and Sub-group for the Research programme. This is to include when topic guides will be available for review and meetings.</p> <p>The Company discussed its justification for not engaging with customers on its Cost adjustment claim which are to be submitted to Ofwat on the 3<sup>rd</sup> May. They felt it was too complex a question for customers to engage with. The company will be submitting a claim based on the econometric models treatment of company costs.</p> <p>Challenge: Company to articulate its approach to cost adjustment and why it did not feel that engagement around this was necessary.</p>
<p>5. WRMP – consultation update and headline research findings</p>	<p>JO updated the Group on the consultation events that have been held across the Company's patch and engagement levels to date with the consultation, press, social media. Following CCG challenge, additional sessions were held in the Western region to ensure representativeness although most schemes are planned to affect the Eastern region. Over 250 people have attended these events. SEW reported that Facebook ads had been surprisingly effective with high click through rates.</p> <p>The Group discussed the possibility of the company taking more proactive action on concerns about overdevelopment/housing and the impact on water availability – AM highlighted that a number of responses have highlighted concerns around housing numbers. SEW responded that Company's area covers 33 planning authorities which are at different stages of planning cycles, this causes issues for the company in taking a more proactive role.</p> <p>Challenge: the Company is to produce a comparison of engagement data from PR14. - also to demonstrate how SEW learned lessons from their previous engagement approach and developed this for this WRMP more generally. Also SEW to provide any reflections on the reasons for variations.</p> <p>The formal consultation period closes on 21<sup>st</sup> May.</p> <p>JE gave a summary of the latest WRMP focus group research findings - 8 focus groups were carried out, split between the two company regions. Attendees including young people who were future bill payers.</p> <p>Before the focus groups the attendees were given a pre task and had to have a cognitive assessment carried out before moving on to the focus group stage of the research. The Group felt that the pre tasks worked well, however need to ensure any detailed pictures are clearer in future sessions. The attendees seemed to understand the main issues to some degree. General support for 1 in 200 drought restrictions when presented with the bill impacts, the Sub-Group thought that customers struggled to understand the change in risk but given the bill impacts the rationale seemed to be broadly – less risk at price that willing to pay.</p> <p>ZM queried how the WRMP picked up on the wider National Infrastructure Commission Report.</p> <p>Challenge: WRMP triangulation to include third party research including that of the NIC</p> <p>A full debrief on the overview of the WRMP engagement will be presented at the next CCG meeting.</p>

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6. Engagement Strategy	<p>The updated infographic for the engagement strategy was presented. SEW said it had been updated following feedback from the CCG. The Company reminded the Group that the PR19 Engagement strategy sits within the overall business strategy and this would be part of the Business Plan appendices to be submitted to Ofwat on 3rd September.</p>
7. Triangulation framework and stage 2 activity	<p>Action: NB to circulate slides which were handed out for this agenda item.</p> <p>SEW presented their updated overall approach to triangulation.</p> <p>The Group discussed how the weighting of the findings of different pieces of research will in practice be carried out. The Company will complete the data base for one piece of research and will bring the work to the Research Sub-Group for review and comment.</p> <p>Action: Company to complete the triangulation database for one piece of research and will bring the work to the CCG for review and comment.</p> <p>ZM expressed concerns that to date the CCG has had three presentations as to the theory and process behind triangulation but that the Group had yet to see the detail. That the CCG would expect to see the detail of how different pieces of work will be weighted, how the individual views would be balanced against the collective view and short term- versus longer term public interest.</p> <p>CF commented that this process appeared to be far more transparent than the work that was done at the last price review and commended the Company on doing it. All felt transparency around how the trade offs between different pieces of research are made is important.</p> <p>LS suggested the ability of applying different ‘lenses’ to the data base to enable the data to be used for different situations, i.e. vulnerability.</p> <p>ZM raised worries about important detail being lost in a database type approach e.g. we are aware that certain approaches to engagement were more successful than others. The value given to different pieces of work would need to be clear. The Company outlined how different research would be weighted and explained that summaries would be produced to ensure important detail is not lost.</p> <p>KG questioned if this work would be completed in time to have a genuine impact on the Business plan, the Company responded that this work would be completed in June and will be able to have an impact on the plan. The CCG expressed concerns that it needed to influence the outcomes and that the company should be prepared to change the outcomes if needed, regardless of Ofwat’s timetable, if the customer evidence following triangulation suggested a change would better reflect stakeholder views.</p> <p>The Group discussed the possibility of adding a column to assess the short term benefit vs. the long term benefit and individual benefit v wider public interest benefit e.g. environmental/community. The Company agreed to include this.</p> <p>Action: The company to add a column to show the short term benefit vs long term benefit on a piece of research and individual benefit v wider public interest benefit e.g. environmental/community.</p> <p>Challenge: The Company to add a column to show what impact the triangulation was on the plan and transparency around their weighting and conclusions.</p>

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	<p>The Group asked if there was a missing column to show how the customer's think the Company should deliver the plan. The Company commented that it did not think that this was needed however could add a question or capture the 'how' in the methodology of the research.</p> <p>Challenge: triangulation should cover a) Priorities for the company b) Views on how the priorities should be delivered</p>
<p>8. Responsible business results of stakeholder workshops</p>	<p>DM from Creative Sensemaking introduced himself to the group and explained his background in innovation and strategy including at Shell.</p> <p>DM explained he had carried out a workshop with the executive team in November and discussed the company being bolder and wanting to leave a sustainable legacy.</p> <p>A responsible business workshop was held in March - 13/14 stakeholders attended to identify risks and priorities - protecting the environment and resilience were top priorities. Housing issues were not prioritised in the session due to the high priorities of plastics and the attendees generally had an environmental leaning.</p> <p>The Group asked who in the business should own this, DM responded that his view was that it should be owned from the very top of the business and then it gets filtered down the organisation. That it can't just sit within the communications teams but needs to be embedded including with an integrated reporting framework. Also that it needed to be a living breathing strategy. The company needed to create a story with customers as to how it creates value to society.</p> <p>EG commented that she agreed and that this was a journey that the Board want to be ambitious with this. The Board has set up a committee on this subject and there is a steering group that is chaired by DEH and JO. The Board committee was set up following the discussion at the CCG at which Nick Salmon attended. She flagged that the company was doing a lot of work in this area, and is developing a framework to make it more strategic and informed by customer/stakeholder views.</p> <p>The Group asked if any actions on responsible business would become outcomes for the Company. The Company responded that there is an Outcome on other water abstractors however any other actions would be KPIs only given the early stages of this work.</p> <p>The next steps for this work is another stakeholder session and another staff workshop.</p>
<p>9. Water Quality engagement</p>	<p>The CCG explored the potential for wider engagement on water quality issues.</p> <p>The Chair highlighted that at the previous presentation on water quality the issue had been raised that more engagement could be carried out on how SEW delivers against its statutory water commitments. E.g. The Group asked if the company had asked customers if the removal of lead from care homes and schools should be a priority. The Company responded that as this is a private pipework issue it is not something the company had included in the research.</p> <p>SEW said that their biggest issue is nickel rather than lead and that the company didn't have much lead.</p> <p>CCG said that the hardness of the water though causes problems for customers and this has been raised spontaneously in focus groups. E.g. hard water effecting customers appliances and their skin. Customers are interested in how water can be 'softened'.</p>



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	<p>DEH explained that due to the way the water quality programme is created there are limitations to the engagement that can be carried out with customers as the programme is based mostly on solving a problem which can only resolved by different treatment processes. Said that in most instances there were only one/two options so there wasn't in practice much you could engage customers with. Similarly with service – customers expect 100% quality and so does the regulator so there is “no tolerable level of failure”.</p> <p>The Group asked if there were any health concerns around the use of Orthophosphate, the Company responded that there were none known of at this time.</p> <p>JH asked if the Company had any incentives to fine landowners who use materials that pollute the rivers. The Company does not have any powers to issue fines, any issues would be reported to the EA.</p> <p>Challenge: Water quality is a high priority for customers. SEW to demonstrate that they have considered where they could engage customers or key stakeholders on water quality issues.</p> <p>Challenge: SEW to collate customer views on water quality from their customer contacts, research and wider insight (e.g. DWI research) to ensure that the business plan reflects their views. E.g. customers raised issues around the taste of water and expressed support for steps/services they could take to address this. The CCG raised the issue as to whether SEW could prioritise the removal of lead</p> <p>The CCG felt there was an opportunity to do more to promote the work that the company does around water quality/reasons for the different flavours of water, and top tips for improving the taste of water.</p> <p>Challenge: SEW to consider the value of wider engagement on water quality issues.</p> <p>Action: the Group to think about having a meeting at the new Lab in Farnborough.</p>
10. AOB	<p>The Company explained its thoughts on 'Engaging Out Loud' and sharing unredacted minutes from the CCG meetings, Challenge Log, Action Log and papers on the CCG website for the public to be able to read. The Group will discuss this in their private session.</p> <p>Engagement dashboard. Action: ZM and LR to meet to discuss further comments on the dash board.</p>
11. Private Session	<p>CCG Chairs meeting: The Group discussed questions to ask the new CEO of Ofwat Rachel Fletcher during the upcoming CCG Chairs meeting.</p> <p>Engaging Out-Loud - CCG welcomed SEW's proposed default approach to publish as much information as possible on their engagement activities and CCG challenges. Members of the Group are happy to have comments attributed to their names.</p> <p>Progress: The CCG continue to have concerns about the late arrival of papers and the work-load to deliver ahead of the business plan submission.</p>
12. Meeting Close	<p>The next meeting will take place on 6th June, at Mary Sumner House, London. 11am - 4pm</p>

## Summary of Actions and Challenges

<b>Actions</b>	<b>Owners</b>
NB to circulate handouts from April 4 <sup>th</sup> Meeting.	NB
JO to send High Fives to staff members who attended WRMP public consultation event and the Advice together Group on behalf of the CCG.	JO
PS and AM to receive the topic guides for the large non-household research when sent to the Research Sub-Group. SEW to clarify the range of roles of those who are being targeted for the NHH research.	AL
SEW to produce a forward look timeline of interaction points needed from the CCG and Sub-group for the Research programme. This is to include when topic guides will be available for review and meetings.	AL
NB to circulate slides which were handed out for this agenda item (triangulation framework)	NB
Company to complete the triangulation database for one piece of research and will bring the work to the CCG for review and comment.	OM/JE
The company to add a column to show the short term benefit vs long term benefit on a piece of research and individual benefit v wider public interest benefit e.g. environmental/community.	OM/JE
the Group to think about having a meeting at the new Lab in Farnborough	CCG
ZM and LR to meet to discuss further comments on the dash board.	ZM/LR

<b>Challenges</b>
SEW to target procurement and operations staff in the large business research
The Group would like to see the company engage with large companies with varying water consumption and to pull out any differences of view relating these companies and low water users.
Company to articulate its approach to cost adjustment and why it did not feel that engagement around this was necessary
The Company is to produce a comparison of engagement data from PR14. - also to demonstrate how SEW learned lessons from their previous engagement approach and developed this for this WRMP more generally. Also SEW to provide any reflections on the reasons for variations.
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SEW to collate customer views on water quality from their customer contacts, research and wider insight (e.g. DWI research) to ensure that the business plan reflects their views. E.g. customers raised issues around the taste of water and expressed support for steps/services they could take to address this. The CCG raised the issue as to whether SEW could prioritise the removal of lead
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