

## Notes of Meeting No.5 of the South East Water Customer Panel held on 5<sup>th</sup> May 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 (DH) (Environment Agency)  
 Angela Dacombe (AD) (Age UK)

**Apologies:** Oliver Martin (OM) (SEW)

**Notetaker:** Nicola Blake (NB) (SEW)

Steve George (SG) (SEW)  
 Simon Mullan (SM) (SEW)  
 Sheila Bowdery (SB) (SEW)  
 Andy Ball (AB) (SEW)  
 Alison Lee (AL) (SEW)

Agenda Item no.	Notes and Actions	Action	Timescale
1. Introductions, Minutes and Matters Arising	<p>The Chair opened the meeting, introducing the panel to NB who will be note-taker from this meeting due to her experience of the CCG in PR14.</p> <p>The Chair discussed the revised start time of the meeting, and asked panel members if there would be any issues with starting future meetings at 10am, the panel were happy for this to be the start time for future meetings.</p> <p>RD reviewed actions from the previous meeting. RL and KG confirmed that their actions were in hand.</p>		
2. Chair's Report	<p>The Chair provided a verbal report. Overall the Chair has attended 13 meetings since the last meeting which highlights the pace at which PR19 preparation is developing.</p> <p>1) RD had a meeting with the company's Board Chairman and the Non-Executive Directors on 25/2/2016, and had also attended the company's Board meeting on 10/3/2016.</p> <p>2) RD had attended two meetings with Ofwat and Customer Challenge Group chairs. All the chairs are having quarterly meetings with Ofwat.</p> <p>3) RD had also attended two meetings with the Customer Challenge group chairs from across the industry. RD felt this has been an improvement from PR14 and enables the</p>		

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	<p>Chairs to gain a national picture of the industry developments.</p> <p>PS commented on the increased discussions around PR19 and non-household competition and asked the Chair if he thought there would likely be any further substantial headliners. RD discussed his views on how sustainability in the sector would be a key theme.</p>		
<p>3. Outcome Delivery Incentives and Company Performance; Q4/year end</p>	<p>AL presented paper 2.</p> <p>AL explained that as this was the year-end report, the paper contains a greater level of detail for each ODI than previously shown, including information regarding initiatives undertaken in the year and plans for year two.</p> <p>CF asked the company if there had been any research undertaken to try and determine the cause or explain the yearly increase in the company's demand figure. SG explained that there were a number of factors that influenced this trend, and would arrange for an information note to be circulated to the panel.</p> <p><b>Action 5/1:</b> Information note on PCC to be circulated.</p> <p>PS requested further information on the statistical accuracy of the sample size used by the company.</p> <p><b>Action 5/2:</b> Statistical accuracy footnote to be added the tables in future updates.</p> <p>DH suggested that the summary table might show if the performance for an ODI would trigger a reward or penalty. DH also observed that the way the report had split out the Hailsham incident in the tables suggested they were two separate ODIs. SG confirmed there was only one interruption ODI, and explained that the intention of the paper was to show the strength of the company's performance, had that incident not occurred.</p> <p>DH also requested that detail on the measured PCC be included in the information note.</p> <p>The company confirmed that the number quoted for vulnerable customers is the number of properties that have vulnerable people in the household so the number could possibly be higher however the company does not have occupancy information for them.</p> <p>The company agreed to add a colour print warning on emails with documents that should be printed in colour and offered panel member who wish to receive printed copy the chance to send in their postal addresses for the next meeting.</p>	<p>SG</p> <p>AL</p>	

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	<p><b>Action 5/3:</b> Colour-print warnings to be added to future papers.</p> <p>The Chair commented that most of the initiatives implemented by the company have so far only affected the 'hard' metrics and have not yet impacted on those metrics measured through customer satisfaction. SG discussed the customer magazine and the brand programme.</p>	NB	
4. Customer Satisfaction ODI Baseline	<p>SG introduced paper 3, prepared by AL.</p> <p>SG explained that the company's customer satisfaction ODIs seek to maintain Customer satisfaction across the Business Plan period, except for leakage, where an improvement is being targeted.</p> <p>The baseline for the ODI was set based on a single survey, undertaken in October 2013.</p> <p>SG explained that the more comprehensive research undertaken during the 12 months to March 2016 showed variations in the data from month to month. The company believed that this showed that the October 2013 did not fairly represent the customer satisfaction baseline.</p> <p>Paper 3 was an updated version of a paper that was discussed at a meeting with Ofwat last month, where the company is looking to reset its base line using the 2015-16 data.</p> <p>The company clarified that it remains firmly committed to its innovative customer satisfaction measure, and was seeking to clarify its approach and seek the panel's support for its ongoing discussions with Ofwat.</p> <p>AM asked whether the company would seek to do this again next year. The company clarified that it would not, and that this would be the only time that the baseline for this Business Plan would be raised with Ofwat.</p> <p>The Chair asked the company whether a second year of reputational only incentive had been considered, and AL explained that due to the complex impact that this would on the company's other ODIs, this had not been taken forward.</p> <p>PS was personally very supportive of the customer satisfaction ODI and understood the company's argument, but questioned the impact of lowering the baseline. The company explained that all other properties of the ODI remain the same; i.e. same size dead band, same distance to reward cap, and penalty cap etc. and reassured the panel that it was not seeking to move itself into reward position.</p> <p>KG agreed with PS, and stated that the CCG thought the measures were a brave and innovative move. KG asked</p>		

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	<p>whether it was necessary to change each of the customer satisfaction measures, and the company explained that the base line for each had to be set using the same methodology.</p> <p>RD confirmed that he was sympathetic to the position the company was experiencing and supported the company's approach. RD asked that the company provide information on the proportion of respondents answering "don't know" from all of the surveys.</p> <p><b>Action 5/4:</b> The Company is to send the Chair a breakdown of the survey results.</p>	AL	
<p>5. Deep Dive: Leakage</p>	<p>AB presented Paper 4.</p> <p>The leakage figure the company reports includes customer side leakage, which industry research estimates to be around 30% of overall leakage.</p> <p>AM asked the company what investment is going into fixing the customer side leakage. AB advised the panel that as the company does not own the supply pipes, responsibility for repair and maintenance lay with the homeowner.</p> <p>DH queried the reporting of leakage volumes as a percentage of water the company puts into supply, known as Distribution Input (DI). Preferring a measure such as the amount of leakage per property. AB confirmed that this could be calculated, and RD asked that this be added to future panel updates.</p> <p><b>Action 5/5:</b> The company will report leakage as Litres/Property/Day to future updates, in addition to the DI measure.</p> <p>The Chair asked the company what it can do to improve customer satisfaction and perception around leakage. SG discussed the roll out of the new brand which will include updated van signage and new road signage as well, and confirmed that the new customer magazine will also have 3 articles about leakage in the first addition.</p>	AL	
<p>6. Challenge Log</p>	<p>The Chair gave the panel some background about the use of the challenge log in PR14 and the introduction of the new log, which currently has 4 challenges open.</p> <p>The responses by the company for challenges 2-4 have all been agreed with the Chair.</p> <p>The chair would like to keep the response to Challenge 1 as an interim response as he would like the company to think again about its position.</p>		

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	<p><b>Action 5/6:</b> SEW to provide figures for the number of people who view the Customer Panel page on the website.</p> <p><b>Action 5/7:</b> SEW to include an article about the Customer Panel in a future edition of the customer magazine.</p> <p><b>Action 5/8:</b> Challenge Log to be updated to include a status column to show if a challenge is open or closed.</p> <p><b>Action 5/9:</b> Add challenge to log: the panel would like the company to get more involved at presenting at industry workshops and conferences to raise its public profile.</p>	<p>SG</p> <p>JO</p> <p>NB</p> <p>NB</p>	
<p>7. Social Tariff Update</p>	<p>SM presented Paper 6.</p> <p>Customer take up of the tariff remains higher than target, (now 40%), with March and April increases due to annual unmeasured main billing, and more publishing of the customer care team.</p> <p>SM confirmed that the company has had a meeting with Southern and Portsmouth Water to discuss approaches to their social tariffs.</p>		
<p>8. Competition update – Household and Non-household</p>	<p>AL presented Paper 7.</p> <p>The company will be participating in the market and is currently meeting all external milestones. The internal working group has a risk register that is monitored at the weekly meetings to make sure targets are met but also that business as usual is not affected by the project.</p> <p>The Chair attended a meeting at Ofwat in which household competition was discussed, and highlighted that the company would have to take this into consideration when planning for PR19. The initial findings from Ofwat’s review are due to be published in July with the final report being published in September.</p> <p><b>Action 5/10:</b> SEW to consider retaining a non-household representative on the Panel once competition has opened.</p>	<p>SG</p>	
<p>9. PR19 timetable, methodology and CCG Chair</p>	<p>The Chair explained to the panel that due to the increase in PR19 activity, he has suggested to the company that they bring forward their plans for the recruitment of the CCG Chair to the end of this calendar year, rather than March 2017.</p> <p>SG told the group that a draft approach was being drawn up for formal Board sign off in July.</p> <p>SG advised that the current remit of the panel to challenge</p>		

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	<p>the company on its delivery of its Business Plan commitments would remain, and be extended to include a further remit to challenge the company's customer engagement approach for the next Price Review in 2019 (PR19), as with the PR14 CCG.</p>		
<p>11. Private Session</p>	<p>South East Water representatives left the meeting, and the Customer Panel held a private session.</p> <p>RD presented Paper 9 which outlined a proposed timetable for the production of the Panel's Annual Report for 2015/16 and an outline of the content of this report.</p> <p><b>Action 5/11:</b> RD to circulate a draft of the report to members on 17 June for comment and amendment before the final text is delivered to the company.</p> <p><b>Action 5/12:</b> RD to present the report to the Board on 7 July before it is promulgated to relevant stakeholders.</p>	<p>RD</p> <p>RD</p>	
<p>12. Meeting Close</p>	<p><b>Date of next meeting is:</b> Tuesday 2<sup>nd</sup> August 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 1 of 2016/17</li> <li>• Deep Dive Into Selected Measure: Interruptions</li> <li>• Ongoing customer engagement strategy</li> <li>• Private Session</li> </ul> <p><b>Information notes:</b> 3 information notes were circulated to the group for review with the papers: IN4: Abstraction incentive Mechanism (AIM). IN5: Service Incentive Mechanism (SIM) - Method of Calculation IN6: Customer Panel Future Meeting Dates</p> <p><b>Action 5/13:</b> Minutes of previous meeting to be updated to report the Information Notes tabled.</p>	<p>NB</p>	