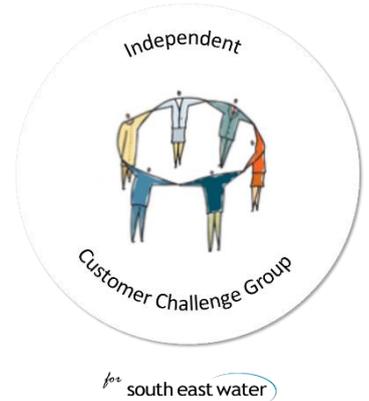


Independent Customer Challenge Group
for South East Water

Consumer Vulnerability Sub Group



Meeting number: 1

Meeting Date: 30 June 2017

Paper No: 1

Agenda No: 2

Title: CONSUMER VULNERABILITY SUB GROUP TERMS OF REFERENCE

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Purpose: For approval by the members of the Consumer Vulnerability Sub Group

INDEPENDENT CUSTOMER CHALLENGE GROUP – SOUTH EAST WATER



CONSUMER VULNERABILITY SUB GROUP

TERMS OF REFERENCE June 2017

These Terms of Reference for South East Water's Customer Challenge Group (CCG) Consumer Vulnerability Sub Group (CVSG) have been developed with the main CCG and agreed by them.

This document should be read in conjunction with the Terms of Reference for the main CCG.

1. ROLE

The Consumer Vulnerability Sub Group will support the main CCG in its work. In particular it will:

- Advise and challenge the Company on its approach to identifying, engaging, supporting and empowering customers in vulnerable situations for PR19.
- Challenge the company on its approach to engagement with customers in, or at risk of being in, vulnerable situations, including those that are hard to reach. This includes ensuring the views, needs and priorities of customers in, or at risk of being in, vulnerable situations, are reflected in South East Water's ongoing operations and business plans for 2020-25.

2. RATIONALE

The CCG has decided to set up a Consumer Vulnerability Sub Group to support it in its work. This is to:

- challenge South East Water's activities to identify, engage, empower and support customers with additional needs on behalf of the CCG. This includes the impact of approaches.
- challenge, advise and support South East Water, in their desire "To be the water company people want to be supplied by and want to work for", and to deliver a "Five out of Five" service to *all* customers.
- as part of the above:
 - Ensure consumer protection – to reduce the likelihood and impact of vulnerability
 - Challenge the company to take all reasonable steps so that all customers can access the company's services and to reduce the likelihood of a customer being at a disadvantage due to their

characteristics, circumstances or situation, because of the Company's approach.

- Reflect that, for the first time, Ofwat are proposing to include vulnerability as an explicit part of the Price Review including requiring the companies to develop bespoke performance commitments, and challenge the company to ensure that its business plans fully address this.
- Reflect that it's an area of engagement that has the potential to deliver significantly better outcomes for some consumers.

3. DEFINITION OF VULNERABILITY

There are a number of vulnerability definitions. For the purpose of this Sub Group, the Group will take a risk-based approach to vulnerability. This means we will challenge the company to adopt a definition that ensures focus on those customers that have characteristics or are in circumstances or situations that could mean they are more likely to face barriers to *accessing* water services or water sector benefits, or who are more likely to suffer *detriment*, and for that detriment to be more severe should things go wrong. The CVSG will challenge the company's approach recognises that vulnerability can be transient e.g. due to life events such as bereavement or relationship breakdown, and also, that being on a low income or in debt, can mean, in some, but not all situations, that the customer can be vulnerable.

4. DUTIES

Key duties are to challenge the Company to:

- have a clear understanding of who its customers are that may have additional needs, and what those vulnerabilities might be using all available sources of information and data
- have a clear understanding of the strategic partners in its area who they could work with to deliver their engagement approach and support the delivery of its business plan and to deliver on its statutory obligations.
- have effective and comprehensive mechanisms in place to identify customers with additional needs – maximizing use of all touch points
- engage strategically with its customers and key stakeholders to have a clear understanding of the views, wants, needs and priorities of its customers in potentially vulnerable situations.
- engage with appropriate stakeholders to co-develop solutions to problems that customers face
- undertake partnership working, including with utilities and third party organisations on vulnerability issues where it can deliver better outcomes for consumers
- explore innovative solutions to deliver customer priorities more effectively and cost efficiently

- work with customers in vulnerable situations and groups who represent them to develop a Vulnerability Strategy, and operational processes and policies that reflect their different views and needs.
- support the company in being best in class in identifying, engaging and supporting customers in vulnerable situations.
- work with customers in vulnerable situations and groups who represent them to develop performance indicators, outcomes that reflect any differing needs and priorities
- ensure the views of customers with additional needs, who may be hard to reach are captured and reflected in the business plan
- demonstrate the effectiveness and cost efficiency of measures to address vulnerability.

5. AUTHORITY AND POWERS

The CVSG is acting on behalf of the CCG. The authority and powers to act are outlined in the CCG Terms of Reference.

Ofwat's February 2016 Vulnerability Focus Report encourages CCGs to challenge the company's approach to vulnerability. Ofwat's Customer Engagement Policy Statement PR19, May 2016 identified one of the seven areas that the regulator will look at as "understanding the needs and requirements of different customers including customers in circumstances that might make them vulnerable".

6. CHAIR AND MEMBERSHIP

The Chair of the main CCG will act as the Chair of the CVSG unless otherwise agreed with members of the CVSG. In between meetings of the CVSG, the Chair will be the principal link between the Group and the Company but will ensure that all Group members are kept informed and involved.

The Chair shall determine the appointment of the CCG members on to the CVSG. The quorum necessary for the CVSG will be 3 members. In the absence of the Chair, the Chair may nominate a deputy to chair a meeting. If the chair is unable to do so, the members may elect a Chair for the meeting.

7. ATTENDEES AND OBSERVERS

On the invitation of the Chair, at least two members of the company will normally be in attendance at the Task Group meetings and discussions, but will withdraw whenever the Sub Group wishes to deliberate without company representatives.

External observers and attendees may also attend meetings by invitation, where this may facilitate the work of the Group.

8. FREQUENCY AND LOCATION OF MEETINGS

The Group will meet at least 6 times a year. Meetings are likely to be more frequent towards the beginning of the year given the timetable for wider PR19 engagement. Meetings may also be convened when a need arises.

Meetings will be held in person, or by WebEx if this is not possible. The format of each meeting will be agreed in advance of the meeting with SEW.

Communication and decisions may also take place between meetings as necessary, including by telephone and email.

9. EVIDENCE BASE

The CVSG will gather its information in a variety of ways. This includes but is not limited to:

- Presentations by and information from the Company
- Presentations from and meetings with external parties and organisations
- The sharing of relevant information between members including insights gained beyond their CCG role.
- Use of comparative information
- Attendance at relevant external events
- Horizon scanning – to identify relevant research and information
- Attending and observing South East Water engagement activities

10. SECRETARY

To ensure its efficient operation the Company will provide sufficient secretariat function for the Task Group.

11. MINUTES OF MEETINGS

The secretary shall minute the proceedings and resolutions of all meetings including recording the names of all those present and in attendance. Minutes shall be circulated promptly to all members of the Task Group for agreement.

12. CHALLENGE LOG AND FEEDBACK

Challenges raised in the meeting, and responses given by SEW will be recorded in the main CCG Challenge Log. This includes challenges made outside of the Task Group meetings including by email or in discussions.

13. REPORTING

The CVSG will report to the main CCG. The findings will be included in the CCG Assurance Report to Ofwat. The CCG will report to South East Water's Board on the work of the Task Group as appropriate.

14. STYLE AND CONDUCT OF MEETINGS, MEMBERS RESPONSIBILITIES AND WIDER GOVERNANCE.

As per the main CCG TOR.