

## Notes of Meeting No.4 of the South East Water Customer Panel held on 2<sup>nd</sup> February 2016, at South East Water, Rocfort Road, Snodland.

### Present:

Roger Darlington (RD) (Chair)  
 Karen Gibbs (KG) (CCW)  
 Penny Shepherd (PS) (CCW)  
 Janet Hill (JH) (Swale Borough Council)  
 Richard Lavender (RL) (Kent Invicta Chamber of Commerce)  
 Veronica McGannon (VM) (Household Customer)  
 Adrienne Margolis (AM) (Household Customer)  
 Ben Roome (BR) (Household Customer)  
 Caroline Farquhar (CF) (Household Customer)  
 David Howarth (DH2) (Environment Agency)

### Apologies:

Darren Hall (DH1) (West Kent Housing Association)  
 Angela Dacombe (AD) (Age UK)

### Notetaker:

Becky Murrock (BM) (SEW)

Steve George (SG) (SEW)  
 Simon Mullan (SM) (SEW)  
 Sheila Bowdery (SB) (SEW)  
 Oliver Martin (OM) (SEW)  
 Emma Goddard (EG) (SEW)

Agenda Item no.	Notes and Actions	Action	Timescale
1. Introductions, Minutes and Matters Arising	<p>The Chair opened the meeting, wishing panel members a happy new year.</p> <p>RD confirmed that since the last meeting, he had spoken with Darren Hall, who had confirmed that work commitments meant that he would be unlikely to give the Panel the time he originally envisaged.</p> <p>RD had agreed that DH1 would no longer be a member of the Panel, and that it was RD's intention to hold the position vacant, until the Panel's transition to a Customer Challenge Group was clarified.</p> <p>RD asked that the Customer Panel's web page be updated to reflect the change.</p> <p><b>Action:</b> SG to arrange update of website to reflect Panel Membership change.</p> <p>RD reviewed actions from the previous meeting:</p> <p>3/1 AW to confirm date of visit. [Now agreed for 15 January 2016] The visit has taken place with 5 members attending, who had each found the visit useful and interesting.</p> <p>3/4 AW to circulate electronic copy of presentation. This is to be checked and circulated.</p> <p>3/6 SM to provide RL with commercial debt figures. This is to be worked on before the next meeting. Still to be provided.</p>	<p>4/1 SG <b>Complete</b></p> <p><b>Complete</b></p> <p><b>Complete</b></p>	

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	SM and RL have discussed.	3/6 SM	
2. Chair's Report	<p>The Chair provided a verbal report.</p> <ol style="list-style-type: none"> <li>1) RD had had a catch-up session with the SEW MD, Paul Butler, and agreed a programme of engagement with the Board: a meeting with the Board Chairman and the Non-Executive Directors on 25/2/2016; a visit to the Board for an interim discussion on 10/3/2016; and a visit to the Board with the draft Customer Panel Report on 7/7/2016.</li> <li>2) All companies have now appointed chairs to the successor bodies to the Customer Challenge Groups. All the chairs are having quarterly meetings together and with Ofwat. RD confirmed that in each case, the next such meeting was the following day (3/2/2016) in London.</li> <li>3) RD confirmed he had been appointed Chair of the Essential Services Access Network (ESAN) which brings together consumer groups and regulatory organisations covering four essential services: water, energy, communications, and financial services. This means that he will retain an interest in the water sector, even after he leaves his role at SEW.</li> </ol>		
3. Outcome Delivery Incentives Performance; Q3	<p>OM presented paper 2.</p> <p>RD asked OM to talk through the customer satisfaction ODI's. OM confirmed with the exception of Interruptions, all the hard measures are on track but customer perception has dropped. OM confirmed that the company continued to investigate the factors influencing the scores, and had commissioned further research through Accent.</p> <p>PS asked OM what statistical variance was expected from the sample size used, and whether a rolling annual average had been considered.</p> <p>BR confirmed that this rolling quarterly averages were used by his organisation, illustrating of rate of change and increases/decreases. BR suggested it would be useful in the performance table to show the current month's score as well as the year-to-date, and amalgamate the graph and table. on one page.</p> <p>RD recommended the main focus to be on leakage to help shift customer perception.</p> <p><b>Action:</b> OM to reflect the panel's comments in future updates.</p>	4/2 OM	

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	<p>BR asked if customer perception is different to the results. OM advised this is hard to know as we don't know the customers perception. OM advised the work that is ongoing to gain a greater insight into this with our branding and the concept of trialling a customer magazine.</p> <p>JH whether there was any correlation between the best score in August being against Restrictions, and the worst against Leakage. OM replied that the work with Accent would review the results for correlation between questions. OM stated that the biggest correlation was between Value for Money, which influenced all of the other scores, and that the company was working on this.</p> <p>DH2 commented on the measurement of customer satisfaction with leakage. He observed that the other survey questions are commenting on a physical service (e.g. water pressure) whereas leakage is harder to comment on, and may therefore be a particularly challenging issue in making customers aware. DH2 commented that customer opinion would be influenced by media coverage, and while many customers might feel that a level of leakage is unacceptable, they might find it harder to know what level would be acceptable.</p> <p>RL asked OM if transponder readings were used and compared. OM confirmed they were, and advised that the company was ahead of target for leakage. OM discussed the challenges in presenting leakage performances as a good news story, and DH2 asked whether customer perception might be different if their awareness of the use of technology was increased.</p> <p>OM advised SEW are looking at a customer magazine to address issues such as this, and encompassing a myth buster.</p> <p>JH asked where there are boundaries and customers were unaware, how did the company deal with the customers' perception. SG advised new technology to improve the targeting of communications would help with this, as well as clearer branding.</p> <p>AM asked about perception and the use of a customer magazine and if this would be the best route.</p> <p>VM commented that unless an issue affects customers directly, they wouldn't be aware of it.</p> <p>PS suggested SEW look at cognitive responses, as people don't value or use information that's not relevant, but the opinions of their family, friends and local councillors would be valued. SG advised we need to distinguish ourselves from the other sectors to claim credit or deal with an issue.</p>		

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	<p>DH2 asked whether we are providing enough information to show the good work, as the company's current position of 9<sup>th</sup> out of 18 will not sound good enough to the customers. DH2 discussed alternative metrics for measuring and reporting leakage.</p> <p>RD asked whether the company responded to customers who reported leaks with graphical data of the improvements they are helping the company to achieve. SM confirmed that the company emailed customers to thank them for their support and would look at adding this additional information.</p> <p>Customer surveys response rate was discussed and OM advised the response rate for 2015 was higher than previous years and had exceeded the target rate, so no additional promotion was used this year.</p> <p>RD advised how the panel appreciate how challenging this is and how innovative and committed SEW are. CF commented that she felt the level of detailed discussion on customers' experiences was transformational, and she believed this was attributable to the company's customer satisfaction ODIs.</p>		
<p>4. Company Performance Report Q3</p>	<p>SM presented Paper 3.</p> <p>RD observed that the complaint figures were very good and are continuing to fall. There has been a drop of 35/40% this year, and SM advised he is hoping to retain best performing company this year in CCWater's annual industry report.</p> <p>SG advised he recently had a meeting with Carl Pegg and Rhys Brooks from CCW. SEW hope to reduce complaints by a similar level to last year, and was forecasting a total of 2,300 for the year.</p> <p>SM confirmed that the Q3 SIM survey score was within the range we had predicted, but was disappointing after Q2's scores. The company is striving to improve the score, and SM advised the internal drive was to achieve a score of "five out of five" on every contact.</p> <p>BR asked how the scores are calculated for SIM points, and RD asked for an Information Note to be prepared and circulated to the Panel.</p> <p><b>Action:</b> SM to circulate an Information Note explaining how the SIM points are calculated.</p> <p>RD asked CF the impact of having a meter installed at her home has had. CF feels that she now has much more control over the volume of water that she is using and can monitor it.</p>	<p>4/3 SM</p>	

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	<p>BR has also recently had a meter fitted and advised his experience had highlighted the usage from having a young family at the property and being fairly high users. BR does not feel as “in control” of his water usage as CF, felt that more real-time usage information would be helpful to gain a better understanding of activities and volume of water used.</p> <p>SG welcomed the feedback, and would look at the information currently provided, explaining usage for metered customers.</p> <p>BR suggested SEW promote robust drinking bottles to encourage customers to take the product from the house for school, work etc.</p>		
<p>5. Deep Dive: Environmental Performance</p>	<p>RD welcomed Emma Goddard to the meeting to present Paper 4.</p> <p>RD invited DH2 to comment. DH2 advised the main interface between the Environment Agency and SEW was in relation to the company’s National Environmental Programme (NEP) and the money spent and paid by bill payers.</p> <p>DH2 advised the work with EG and the team is a very constructive and positive, and that AMP 6 has been good. EG advised that her team endeavours to be as transparent as possible and have developed a larger in-house technical team to deliver the larger AMP6 NEP programme.</p> <p>EG advised that the company also has an environmental team in Engineering looking at construction plans and incorporating techniques such as trial trenching to minimise environmental impact.</p> <p>CF asked EG whether micro generation and other techniques had been considered to reduce the company’s energy use. EG advised this had been considered, but had not been popular with customers.</p> <p>BR asked for clarification on the map acronyms:</p> <ul style="list-style-type: none"> <li>• RAMSAR – rather than an acronym (as implied by use of upper case text) the Ramsar Convention is an international treaty for the conservation and sustainable utilisation of wetlands, named after the town in Iran it was originally signed in.</li> <li>• LNR – Local Nature Reserve</li> <li>• NNR – National Nature Reserve</li> <li>• SSSI – Site of Special Scientific Interest</li> </ul> <p>BR spoke about the land resources needed to manage SEW’s business. BR felt customers would be interested to know more, and this would help with customer understanding and their perception of value.</p>		

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	<p>SG advised through our brand work, we are looking at communicating with customers about the background scientific, engineering and environmental work SEW undertakes, as customers have been positively engaged on this theme.</p> <p>EG explained how some of the ground water protection sites become SSSI as a direct result under the company's careful management.</p> <p>JH asked if the billing address for the energy used across the company's entire estate is the head office address, as emissions were linked to the billing postcode and might result in some inaccuracies.</p> <p><b>Action:</b> EG to clarify and respond to JH.</p> <p>KG commented on the company's Environmental Focus Group (EFG) and whether attendees could help the company disseminate information, which the company could build on.</p> <p>PS spoke about public access and benefits to the land being worked on and also the relations with schools would all help.</p> <p>EG spoke about the company's legal obligation and that on its sites, there is fishing, walking areas and various water activities. In Ardingly there are walking areas and water sports and all other sites have public access.</p> <p>EG also confirmed that the company has school visits through our Communications team and open days at Bray, Bewl and Arlington. The staff are trained to give school talks and go out with school staff.</p>	<p>4/4 EG</p>	
<p>6. Social Tariff Update</p>	<p>SM presented paper 6.</p> <p>RD observed that the tariff has had a higher uptake and was 34% above targeted numbers. SM explained the approach, talking with other companies in the South East. SM confirmed that Portsmouth Water was coming to visit as they would like to develop a tariff like SEW's and give some consistency customers.</p> <p>DH2 asked if Southern Water (SW) work this way.</p> <p>SM advised SEW shared information weekly with SW, and SG advised that SW and SEW customers receive separate bills.</p> <p>PS asked if customers are eligible for SEW tariff but not SW's. SM advised if SEW accept the customer then Southern accept them too.</p>		

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	<p>CF asked if social tariff customers are willing to pay. SM confirmed we have good payment rates, and SB advised that the company is working with housing associations to help customers before debt arises.</p> <p>VM asked if we worked closely with all housing associations and landlords, and SB confirmed that the company did try to.</p>		
<p>7. Charges Summary 2016-17</p>	<p>OM presented paper 6.</p> <p>OM advised all companies publish a charging scheme and this year's was issued on Monday 1<sup>st</sup> February 2016. The industry trade body, Water UK, will carry out a press release on 3<sup>rd</sup> February 2016, confirming that nationally, average bills would increase by 1%.</p> <p>SEW's average bill remained £198.</p>		
<p>8. Market Opening Update</p>	<p>OM provided a verbal update.</p> <p>OM advised that the Boards of all water companies will issue an Assurance Letter this week to Ofwat detailing their programme and milestones in detail.</p> <p>This information is passed to Defra then from Defra to the Secretary of State.</p> <p>The Government has indicated that it would like to broaden retail competition to the household market from 2020, and has asked Ofwat to evaluate the costs and benefits of such a change.</p> <p>KG advised CCW have been involved in carrying out surveys with customers.</p> <p>RL has been asked for a paper for his Board on how the introduction of retail competition for the non-household market would affect businesses. SG advised we will be able to provide some wording to help.</p> <p><b>Action:</b> OM is to provide RL with a short paragraph for his Board paper.</p> <p>KG also confirmed that there was information available through the CCWater website, and that she would forward details to RL.</p> <p><b>Action:</b> KG is to forward website details to RL.</p>	<p>4/5 OM</p> <p>4/6 KG</p>	
<p>9.</p>	<p>OM provided a presentation on preparations for the next</p>		

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PR19/Water 2020 Update	<p>Price review – PR19 (Water2020)</p> <p>Ofwat’s consultation on PR19 was issued in December. Further consultations would follow.</p> <p>For the industry a big issue to be addressed were proposals for changes to the way that prices are indexed for inflation. A move from RPI to CPI is proposed, which would result in an increase in bills that would be levelled out over the long term. An Information Note on this topic had been circulated to the Panel.</p> <p>RD concluded this discussion by suggesting that, since the Panel was already becoming involved in preparing for PR19, it was time for the company to open Challenge Log and he proposed the first four challenges for this log:</p> <ul style="list-style-type: none"> <li>• Will the company publish all papers presented to the Customer Panel (backdated to the creation of the Panel)?</li> <li>• Will the company create a section on its web site reporting on quarterly performance against targets as set out in the Final Determination for PR14?</li> <li>• Can the Panel see the company's ongoing customer engagement strategy?</li> <li>• Can the Panel see the company's specific consumer engagement plan for PR19?</li> </ul> <p><b>Action:</b> A new Challenge Log to be opened with RD's four challenges as the first items.</p>	4/7 SG	
10. Dates of Future Meetings	<p>SH presented Paper 7.</p> <p>SH asked members to mark on their papers the dates that were convenient for them. SG explained that returns would be collated to identify dates for Panel meetings for the next two years.</p> <p><b>Action:</b> BM is to collate information for the Chair to agree future meeting dates, for subsequent circulation to Panel members.</p>	4/8 BM	
11. Private Session	<p>South East Water representatives left the meeting, and the Customer Panel held a private session.</p> <p>Discussion focused on the relationship between the newly recreated Environmental Focus Group and the Customer Panel.</p>		

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	<p>It was noted that several members of the Panel are members of the Group and they were asked to ensure that as necessary any EFG matters are reported to the Panel. Also, as was the case for PR14, the Chair of the Panel should on occasions attend an EFG meeting to ensure coordination of the respective work of the two bodies.</p> <p><b>Action:</b> RD to attend a future meeting of the Environmental Focus Group.</p>	<p>4/9 RD</p>	
<p>12. Meeting Close</p>	<p><b>Date of next meeting is:</b> Thursday 5<sup>th</sup> May 2016, to be held in the Osprey Auditorium, South East Water Head Office, Rocfort Road, Snodland, ME6 5AH.</p> <p>Provisional Agenda:</p> <ul style="list-style-type: none"> <li>• Minutes and Action Points from previous meeting</li> <li>• Chair's Report</li> <li>• Company Performance In Quarter 4 of 2015/16</li> <li>• Deep Dive Into Selected Measure: leakage</li> <li>• Update On Social Tariff</li> <li>• Panel Report to Board and stakeholders</li> <li>• Update On Competition In Non-Household Sector</li> <li>• Update On Methodology For PR19: Ofwat methodology paper</li> <li>• Private Session</li> </ul> <p><b>Information notes:</b> 3 information notes were circulated to the group for review with the papers: IN1: SEW Metering Programme Water Efficiencies. IN2: National Grid Richborough Connection Project and Board Oak Reservoir IN3: Water 2020 – RPI and CPI</p>		