

## Notes of Meeting No.8 of the South East Water Customer Panel held on 7<sup>th</sup> February 2017, at South East Water, Rocfort Road, Snodland.

## Present:

Zoe Mcleod (Chair)
Penny Shepherd (PS) (CCW)
Janet Hill (JH) (Swale Borough Council)
Caroline Farquhar (CF) (Citizens Advice)
Veronica McGannon (VM) (Household Customer)
Adrienne Margolis (AM) (Household Customer)
Ben Roome (BR) (Household Customer)
Richard Lavender (RL) (Kent Invicta Chamber of Commerce)

Steve George (SG) (SEW) Simon Mullan (SM) (SEW) Oliver Martin (OM) (SEW) Jo Osborn (JO) (SEW) Alison Lee (AL) (SEW) Sheila Bowdery (SB) (SEW) Lee Dance (LD) (SEW)

## **Apologies:**

David Howarth (DH) (Environment Agency) Karen Gibbs (KG) (CCW)

Notetaker: Nicola Blake (NB) (SEW)

Agenda Item no.	Notes and Actions	Action	Timescale
1. Introductions	The Chair opened the meeting by recording the apologies.		
2. Minutes and Matters Arising	ZM reviewed actions from the previous meeting, and highlighted that all actions had been completed. It was confirmed that SEW would review its approach to digital communications as part of its wider strategic review of engagement. It was also agreed that a price review speaker would attend the future CCG away day.		
	The group discussed the use of the challenge log to log actions from the meetings however it was decided that the current remit will be continued.		
	ZM asked SG for an update on the shareholder sale following the last meeting. SG informed the group that there was currently nothing to update and would keep the group informed of any developments as and when they occur.		
	A hand out was circulated to the group to show a mock-up of the new website that is currently being developed, which will be where the quarterly performance will be published. The website is due to go live during April.		
	The Panel had no further comments on the minutes and action points.		
3. Challenge Log	SG presented Paper 2, and confirmed that the Challenge Log is saved on the Customer Panel document library web page.		



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	SG ran through the challenges and current status of each, and the group had no further comment.		
2. Chair's Report	The Chair provided a verbal report.  Since being appointed Chair, ZM has met individually with panel members as part of her induction. ZM has also meet with a number of SEW staff members and attended the company's Board meeting in January.		
	Ofwat had held two meetings of company CCG Chairs since the last meeting. Topics from this included Ofwat's early thinking on affordability, the outcomes consultation and a discussion on the water industry performance website, Discover Water.		
	ZM fed back that there was willingness among the CCG Chairs to explore the value of further collaboration, where it can deliver more cost effective engagement and outcomes for customers. She is supportive of an initiative underway to encourage water company leaders in the South/SE along with CCG Chairs and CCG members to explore this further.		
	ZM also attended a Frontier Economics event on use of comparative information in research and a National Infrastructure Commission event on water resource management.		
	Action 8/1: Link to the Discover Water website to be sent to Panel members. Panel members were asked to forward any comments on desired functionality to the Chair.	NB	ASAP
	ZM will be attending the company's Environmental Focus Group (EFG) tomorrow, and will attend a meeting with Advizzo and another meeting of the CCG Chairs before the next meeting.		
	PS informed the group that a CCWater public meeting will be held on 16 <sup>th</sup> March in London, the main focus of the meeting will be non-household competition.		
5.	AL and SM presented Paper 3.		
Outcome Delivery Incentives and Company Performance; Q3	Customer satisfaction scores have seen an increase from Quarter three 2015-16 in all measures. In the latest quarter, leakage and taste and odour have seen the highest scores since the beginning of the tracker in April 2015.		
	The Annual Tracker survey was carried out during September and October, with the overall percentage for customers thinking their bill is value for money reaching 74%, which is		



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	slightly higher than last year's 71%. The company saw a 5% increase in return rate from last year.		
	CF asked the company for clarification on their breaches performance, as it was not clear if the reported score was good or bad. The company will add a Red, Amber, Green status and last year's performance for comparison.		
	JO informed the panel that a second version of a customer magazine had been sent out to a target postcode area. The panel members were given a copy of the magazine at the end of the meeting.		
	CF asked the company what the comparative SIM ranking was for last year, SM told the group that the company performance in the quantitative complaints numbers continued to improve, and the qualitative scores remain around the same level as last year.		
5.	LD presented paper 4.		
Deep Dive: Water Resources Management Plan and Drought Plan	In the past, companies have planned their water resource needs over a 25 year period, however with this plan, the company is looking at planning over a longer period. AM asked how developments in climate change is taken into account if you are setting plans for over 25 years. LD responded that although Water Resource plans are formally re-published every 5 years, a company is able to change a plan sooner if significant evidence is found.		
	The EFG is used for engaging with stakeholders throughout the planning process, and updates from the EFG will feed into the panel. During a 12 week consultation period, customers will have a chance to make comments on the plan.		
	The draft plan will be submitted to Defra for review at the end of 2017 and will go out to public consultation at the beginning of 2018.		
	A Drought Plan must be submitted at the end of March. In developing this plan, the company has looked at more extreme droughts than have historically been experienced, and tested the level of resilience to these events.		
	The was a wide ranging related discussion. This included: questions about how SEW built in flexibility into their approach; the impact of Brexit and wider changes and how the WRMP would dovetail with the wider business plan and engagement.		
7. Social Tariff Update	SM presented Paper 5.		



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	Customer take-up of the tariff continues to be higher than target, with registered customers currently at 7,897, against a target of 5,750.  ZM challenged SEW to capture the benefit that the tariff had delivered to customers.	SM	Next
	Action 8/2: SEW to put mechanisms in place to capture the customer impact that social tariffs have e.g:		Meeting
	<ul> <li>estimated total customer benefit in cost savings;</li> <li>estimated average cost saving per customer;</li> <li>qualitative customer feedback on the difference the tariff had made (which could also potentially be used in future customer research on engagement to help customers understand the benefits it brings to individuals)</li> <li>related customer satisfaction scores</li> <li>qualitative feedback from third parties such as Citizens</li> </ul>		
	<ul> <li>Action 8/3:</li> <li>SEW to calculate number of customers on social tariff and as a % of total customers on low incomes and/ or in debt</li> <li>Provide a benchmark with other water companies.</li> </ul>	SM	Next Meeting
8. Competition update – Household and Non-household	OM gave a verbal update to the group on non-household retail competition.  The non-household retail market opens on April 1 <sup>st.</sup> The Central Market Operating System (CMOS) is currently being used for shadow operation, and development of this system is ongoing to make sure it is ready for market go-live in April.		
	All companies have had to submit assurance letters to Ofwat throughout the process to give reassurances that companies are ready for the live market, the last of these letters were submitted at the beginning of February.		
9. Changes to the panel – transition to CCG for PR19	The Chair presented Agenda item 9.  ZM spoke to the group concerning the shift in focus that will be needed, to begin to concentrate on the upcoming Business Plan submission.		
	ZM confirmed that, having spoken to panel members in introduction meetings, the general feelings were that an "away day" would be a very helpful way to support the transition from Customer Panel to Customer Challenge Group (CCG).		



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	Action 8/4: NB to look for dates in April for the away day.  ZM also indicated that more frequent meetings would be needed, and proposed that this change be effective from the May meeting. The CCG would then meet bi-monthly, with ZM proposing that this would be on a set day of the week, and suggested the first Wednesday of the month.  ZM also proposed that meeting locations would alternate between the company's Head Office, and a central, London	NB	ASAP
	location.  Action 8/5: NB to gather possible dates for panel members to agree, and organise a London location for alternate meetings.  ZM suggested that having an research methodology and price review expert on the CCG would be beneficial, and the group agreed with this thought.	NB	ASAP
10. PR19 Programme update	OM gave a verbal update to the group.  OM shared a handout showing the high level milestones, by quarter, which the company is working towards, with 2017 focussed on building the plan components, e.g. Customer Engagement, Outcomes, and 2018 focussed on the refining of the plan.  It was agreed that a more in-depth programme will be presented at the CCG away day. The level of Financial Data to be presented to future CCG meetings was discussed group, and It was proposed that this data be kept at a high level. The group was happy with this proposal.		
11. PR19 Engagement update	AL and JO presented Paper 6.  The group felt uncomfortable with some of the terminology being used, with phrases such as 'approval' and 'cocreation' in relation to the role of CCG. This was considered inappropriate for the independent CCG. The company agreed the terminology could be misunderstood and would revise the wording. It was agreed that the role of the Challenge Group would be clarified in the revised CCG terms of reference.  AL informed the group that the company had hired two agencies, Brand Edge and Accent, who would collaborate in an innovative approach to segmentation research.  Workshops and focus groups will be starting in the next few		



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	The group decided that it would not create subgroups to review different areas of the business plan, and that any documents that need reviewing between meetings should be circulated to all members, who may comment if they wished.  AP 8/6 SEW to circulate initial thinking on segmentation for comment from the group members.		
11. Private Session	ZM fed back on the feedback and suggestions she had received from individual group members on the role, make up and operation of the group. It was discussed how to take these forward. This included a discussion on: the independence of the Group; content for the CCG away day; and the structure of future CCG meetings.		
12. Meeting Close	Date of next meeting is: to be confirmed, to be held on Wednesday 3 May 2017 in the Osprey Auditorium, South East Water Head Office, Rocfort Road, Snodland, ME6 5AH.  Provisional Agenda: TBC following CCG Away Day.		