

Consumer Council for Water Board Agenda
Meeting in Public
Tuesday 5 July 2016 11.00
M Shed, Bristol

Members: Bernard Crump - Regional Chair
 David Heath - Regional Chair
 Julie Hill - Independent Member
 Philip Johnson- Independent Member
 Robert Light - Regional Chair
Alan Lovell - Council Chair
 Tony Redmond- Regional Chair and Vice Chair of the Council
 Tony Smith - Chief Executive
 Tom Taylor - Wales Chair

Attending: Mike Bell- LCA
 Stephen Bird- Managing Director, South West Water
 Sue Clarke-Customer Experience Manager, Bristol Water
 Anthony Fry- Cholderton Water
 Gary Fisher - Board Secretary, CCWater
 Deryck Hall- Head of Policy and Research
 Steve Hobbs- Senior Policy Manager, CCWater
 Richard Lacey- CCG Chair Bournemouth
 Colin Lench - Consumer Relations Policy Manager, CCWater
 Gudrun Limbrick- LCA
 Sue Lindsay- Head of Customer Relations, Wessex Water
 Charley Maher - Managing Director, BWBSL
 Phil Marshall - Deputy Chief Executive, CCWater
 Paul McNie- Environmental Protection Manager, South West Water
 Ben Newby-Director of Business Improvement, IT and Customer Services,
 Bristol Water
 Veronica O’Dea-LCA
 Carl Pegg - Head of Consumer Relations and Communications, CCWater
 Marie Perry- Head of Finance and Procurement, CCWater
 Andy Pymer- Managing Director, Wessex Water
 Michael Short-LCA
 Matt Wheeldon- Waste Strategy Manager, Wessex Water
 Andy White- Senior Policy Manager, CCWater

Item	Agenda Item	Time	Paper	Lead
P0P.	Tea and coffee welcome for public attendees (15 minutes)	11.00		
	Standing Items			
P1P.	Introductions, Apologies and Declaration of Interests (5 minutes)	11.15	Verbal	Alan Lovell

P2P.	Listening session (10 minutes)	11.20	Verbal	Alan Lovell
	Policy and Strategy (with stakeholders)			
P3P.	South West Water and Bournemouth Water: Making the merger work to the benefit of the consumer (40 minutes)	11.30	Presentation	South West Water lead
	<i>Comfort break</i> (5 minutes)	12.10		
P4P.	Bristol Water and Wessex Water: working together (40 minutes)	12.15	Presentation	Bristol Water and Wessex Water
P5P.	Bathing Water Directive: benefit or burden? (40 minutes)	12.55	Presentation	South West Water/ Environment Agency lead
	Lunch (45 minutes)	13.35		
P6P.	Social Tariffs (10 minutes)	14.20	05 07 01P	Andy White/Deryck Hall
P7P.	Customer vulnerability definition: Next Steps (10 minutes)	14.30	Slide	Andy White/Deryck Hall
P8P.	Chief Executive's Report on CCWater Achievements and Performance (10 minutes)	14.40	05 07 02P	Tony Smith
P9P.	Approval of Minutes of the Public Board meeting held on the 5 April 2016 (5 minutes)	14.50	05 07 03P	Alan Lovell
P10P.	CCWater Wales and English Regional Committee minutes (10 minutes)	14.55	05 07 04P	Gary Fisher
P11P.	CCWater Finance Report (5 minutes)	15.05	05 07 05P	Marie Perry
	Any Other Business (5 minutes)	15.10		Alan Lovell

Consumer Council for Water Board
Tuesday 5th July 2016
Agenda Item P6P
Paper 05 07 01P

Date:
26th June 2016

Title:
Social Tariffs Update

Report by:
Andy White, Senior Policy Manager

Responsible Lead:
Deryck Hall, Head of Policy & Research

Paper for information

Appendix: 3 Annexes

Purpose

1. The purpose of this paper is to is to update the Board on:
 - companies' progress in implementing customer-funded social tariffs, including details of those schemes which launched in 2016,
 - take-up of existing schemes.

Recommendations

2. The Board is asked to note the information in this update.

Background

3. The Walker independent review of charging (2008-09) acknowledged the growing problem of water affordability, an issue which had been highlighted by CCWater for some time. The UK Government subsequently introduced legislation under the Flood and Water Management Act 2010 to enable companies to operate local social tariff schemes funded through other customers' bills.
4. In line with guidance from the UK and Welsh Governments water companies have been working with CCWater (national and local policy teams, and LCAs) as they develop social tariff proposals and consult customers on their willingness to fund these.

Analysis

Social tariffs introduced in 2015

5. As a result of our continuing work with companies a further four companies - Dee Valley, Portsmouth, South Staffs, and Cambridge have launched customer-funded schemes in 2016. This takes the total number of companies offering schemes to 19 out of 21. Only Bournemouth and Hartlepool do not currently have a social tariff.
6. In addition Wessex and Bristol, which both launched schemes in 2013, have enhanced their social tariffs by targeting support for customers in receipt of Pension Credit. The companies obtained customer acceptance to expand the customer cross-subsidy to enable the new tariffs to be introduced.
7. Annex A details the features of the new social tariffs (and those previously introduced) including the form of assistance, qualifying criteria and number of customers expected to be helped. It also details the expected cost impact for other bill payers, and the extent to which customers considered proposals to be acceptable.
8. Several companies have made minor changes to entitlement thresholds and bill caps to uprate in line with bill levels etc. However the following changes aimed at widening the scope of eligibility have also been made:
 - Dwr Cymru - The income threshold has been raised from £12,500 to £15,000
 - Southern Water - the bill to income ratio required for acceptance onto the scheme has reduced from 5% to 3%. Customers in receipt of pension credit are now also eligible.

Future plans for social tariffs

9. Annex B summarises the position of both Hartlepool and Bournemouth who are aiming to obtain customer support to introduce schemes by April 2017.

Take-up of social tariff schemes

10. The Governments' decision to allow companies to design their own local social tariffs schemes means the help available to customers differs depending on where they live. This is particularly apparent where customers are billed by a water company on behalf of a sewerage company but could be subject to entirely different eligibility criteria or levels of help.
11. We have been working with some companies, notably in the London and South East region, on ensuring company processes for dealing with applications align where different schemes are operated by the different water and sewerage service providers .
12. This also creates some challenges in terms of promoting the availability of the tariffs at national levels.
13. During the course of the year we continued to work with companies to help achieve greater awareness and take-up of social tariffs. This included adding a social tariff guide to our website

Social Tariffs Update

(helping customers identify what help is available to them), ensuring companies implement our 'Living with Water Poverty' recommendations and to identify options to make schemes more accessible to customers.

14. The nineteen schemes introduced to date have the potential to ultimately provide assistance to more than 400,000 customers if targets for take-up are achieved. For those schemes in operation at the 31st March 2016 total take-up across all schemes was 128,165, as shown in Annex C.
15. Some companies have made significant progress in increasing take-up levels, but for others progress remains much more modest.

Further funding of social tariff schemes

16. Where companies are close to exceeding the funding originally agreed with customers we have worked with them to identify options to continue delivering assistance.
17. One such option is for companies to contribute to scheme costs. We were successful in encouraging some companies to build this into their original tariff plan, but we are also pressing this as an option for those companies where customer agreed funding is exhausted or nearing exhaustion. This can be a useful way for companies to share financial outperformance with their customers. Both Dŵr Cymru and Severn Trent used their 2015-16 final results announcement to commit to further helping indebted customers.
18. The following companies have taken the approach of seeking further customer funding in order to expand the help which they can provide:
 - a. Southern Water has gained customer agreement to extend funding from £1 to £2.
 - b. Anglian Water is currently undertaking research with a view to extending the customer funding available for its scheme. This has proved necessary due to the fact most recipients accepted on to the scheme are receiving support at the highest discount level.
19. We will continue to work with companies to identify opportunities to maximise take-up. We will give particular focus to working with those companies where take-up is currently significantly lagging expectations.

Summary

20. The update to be noted subject to any additional observations by the Board.

	Eligibility Criteria	Bill Discount	Number of customers to be helped	Cross subsidy	Customer acceptability
Dee Valley 'Here2Help' 2016	<ul style="list-style-type: none"> Total annual household income of less than £15,500. <p>Customers without a meter may be required to accept one, but only where it would help reduce bills</p>	<ul style="list-style-type: none"> Up to 30% depending on financial circumstances 	<ul style="list-style-type: none"> 1,700 	<ul style="list-style-type: none"> Currently up to 44p 	<ul style="list-style-type: none"> 71% acceptance for 44p (60% for £2.19)
Cambridge Water 'Assure' 2016	<ul style="list-style-type: none"> Total annual household income of less than £16,105 may qualify subject to financial assessment. 	<ul style="list-style-type: none"> Up to 80% depending on circumstances 	<ul style="list-style-type: none"> Up to 1,444 customers 	<ul style="list-style-type: none"> Up to £1.50 	<ul style="list-style-type: none"> 76% acceptance for £1.50
South Staffs Water 'Assure' 2016	<ul style="list-style-type: none"> Total annual household income of less than £16,105 may qualify subject to financial assessment. 	<ul style="list-style-type: none"> Up to 80% depending on circumstances 	<ul style="list-style-type: none"> Up to 5,526 customers 	<ul style="list-style-type: none"> Up to £1.50 	<ul style="list-style-type: none"> 68% acceptance for £1.50
Portsmouth Water 2016 (July)	<ul style="list-style-type: none"> Household income of £16,105 per year or less excluding income from: <ul style="list-style-type: none"> Child tax credit Disability living allowance Attendance allowance Housing & Council Tax benefit Mortgage interest relief Pension Credit 	<ul style="list-style-type: none"> Bill capped at £75 (25% discount on average bill) 	<ul style="list-style-type: none"> Up to 8,000 (TBC) 	<ul style="list-style-type: none"> Up to 75p 	<ul style="list-style-type: none"> 81% for a 75p (72% for £1)

Anglian Water 'Lite' Since 2015	<ul style="list-style-type: none"> An individual financial assessment by Citizen's Advice determines eligibility based on ratio of bill to income 	<ul style="list-style-type: none"> 20%, 40%, 60%, or 80% discount on charges depending on financial circumstances 	<ul style="list-style-type: none"> Up to 6,000 customers will be helped 	<ul style="list-style-type: none"> £1 added to other customers' bills 	<ul style="list-style-type: none"> 59% acceptance (5% 'don't know') for up to £1 annual cross subsidy
Dwr Cymru 'HelpU' Since 2015	<ul style="list-style-type: none"> Total household income below £15,000. 	<ul style="list-style-type: none"> Bill capped at one of 4 band levels depending on income such that bill is below 5% of income 	<ul style="list-style-type: none"> Rising to 100,000 customers over time 	<ul style="list-style-type: none"> 70p rising to £6.17 by 2020 Ultimately £11 if full take-up is achieved The company contribution would rise to approx. £5.5m (28% plus admin costs) 	<ul style="list-style-type: none"> 75% acceptance for up to £15 annual cross subsidy
Essex and Suffolk Water 'SupportPLUS' Since 2015	<ul style="list-style-type: none"> An individual financial assessment identifies customer is spending more than 3% of income on water 	<ul style="list-style-type: none"> Bills are reduced by up to 50% depending on financial circumstances 	<ul style="list-style-type: none"> Not specified 	<ul style="list-style-type: none"> No additional customer cross subsidy Funded from debt cost savings 	<ul style="list-style-type: none"> 35% 'acceptance', for customer cross subsidy
Northumbrian Water 'SupportPLUS' Since 2015	<ul style="list-style-type: none"> An individual financial assessment identifies customer is spending more than 3% of income on water 	<ul style="list-style-type: none"> Bills are reduced by up to 50% depending on financial circumstances 	<ul style="list-style-type: none"> Not specified 	<ul style="list-style-type: none"> No additional customer cross subsidy Funded from debt cost savings 	<ul style="list-style-type: none"> 35% 'acceptance', for customer cross subsidy

<p>Severn Trent Water</p> <p>'Big Difference'</p> <p>Since 2015</p>	<ul style="list-style-type: none"> • An individual financial assessment by Citizen's Advice determines eligibility 	<ul style="list-style-type: none"> • Sliding scale discount based on income assessment 	<ul style="list-style-type: none"> • Up to 35,000 customers in year 1 rising to 50,000 in year 2 	<ul style="list-style-type: none"> • Up to £3 annual cross subsidy. 	<ul style="list-style-type: none"> • 69% acceptance for up to £3
<p>South East Water</p> <p>Since 2015</p>	<ul style="list-style-type: none"> • Household income of £16,105 per year or less excluding income from: <ul style="list-style-type: none"> • Child Tax Credit • Disability Living Allowance • Attendance allowance • Housing & Council Tax benefit • Mortgage interest relief • Pension Credit 	<ul style="list-style-type: none"> • Bill capped at £146 (East) or £116 (West) • Typically a £65 discount 	<ul style="list-style-type: none"> • Up to 35,000 customers 	<ul style="list-style-type: none"> • Initial 50p rising to £1.50 annual cross subsidy 	<ul style="list-style-type: none"> • 72% acceptance for up to £1.50
<p>Southern Water</p> <p>Since 2015</p>	<ul style="list-style-type: none"> • Spending more than 3% (income after deductions for tax and housing costs) on water services, or in receipt of pension credit. • For metered customers, the bill value used will be the lower of the customer's actual annual charges and the deemed "water efficient" bill for the size of their household 	<ul style="list-style-type: none"> • 20% to 90% discount based on income to bill ratio 	<ul style="list-style-type: none"> • Up to 25,000 customers 	<ul style="list-style-type: none"> • Initial £1 annual cross subsidy • Further research has now identified customer willingness for a cross subsidy of £2 	<ul style="list-style-type: none"> • 60-63% acceptance for £2

United Utilities 'Help to Pay' Since 2015	<ul style="list-style-type: none"> In receipt of Pension Credit 	<ul style="list-style-type: none"> Bills capped at £250 	<ul style="list-style-type: none"> Up to 16,000 customers 	<ul style="list-style-type: none"> 20p per annum customer cross subsidy (may rise to 43p in future) Company matches customer funding (20p per customer initially rising up to 43p) 	<ul style="list-style-type: none"> 72% acceptance for up to 43p contribution subject to company matching contribution
Yorkshire Water 'WaterSupport' Since 2015	<ul style="list-style-type: none"> An individual financial assessment determines eligibility Household bill must exceed £420 	<ul style="list-style-type: none"> Bills capped at average level - £368.09 	<ul style="list-style-type: none"> Up to 22,000 customers 	<ul style="list-style-type: none"> 65p per annum cross subsidy Company will contribute £500k per annum 	<ul style="list-style-type: none"> 56% acceptance for up to 90p cross subsidy Company scaled back proposed customer subsidy and replaced with company contribution
Affinity Water 'Lift' Since 2014	<ul style="list-style-type: none"> Household income of less than £16,105 (excluding income from benefits). Customers must agree to be metered (where possible) and have water efficiency support. 	<ul style="list-style-type: none"> Bill capped at £91.90 	<ul style="list-style-type: none"> Up to 30,000 customers 	<ul style="list-style-type: none"> 40p per annum cross subsidy initially rising to £1.40 	<ul style="list-style-type: none"> 68% of customers considered support at a level of £1 to £1.50, 'acceptable'

Bristol Water 'Assist' Since 2013 (in extended customer funded form)	<ul style="list-style-type: none"> An individual financial assessment determines eligibility 	<ul style="list-style-type: none"> Discount of up to 88% on the average household bill depending on circumstances 	<ul style="list-style-type: none"> Up to 8,700 	<ul style="list-style-type: none"> 36p per annum cross subsidy 	<ul style="list-style-type: none"> 76% of customers considered proposal 'acceptable'
Bristol Water Pension Credit Tariff 2016	<ul style="list-style-type: none"> All adults in the property receive Pension Credit 	<ul style="list-style-type: none"> Discount of around 20% 	<ul style="list-style-type: none"> Up to 5,000 customers in year 1 	<ul style="list-style-type: none"> 37p additional 73p across both tariffs 	<ul style="list-style-type: none"> 56% acceptance for £2 across both tariffs
South West Water 'WaterCare' Since 2013	<ul style="list-style-type: none"> In receipt of income related benefits Assessment confirms household income after housing costs is low taking account of family size 	<ul style="list-style-type: none"> Discount of between 15% and 50% depending on circumstances 	<ul style="list-style-type: none"> Up to 10,000 customers 	<ul style="list-style-type: none"> £2 per annum cross subsidy 	<ul style="list-style-type: none"> 67% of customers considered proposal 'acceptable'
Sutton & East Surrey Water Since 2014	<ul style="list-style-type: none"> In receipt of income related benefits Or Have a household income of less than £16,105 and be aged 62 or over, be registered disabled or have parental responsibility for a child under the age of 5 	<ul style="list-style-type: none"> 50% bill discount 	<ul style="list-style-type: none"> 6,500 to 7,000 customers 	<ul style="list-style-type: none"> £2 per annum cross subsidy Fully funded by company in 2014/15 	<ul style="list-style-type: none"> 71% of customers considered support at a level of up to £2 to be 'acceptable'

<p>Thames Water 'WaterSure Plus' Since 2014</p>	<ul style="list-style-type: none"> In receipt of income-related benefits; <p>Or</p> <ul style="list-style-type: none"> Have a household income of less than £16,005 and be aged 62 or over, be registered disabled or have parental responsibility for a child under the age of 5 <p>and</p> <p>Have water and sewerage charges which currently exceed 3% of net household income.</p>	<ul style="list-style-type: none"> 50% bill discount 	<ul style="list-style-type: none"> Up to 37,000 customers 	<ul style="list-style-type: none"> 29p per annum rising to £2 cross subsidy 	<ul style="list-style-type: none"> 64% of customers indicated 'acceptance' for a £2 cross subsidy
<p>Wessex 'Assist' Since 2013 (in customer funded form)</p>	<ul style="list-style-type: none"> An individual financial assessment determines eligibility 	<ul style="list-style-type: none"> Discount of up to 89% depending on circumstances 	<ul style="list-style-type: none"> Up to 16,000 customers 	<ul style="list-style-type: none"> 50p per annum cross subsidy 	<ul style="list-style-type: none"> 74% of customers considered proposal 'acceptable'
<p>Wessex Pension Credit Tariff 2016</p>	<ul style="list-style-type: none"> All adults in the property receive Pension Credit 	<ul style="list-style-type: none"> Discount of around 20% 	<ul style="list-style-type: none"> Up to 55,000 customers (Year 1 target 5,000 water customers and 10,000 sewerage customers) 	<ul style="list-style-type: none"> An additional £2.50 £3 in total across both tariffs 	<ul style="list-style-type: none"> 59% acceptance for £5 total cross subsidy

Annex B

Summary of approaches of companies without a social tariff

Company Name	Customer-funded social tariff approach and progress	Current Status
HARTLEPOOL WATER	<p>Initial research found very little support for a tariff within the Hartlepool operating area. Only 49% acceptance for 50p cross subsidy to fund help to only 215 customers. Company will not take forward at this time.</p> <p>Further research has been undertaken. Details of findings will be provided at the meeting.</p>	Further Research undertaken
BOURNEMOUTH WATER	<p>Research found only 50% acceptance for £19 bill reduction at a cross subsidy level of £1. The company is planning to undertake further research in the hope of obtaining support for a scheme</p>	Further Research planned

	Total customers registered at end of 2014/15	Total customers registered at end of 2015/16 ¹	Target Take-up
Wessex ² Water Year 3	9,043 total recipients	9,823 total recipients	16,000 recipients
Bristol Water Year 3	5,453 total recipients	6,183 total recipients	8,700 recipients
South West Water Year 3	2,677 recipients	3,846 recipients	10,000 recipients
Thames Water Year 2	2,682 recipients	19,170 recipients	37,000 recipients
Affinity Water Year 2	20,873 recipients	38,649 recipients	30,000 recipients
Sutton and East Surrey Year 2	2,851 recipients	5,685 recipients	5,000 recipients Now revised up to 6,500 - 7,000
Anglian Water Year 1	N/A	1,500 recipients	Originally expected - 8,000 recipients Most recipients eligible for highest value assistance so revised to - 6,000 recipients

¹ Preliminary data subject to change following company audits

² Wessex and Bristol also offer enhanced WaterSure Schemes

	Total customers registered at end of 2014/15	Total customers registered at end of 2015/16 ³	Target Take-up
Dŵr Cymru Year 1	N/A	3,242 recipients 32,000 are transitioning from the Welsh Water Assist scheme.	100,000 recipients
United Utilities⁴ Year 1	N/A	7,539 recipients	16,000 recipients 7,000 recipients in year 1
Severn Trent Year 1	N/A	9,853 recipients	50,000 recipients Up to 35,000 customers in year 1
Southern Water Year 1	N/A	9,453 recipients	25,000 recipients
Yorkshire Water Year 1	N/A	7,500 recipients	22,000 recipients
Northumbrian Water Year 1	N/A	852 recipients	Not specified
Essex and Suffolk Year 1	N/A	289 recipients	Not Specified
South East Water Year 1	N/A	4,581 recipients	35,000 Recipients

³ Preliminary data subject to change following company audits

⁴ UU also operate a pilot tariff (cost neutral) which has wider eligibility criteria but is limited to certain postcode areas. 5,446 customers are currently registered for that scheme.

A horizontal splash of water with bubbles, spanning the width of the slide.

Vulnerability

“Vulnerability occurs when a consumer may not have reasonable opportunity to access and receive an inclusive, safe service from a company, resulting in a permanent or temporary detrimental impact on their well-being, finances or health”



Consumer Council for Water Board
Tuesday 5 July, 2016
Agenda Item P8P
Paper 05 07 02P

Date:
24 June 2016

Title:
Chief Executive's Report

Report by:
Tony Smith, CEO

Responsible Lead:
Tony Smith, CEO

Paper for information

Appendix: Yes (1)

Purpose

1. The purpose of this paper is to inform consumers of the Consumer Council for Water's (CCWater) activities and achievements since the Board last met in public in April 2016.
2. We have continued to deliver a range of benefits for customers by addressing the issues that matter most to them. This report covers the two-month period from April to May 2016, apart from the work of our Consumer Relations team, which relates to the full 2015-16 year. A summary of our activity and achievements is as follows:

Affordability

Launch of new social tariffs to support low-income customers

3. On 1 April we welcomed the launch of new social tariffs by three water companies - South Staffs Water, Cambridge Water and Dee Valley Water - which aim to support customers who are struggling to afford their water bills.
4. The launch of the new tariffs means that 18 out of 21 water companies now have social tariffs in place, with the potential over time to significantly reduce water bills for more than 400,000 customers. The new tariffs came into force as the average water and sewerage bill across England and Wales was set to rise by £2 to £389. Another company, Portsmouth Water, will have a new social tariff in place in July.
5. Although we welcomed the roll out of the new social tariffs, we warned that many households were missing out on the help available to them due to a lack of awareness or a reluctance to ask for help. We know from our research that one in eight

households feels that their water bill is not affordable but many do not expect to be able to get assistance from their water company. Through our media messages we encouraged customers not to suffer in silence but to ask their water company whether they qualify for help. In some cases social tariffs can reduce bills by more than 50 per cent.

Water meter calculator

6. We continue to promote our water meter calculator and encourage customers to consider whether switching to a meter might save them some money. This helps consumers make an informed decision on switching to a water meter by comparing their current unmetered bill.
7. In the year to the end of March 2016 customers used our calculator nearly 260,000 times. From these visits the calculator recorded that customers could potentially save £15.3 million.

Getting water companies to resolve customer problems: Right first time

Complaint handling

8. For the year to the end of March 2016 we dealt with 9,991 complaints and 8,453 enquiries from water customers about their water or sewerage service. While the number of complaints was 1% lower than the previous year, enquiries were up by 6%. Billing and charges (53%) prompted the most complaints from consumers.
9. We acknowledged 99.9% of complaints within five working days, closed 82.4% of cases within 20 working days and closed 92.6% of cases within 40 working days. This exceeds our Operational Business Plan (OBP) target for all three measures for 2015-16.

Customers' satisfaction with our service

10. We also beat our targets for customer satisfaction, with scores having increased for service to 73%, outcome to 60.4%, speed to 81% and the courtesy of our staff in dealing with complaints up to 92.8%. This is an excellent performance and it demonstrates that CCWater is continuing to be a highly effective advocate for water customers.

Financial redress

11. In 2015-16 we secured nearly £5 million of redress for customers. This includes our negotiation of an increase in the compensation offered by United Utilities to customers affected by a boil water notice in Lancashire last summer. During April and May 2016 we helped to secure more than £230,000 in compensation and rebates for customers who complained about their water or sewerage service.

Alternative Dispute Resolution - WATRS (the Water Redress Scheme)

12. Customers whose complaints have not been resolved by their water company after intervention from CCWater can apply to have their case adjudicated by WATRS, which is an independent scheme.
13. In 2015-16 we issued 287 WATRS notifications - letters to customers informing them that they may be eligible to apply to the adjudication scheme. Of these, 138 customers applied to WATRS. Eleven cases were rejected as being out of the scope of the scheme,

companies settled 24 cases before full adjudication was entered into, 45 cases succeeded in part and 51 did not succeed. No case was entirely successful. Seven cases are pending a decision by WATRS. Customers have up to six months to apply to WATRS from the date of their notification, so we can expect to see applications increase over the next three months.

14. Only 9% of eligible customers whose cases we closed in 2015-16 have made an application to WATRS to date. This is further evidence that CCWater is resolving cases to the satisfaction of the majority of consumers.
15. Following a six-month review of WATRS by the Alternative Dispute Resolution panel, which oversees the scheme, a trial is taking place whereby consumers will no longer need to obtain a reference number from CCWater to access the scheme. Instead, consumers can approach WATRS as soon as we close their case.

Assessments

16. We carried out assessments at two water companies during April and May, one on written complaints and the other on debt management. Assessments involve CCWater staff and Local Consumer Advocates going into a water company to review a sample of written complaints and customer accounts in arrears to see whether water companies are complying with their published processes for complaints and debt management. The written complaint assessment was carried out on the 'risk based' criteria as the company concerned was shown to have declining complaint performance in our annual Complaints Report. From the two assessments we observed two areas of good practice and made a total of 13 recommendations to the companies.

Speaking up for water consumers

Retail competition for the household water market in England

17. On 20 May we published our research report into customers' views on retail competition in the household water market in England. Our research found that the majority of households would welcome choice over their water retail supplier but expected competition to deliver significant bill savings.
18. The findings showed that two-thirds of households would like the freedom to shop around for a different retail supplier to handle their water bills, meter reading, complaints and enquiries. However, only a third of customers said they were likely to consider switching when they were informed that actual savings could be as little as £4 to £8 of the average annual water and sewerage bill.
19. This was the first time households' views on water competition had been published since the Government asked industry regulator Ofwat to assess the costs and benefits of offering household customers in England a choice over who supplies their retail water and sewerage services.
20. We will use the research findings to help inform Ofwat's review of household competition. The regulator's emerging findings are due to be published in July, with the final report scheduled for September.

Retail competition for non-household customers in England

21. Some water companies have started to position themselves in preparation for the opening next year of the non-domestic water retail market.
22. In April the Competition and Markets Authority (CMA) approved a joint venture between Severn Trent and United Utilities to manage their non-household water and wastewater retail businesses ahead of the opening of the retail market in April 2017. This involves merging the companies' billing and customer service activities into one business, Water Plus, which will be based in Stoke-on-Trent.
23. This new venture will serve up to 25% of the non-household market in England and could deliver savings which could be passed on to customers. Both companies have had problems with their billing systems in the past so they will need to ensure that the Water Plus system is robust and that they successfully migrate data from Severn Trent to United Utilities' system, which will form the basis of the joint venture. CCWater will work to ensure that Water Plus delivers cost efficiencies for business customers but does not stifle competition in the market.
24. On 24 June Southern Water announced it had sold its non-household retail operation to Business Stream and was therefore exiting the retail market. Southern Water is the first water and sewerage company (WaSC) to say it will not be involved in the new market. It joins Portsmouth Water, a water-only company (WoC), which announced in February that it was exiting the market and selling its retail operation to Castle Water.
25. Southern Water will transfer its 105,000 non-household customers in Kent, Sussex, Hampshire and the Isle of Wight to Business Stream when the market opens in April 2017. This will double the customer base of Business Stream which has been active in the non-household retail market in Scotland since that opened to competition in 2008.
26. We will seek to ensure that the exit by Southern Water does not affect its customers detrimentally.

Research of water customers' views

27. We use our research to seek customers' views on a range of issues, then work with individual water companies, the industry, regulators and governments to improve services. Our findings also help to inform a range of other parties about customers' views.
28. We have delayed publication of research reports during the 'purdah' period imposed by the UK Government in advance of the EU Referendum on 23 June. In the weeks following the referendum we will be publishing research into non-household customers' experiences of retail competition in Scotland which has been operating since 2008. We anticipate that the findings of this research will provide learning points for retail competition in the non-household market in England which will be introduced from April 2017.
29. Later in the summer we will also publish our 'Testing the Waters' research on non-household customers' views of their water and sewerage services. This will include customers' views on retail competition and a measure of how aware business customers are that the market is due to open in England next April.
30. All of our research is available on our website at www.ccwater.org.uk/blog/category/reports/

Informing consumers

31. We use a range of communication channels to inform consumers about issues that are important to them.

In the media and social networking

32. We featured in more than 135 individual pieces of media during April and May giving water consumers the opportunity to see our messages through broadcast, online and print media with a total reach of more than 25 million people.
33. In April we supported calls by the Local Government Association (LGA) for licensed restaurants to offer tap water to customers rather than wait to be asked for it. This was part of a wider campaign to encourage children to reduce their intake of sugary drinks. The LGA used our research on consumers' attitudes to using tap water to spearhead their campaign. Our Head of Policy and Research, Deryck Hall, was interviewed on BBC 5 Live radio and BBC One Breakfast TV. His interview was repeated on other BBC stations nationally and regionally.
34. As the new financial year dawned in April we worked with The Sunday Times to help produce a guide to reducing water bills, while the i newspaper featured our advice on the launch of new social tariffs by three water companies - Dee Valley Water, South Staffs Water and Cambridge Water.
35. Regionally, in April, our press release promoting the launch of new social tariffs generated widespread coverage, especially in Wales. There was also interest from local radio and regional newspapers in our press release to promote a longer trial offered to customers to test the benefits of a water meter. We also appeared on BBC One North West Tonight to give our response to United Utilities being named as the most profitable company in the region.
36. Our April Board meeting in public, held in Peterborough, also attracted media attention with BBC Cambridge interviewing Bernard Crump, chair of our Central and Eastern regional committee, and Local Consumer Advocate Richard Powell, about the need for careful management of water resources in the East of England, which is the driest part of the UK.
37. In May the publication of our findings into household customers' views on retail competition in water led to articles in the Daily Telegraph, The Times and Utility Week. I was also interviewed by Share Radio UK about the report and what competition could mean for consumers' bills. The Guardian also featured my comment about sewerage companies being hit with tougher penalties for pollution incidents.
38. In May our Northern Committee meeting in Darlington received widespread press coverage across the North East and an interview with the Tyneside-based Sunday Sun led to a feature on support available for water customers struggling to pay their water bills.

CCWater website

39. Money Saving Expert continues to be the top referring site. More than 58,000 people visited our website in April and May and over 80% of those were new visitors to the site.

Social media

40. We made a good start in rolling out our new social media strategy with the launch in April of CCWater's first animated video which explains how consumers can complain about their water or sewerage service. The video is available on the home page of our website: www.ccwater.org.uk
41. During April and May our Twitter profile attracted more than 150 new followers, bringing our total following to nearly 4,100. CCWater was mentioned in 125 tweets and we sent more than 260 tweets with a combined reach of more than 140,000 people.

Wales Water Conference

42. Our Deputy Chief Executive, Phil Marshall, was a speaker at the Wales Water Conference on 8 June. He took part in a panel discussion about the Water Strategy for Wales with representatives of Welsh Government, Ofwat, Dŵr Cymru and the Country Landowners Association.
43. Phil spoke about getting the balance right between consumer and environmental priorities in the context of the Well-Being & Future Generations Act (Wales) 2015; about affordability and debt; and about the value of partnership working. He also led a session with Dee Valley Water on consumer trust and satisfaction. He highlighted the priorities and challenges for consumers in Wales; presented the headline research findings from our recent household customer and non-household customer trackers; discussed affordability and vulnerability in Wales; and spoke about preparations for the 2019 Price Review and Customer Challenge Groups.

All Party Parliamentary Water Group

44. On 26 April I spoke at a meeting of the All Party Parliamentary Water Group (APPWG) on domestic competition in the water industry. The meeting at the House of Commons attracted MPs, peers and representatives from across the water industry. I was joined by Iain McGuffog, Director of Strategy and Planning at Ofwat, and Tony Thornton, Head of Transformation at Gemserv, a consultancy which is helping to develop the processes that will underpin retail competition. The meeting discussed the challenges and opportunities which potential competition for household customers in England presents for the water sector.
45. I told the meeting that CCWater believes the decision about retail competition in the household market should be based on the customer perspective. I reported the early findings of our household customer research which showed that a majority were in favour of choice but expected it to produce reasonable bill reductions. I said that the potential savings from the introduction of choice for household customers may not be seen as enough by customers and this may limit the number who would engage with the market and consider switching retail supplier. It is important that customers are not disappointed by the introduction of competition.
46. CCWater also attended the May meeting of the APPWG which discussed how the water industry could work more effectively with local communities to ensure that consumers in all parts of England and Wales had access to a reliable supply of water. The meeting heard that dramatic changes in water use and in managing water resources may be

needed to cope with a huge increase in global demand and a potential 40% shortfall in water supply over the next 15 years.

Consultation on the consumer landscape

47. On 25 May the UK Government's Department for Business, Innovation and Skills (BIS) launched a call for evidence on consumer protection and views on the landscape of consumer bodies across a range of sectors including water. The four-week consultation closed on 23 June.
48. BIS asked interested parties, including CCWater, for their views on whether there are problems with the provision of advice, advocacy and dispute resolution in the energy, communications, water and transport sectors and, if so, what they thought the solutions were. BIS also asked about consumers switching their supplier in sectors where consumers have a choice.
49. The consultation document states that as a tailored review of CCWater is due to take place in 2019 the Government would need "robust evidence" to justify any changes in the water sector before that date.
50. In our response to the consultation we provided evidence about the benefits to customers and the resolution of customer detriment in water that CCWater is delivering. We also demonstrated that we have been a strong advocate for water customers for more than 10 years and have provided good value for money, keeping our licence fee at around 21p per customer a year.
51. We have delivered positive outcomes for customers in two price reviews and driven improvements in water company service performance which has resulted in customer complaints to the industry falling by more than 60% since their peak in 2007-08. CCWater is well equipped to do a vital job for water customers, dealing with issues arising from market reform in England for non-household customers and, depending on government decisions, for household customers in England. We also have to continue making sure that price setting remains customer focused and that Ofwat is not overgenerous to water companies.
52. It is against this that any alternatives to CCWater need to be judged.

Freedom of Information requests

53. We received three Freedom of Information (Fol) requests in April and May and responded to all of them within the 20 working day timescale. The requests were for information about car hire contracts and expenditure, complaints received about a Thames Water storm water facility, and CCWater's funding and regulation.

Consumer Council for Water: Performance 'Scorecard' (year to the end of March 2017)

Benefits for Customers

- During April and May 2016 we secured more than £230,000 in compensation and rebates for customers who had complained about their water or sewerage service.
- Our water meter calculator has generated potential customer savings of more than £15.3 million since April 2015.

Our complaint handling performance and customer satisfaction:

Performance	Actioned within 5 days	Closed within 20 days	Closed within 40 days
<i>Target*</i>	99%	78%	90%
Q4	100%	84.5%	92.8%
2015-16	99.9%	82.4%	92.6%

Customer satisfaction	Service	Outcome	Speed	Courtesy
<i>Target*</i>	72%	58%	79%	90%
Q4	75.0%	63.6%	82.9%	94.3%
2015-16	73.8%	60.4%	81.0%	92.8%

*Operational Business Plan target

Governance and Financial Performance

Financial

- CCWater costs 21p per water customer (down from 23p in 2010/11).
- We had a total budget of £5.13 million for 2016-17, with no increase in licence fee or in costs to water customers compared to last year.
- Between April and the end of May 2016 we had spent 16% of our budget for the year, in line with expectations.

Governance

- CCWater complies fully with all Government spending restrictions.
- We held our April Board meeting in public in Peterborough to give consumers in our Central & Eastern region an opportunity to raise issues of importance to them and learn about the work we do on their behalf.
- Our July Board meeting in public is being held in our Western region, in Bristol.
- Future Board meetings in public for 2016-17 will be held in our London & South East region on 4 October, in Wales on 6 December, and in our Northern region on 7 February 2017.

Staff

- Absence due to sickness – 41.5 days for the period. Average 0.6 days per person for the period between April and May 2016, compared to the public sector average of 8.7 days per annum.
- One permanent member of staff has left CCWater since April 2016. We had 71 staff during this period.
- We provided 12 training courses, using Civil Service Learning and other providers.

Reputation and External Activities

- During April and May 2016 consumers had the opportunity to see our messages in the media with a total reach of more than 25 million people.
- Since April 2016 more than 58,000 people have visited our website, with Money Saving Expert again the top referring site.
- Our Twitter following has grown by 150 to more than 4,100.



Consumer Council for Water Board
Tuesday 5 July 2016
Agenda item P9P
Paper 05 07 03P

Minutes of the Meeting of the Board in Public
Consumer Council for Water
10.45 on Tuesday 5 July 2016
Bull hotel, Peterborough

Present: Bernard Crump - Regional Chair
David Heath - Regional Chair
Julie Hill - Independent Member
Robert Light - Regional Chair
Alan Lovell - Council Chair
Tony Smith - Chief Executive
Tom Taylor- Wales Chair

CCWater
Attendance: Laura Clougher- Consumer Relations Manager
Richard Emmett- Communications Manager
Gary Fisher - Board Secretary
Steve Grebby- Policy Manager
Karen Gibbs- Senior Policy Manager
Gill Holmes- Local Consumer Advocate
Phil Marshall- Deputy Chief Executive
Carl Pegg - Head of Consumer Relations and Communications
Marie Perry- Head of Finance and Procurement
Richard Powell- Local Consumer Advocate
Paul Quinn- Local Consumer Advocate
Ana Maria Millan- Policy Manager

Stakeholder
and water
company
Attendance: Peter Aspley - Wholesale Service Delivery Director, South Staffs Water
Rachel Barber - Customer Service Director, South Staffs Water
Julia Beeden - Business Manager (Flood and Water) at Cambridgeshire County Council
John Devall - Operational Director, Essex and Suffolk Water
Jim Dixon -Chair, Essex and Suffolk CCG
Tom McCabe - Director (for Community and Environmental Services) at Norfolk County Council
Alex Plant -Head of Policy and Regulatory Strategy, Anglian Water
Claire Sharp - Customer Service Director, Northumbrian Water
Peter Simpson - CEO, Anglian Water
Simon Sperryn - South Staffs Customer Panel Chair
Amy Wilson - Innovation and Integration Manager Anglian Water

1.0P Apologies, Declaration of Interests, Minutes of Meetings and Matters Arising

Apologies

- 1.1P Apologies were received from Phil Newland, CEO South Staffs Water; Sir Tony Redmond; Philip Johnson, and Deryck Hall

Declarations of Interest

- 1.2P There were no declarations of interest.

2.0P Listening Session

- 2.1P Alan Lovell referred the Board to the customer complaint raised at the Preston meeting in relation to the removal of the SoLow tariff by Anglian and asked Bernard Crump for the updated position. Bernard Crump summarised the issue of the case in particular, and more widely the issues the removal of this tariff has caused for the customers affected.

- 2.2P Peter Simpson, CEO of Anglian summarised the history of why SoLow was introduced in the first place. Over time, with metering, other customers have brought their usage into line with those on the SoLow tariff. Therefore the subsidised bills for SoLow customers were no longer appropriate. Furthermore, the social tariffs in place further reduced the need for this tariff. The main issue arose with Anglian's communication with Affinity customers on this tariff. Lessons have been learnt. Following CCWater's intervention, the phase out of this tariff has been extended to six years.

- 2.3P Phil Marshall asked if there were any other customers that were with the Water Only Company (WOC) that face the same issues as this customer. Peter Simpson stated that there were two other complaints relating to the standing charge not just the SoLow tariff. Peter further stated that there had been lessons learnt, for example by providing a warm handover of customers to Affinity Water and explaining to the agent the customer's issues.

- 2.4P The Board queried whether other customers had been compensated. Peter Simpson clarified that this customer had been compensated due to the communication during her case rather than the removal of the SoLow tariff. And that a decision had been taken to extend the withdrawal of the tariff over six years as opposed to three.

- 2.5P Simon Sperryn raised vulnerability as a key issue; if a customer is vulnerable for one company should they be for all? Tony Smith agreed it was an issue with social tariffs and CCWater are pushing companies to align. This is a particular issue in the southeast. Bernard Crump

highlighted that there is a certain degree of alignment in the Central and Eastern area.

3.0P Long-term water resource planning framework

- 3.1P Alex Plant from Anglian water presented that company's strategy for water resource planning in the medium to long-term and what they believed the industry requires for long-term sustainability.
- 3.2P Alan Lovell opened the topic to the floor. There were discussions over the need to have a longer-term view and not the current 5 year plans in place. Peter Simpson highlighted that Anglian customers know the issues and are supportive. However, more widely, customers and others do not see long-term resilience and water resources as a current high need or risk. Until this changes, there will not be the political momentum to drive water resources planning.
- 3.3P Phil Marshall raised government's current abstraction reform and queried if the companies found this helpful. There was consensus that the strategic idea was indeed helpful but more momentum was necessary.
- 3.4P Further discussions included the use of more water efficient domestic products to drive down usage, in addition to behavioural economics; metering and use of nudge theory practices. Inter-generational issues were raised and Anglian highlighted they do some outreach work to primary schools to begin to change behaviour on water use at a young age.
- 3.5P Another aspect of water use and storage is minimising leakage from the system. Anglian confirmed that they were on course for exceeding the targets set by OFWAT to bring leakage down to a minimum.
- 3.6P Alan Lovell thanked the company for their presentation and that CCWater will consider what more we need to do in this area. DHa

4.0P The Abberton Reservoir

- 4.1P John Devall of Essex and Suffolk presented on how the water company had expanded its capacity for water resource management by carrying out major development of its reservoir at Abberton. This allowed for future capacity requirements of the local area to be met for the medium to long term by increasing the amount of water stored from across Essex. Further discussions took place on how the company balanced the need to increase this asset whilst protecting the wildlife that had made the reservoir their home, working with key environmental stakeholders to ensure proper management of the project and minimising the impact on the habitat.

5.0P Water Efficiency- Cambridge University water recycling scheme

5.1P Pete Aspley from Cambridge/South Staffs Water presented his company's work on designing and building a new student accommodation community in Cambridge that will have two water supplies; one bringing in recycled and captured water from rainfall to be used for flushing, clothes washing and garden hydration, the other provided high quality drinking and bathing water. This will allow the community buildings to achieve significant water savings.

6.0P CEO Report

6.1P Tony Smith presented to the Board key achievements of CCWater since the Board last held a meeting in public.

6.2P Our Forward Work Programme for the upcoming years is now live. This has been influenced by stakeholder input, including from our stakeholder events which have been valued additions. CCWater will consult with stakeholders again when shaping our future programmes.

6.3P Tony Smith brought to the Board's attention the price rises for 2016/17 from water companies, and that these were low level increases due to the limits set during PR14 which CCWater actively fed into.

6.4P CCWater has been pro-active in communicating the help available to customers struggling to pay. Specifically, the benefit calculator we have developed in partnership with Turn2Us. So far this calculator has been used by c2000 individuals and has identified around £150k of savings and benefits available.

6.5P The CCWater restructure is largely complete. This restructure was implemented to keep us efficient and agile as we see changes in the type of complaint we will receive with the onset of non-household competition and , depending on government decisions, household competition in future. It is envisaged that there will be more issues of a national nature and we will be in a stronger position to deal with these now that we have centralised our complaint handling function. We have named individuals to work with individual water companies so that company specific knowledge is retained in the centralised complaint function. Policy managers are still based locally and our local committees will be meeting water companies as the local level. Furthermore, the Board of CCWater will be holding public meetings in the regions and Wales such as what we are doing today so that we do not lose sight of local issues and concerns.

6.6P CCWater has been carrying out customer research into acceptability of opening the household sector to competition. OFWAT has concurrently been carrying out a cost benefit analysis. Our initial findings will be available in May, and our substantive findings in June.

6.7P Finally, Tony Smith provided an update on non-household competition. CCWater is scrutinising the readiness of the market to go live for 2017. Alan Lovell is part of the DEFRA assurance group that shall advise Ministers on readiness of market opening.

7.0P **Minutes of the February public Board**

7.1P Alan Lovell asked the Board if they could agree the minutes as an accurate reflection of the meeting. The minutes were accepted as accurate. The outstanding actions were progressing; Bernard Crump spoke to the action of gaining the modeling of Northumbrian Water's cost neutral social tariff. Claire Sharp agreed that she would send the details to Bernard Crump.

8.0P **Local Committee Minutes**

8.1P One meeting has taken place since the public Board last met; the Central & Eastern Committee which was held in Walsall. Bernard Crump took the minutes as read and highlighted how open the companies were in their discussions.

9.0P **CCWater Finance Report**

9.1P Marie Perry introduced the CCWater financial position. There is likely to be an underspend of around £200k which DEFRA have agreed we can carry over into next year. This will be allocated to the budget for 2016/17.

9.2P Bernard Crump stated that the actual position is as expected.

9.3P The Board noted the financial position

10.0P **Annual Declaration of Interests**

10.1P Gary Fisher presented the Board with their Declared interests that will be kept as a public record. Alan Lovell asked the Board to peruse the declaration and return to Gary Fisher any amendments by the 8 April. Alan Lovell also suggested that the declared interests should be split between paid and non-paid positions held by Board members. Gary Fisher agreed to get this information at the next meeting in May.

GF

11.0P AOB

- 11.1P No items were raised by the Board. Gary Fisher moved that, in accordance with the Public Bodies (Admissions to Meetings) Act 1960, further meetings of the Board held in Private Session would exclude members of the press and public, on the grounds of confidentiality.



Consumer Council for Water Board
Tuesday 5 July 2016
Agenda Item P10P
Paper 05 07 04P

Date:
29 June 2016

Title:
CCWater Wales and English Regional Committee minutes

Report by:
Gary Fisher, Board Secretary

Responsible Lead:
Phil Marshall, Deputy Chief Executive

Paper for noting and discussion

Appendix: Yes (1)

Purpose

1. This paper is to present the formal minutes of the Regional Committee meetings that have taken place since the last Board in public met.

Recommendations

2. The Board is asked to refer to the Appendix of this paper to note and raise any issues for discussion.



Consumer Council for Water Thursday 19 May 2016

Minutes of the Northern Committee Regional Meeting in Public
10.30AM Thursday, 19 May 2016
Seminar Suite, Teesside University, Darlington

Present: Robert Light - Northern Committee Chair
Phil Marshall - Deputy Chief Executive
Bhupendra Mistry - Local Consumer Advocate (United Utilities)
Colin Wilkinson - Local Consumer Advocate (Northumbrian/Hartlepool Water)
Marc Bicknell - Local Consumer Advocate (Yorkshire Water)
Andrew White - Senior Policy Manager
Janine Shackleton - Policy Manager
Steve Grebby - Policy Manager
Laura Clougher - Consumer Relations Manager
Farah Hasson - Policy Support Officer

Attending: Aimee Ambrose - Sheffield Hallam University
Kevin Ensell - Operations Manager - Hartlepool Water
Gary Cross - Operations Support Manager - Hartlepool Water
Claire Sharp - Customer Director - Northumbrian Water
Mark Wilkinson - Customer Collections Manager - Northumbrian Water
Gill Anderson - CCWater & Stakeholder Manager - United Utilities
Sally Ainsworth - Head of Customer Experience - United Utilities
Dean Stewart - Head of Household Retail - Yorkshire Water
Charlie Haysom - Director of Production- Yorkshire Water
Fiona Morris - North East Area Manager - Environment Agency
Mark McElvanney - StepChange Debt Charity
Emma Metters - The Gateshead Housing Company
Debra Tindle - The Gateshead Housing Company
Lorraine Dobson - County Durham Housing Group
Colin Stratton - Board Member - Pioneer Credit Union
Kath Wall - Treasurer - Growing Older and Living in Darlington

1.0 Chair's Opening Remarks and Apologies for Absence

- 1.1 Robert Light (The Chair) welcomed all attendees to the Northern Committee's twenty third meeting in public. He emphasised the role of the Committee in addressing key issues in the water industry by creating a dialogue between water companies and consumers.
- 1.2 Farah Hasson (FH) highlighted apologies received from Melissa Lockwood, Environment Agency and Gavin Coleman, Stockton and

District Advice and Information Service. All apologies received are listed in Annex I.

2.0 Questions and Comments from Members of the Public

2.1 FH summarised two queries received from local consumers prior to the meeting. The first was an enquiry on the reasons behind experiencing dry skin after a shower. The second was specific to a Northumbrian Water (NWL) customer who has faced an increase in his water bill despite modifying his water usage habits. Both cases will be addressed by Northumbrian Water's customer care teams. CCWater will monitor to ensure the customers' concerns are answered.

**ACTION
NWL/
CCWater**

2.2 Kath Wall (KW), Growing Older and Living in Darlington (GOLD), raised concerns about recent changes to Northumbrian Water's process for setting direct debit payment plans which were resulting in some increases.

2.3 Mark Wilkinson (MW), Northumbrian Water, agreed that the changes had caused some issues for customers which led to increases in customer contact. He agreed that a learning point for the company was to clearly explain future potential changes in advance of their implementation.

3.0 Minutes of the Last Meeting

3.1 The Committee and attendees at the previous meeting in public on 26 November 2015 deemed the minutes as an accurate record. The minutes can be accessed in [Agenda and Papers \(pages 2-13\)](#).

4.0 Matters Arising

4.1 Actions that emanated from the Committee's previous meeting in November 2015 are summarised in paper NRT/16/02 which can be accessed in [Agenda and Papers \(page 14\)](#).

5.0 Speaking Up for and Informing Consumers

5.1 The Chair welcomed Phil Marshall (PM), CCWater's Deputy Chief Executive Officer, to the meeting and invited him to provide the attendees with a brief overview of CCWater's national work.

5.2 PM highlighted CCWater's role as the consumer body representing water and sewerage customers in England and Wales and emphasised speaking up for consumers as one of the organisation's five strategic priorities. The others are ensuring good quality tap water, resilient sewerage systems, 'right first time' complaint handling and sound operational systems.

5.3 Speaking up for consumers constitutes one third of CCWater's business plan on a national level. This takes the form of consumer advocacy; consumer protection; promoting a better customer experience and better customer engagement; and supplying customers with information. This work is underpinned by our customer research.

- 5.4 A major role for CCWater nationally is to influence the agenda by engaging with the governments in England and Wales. Examples of engagement with governments include CCWater's proactive stance in ensuring customer protection during the implementation of retail competition for non-household consumers in England and the organisation's key role as a stakeholder in the Welsh Government's Water Strategy.
- 5.5 CCWater's role is also to challenge on behalf of consumers - governments, regulators and companies.
- 5.6 CCWater also represents consumers by working in partnership with water companies and with a range of other stakeholders, for example governments, regulators and debt charities.
- 5.7 CCWater provides information to consumers directly through different channels including our website, media releases and increasingly through social media.
- 5.8 Affordability is one of the top priority objectives for CCWater. We have worked with companies to ensure schemes are available for those who struggle to pay their bills.
- 5.9 Colin Stratton, Pioneer Credit Union, asked for the definition of 'vulnerable customer' as agreed within the water industry and what should the customer do if he does not consider himself 'vulnerable'.
- 5.10 PM responded that the definition of vulnerability is not the same across the sector. There are different definitions used in legislation and by the regulator (Ofwat) for example; but the term is generally taken to involve both financial vulnerability and vulnerability in operational situations, such as during supply interruptions. Definitions now also tend to refer to the customer's circumstances. He added that the challenge commonly faced by water companies and support agencies is identifying and targeting vulnerable customers and reaching out to them effectively to provide the required support.
- 5.11 KW commented that an additional challenge to addressing vulnerability is that some customers do not consider themselves to be vulnerable.

6.0 Affordability Assistance Research Presentation

Aimee Ambrose - Sheffield Hallam University

- 6.1 The Chair thanked Aimee Ambrose (AA) for attending the meeting to share the findings of the affordability assistance research with the attendees.
- 6.2 AA presented key findings from the Affordability Assistance Research project commissioned to investigate what works within and beyond the water sector on how to use assistance initiatives effectively. The slides can be accessed online via [Affordability Presentation](#).

- 6.3 AA cited earlier research [conducted by CCWater](#) concluding that assistance schemes are not reached by those who need them. She also clarified that the findings shared today do not represent empirical evidence but are a review of the schemes that work effectively.
- 6.4 The methods used in the affordability research include a systematic review of available evidence and consequential testing for relevance, rigour and robustness.
- 6.5 The research highlighted face to face meetings with customers as good practice yet the researchers acknowledged the significant challenge in achieving this practice proficiently.
- 6.6 Experimenting to see which avenue of sharing information works best for the particular customer base and utilising an array of mediums to reach to customers proved to be effective.
- 6.7 Liaison with trusted partners also provided positive results as it makes use of agencies that are in more regular and frequent contact with the customer than the water company.
- 6.8 Adopting a holistic approach by incorporating variable circumstantial vulnerability also produced good results when the approach is kept flexible and dynamic.
- 6.9 AA provided the investigated initiatives that emerged from the energy sector which included taking advantage of the customer's 'moments of change' to initiate a new relationship. The term 'moments of change' is used to refer to contact from a customer following a change in their circumstances, such as when moving house, which provides the water company with the opportunity of briefing the customer about available schemes and way of providing help.
- 6.10 Another effective enterprise was the use of cascading training initiatives where formal training of one senior worker is used to facilitate the subsequent sharing of concepts and good practices with teams lower down within the company. This model was used in the Big Energy Saving Network.
- 6.11 Examples of productive initiatives obtained from the housing sector involved routine, varied communication with the customer where negative events such as an expected rise in bills, as well as positive updates are shared with the customer to maintain an on-going relationship.
- 6.12 The research also investigated an initiative adopted by the health sector where practitioners "make every contact count" with the patient. This can be transposed into the water sector by ensuring that the customer can access all available services by training as many company individuals as possible who are likely to come into contact with the customer.

- 6.13 The research thus highlighted key strategic propositions for water companies to consider when working to improve affordability assistance.
- 6.14 Strategic suggestions for more effective assistance schemes include on-going evaluation of the assistance schemes offered by every company to feed into a wider evidence base of good practice. The researchers recognise CCWater's role in building links with third party partnerships and suggest formalising and extending joint working to offer a wider support to those who struggle to pay.
- 6.15 For implementation on a water company level, findings from the research propose taking on the following initiatives: partnerships with third party agencies and the public sector, ensuring every contact with the customer counts and taking account of the customer's *moments of change*.
- 6.16 The full affordability assistance research report will be published in July 2016.

Affordability Discussion

- 6.17 Colin Wilkinson asked what would the most trusted third party agencies include. AA responded that the most trusted third party agencies are those who engage most frequently with consumers adding that local focus and customised outreach avenues are vital but focussing on the broader picture is also important.
- 6.18 JS highlighted the aim of raising awareness on vulnerability is not to exclude certain individuals or label them but to ensure that they have access to all the available options.
- 6.19 The Chair inquired if the research investigated sharing customer data to improve targeting. AA responded that focussing on welfare information is academically proven to exclude many other categories of vulnerable customers. So it is recommended to first confirm what details are required to provide a holistic picture of the customer's circumstances and then approach those agencies which have regular contact with the customer, such as housing association.
- 6.20 CS commented that consumers perceive their interaction with their water company to comprise solely of receiving a bill in a timely fashion. He suggested that this overall visibility be improved by obtaining consumers' feedback through their interaction with different parts of the community. CS added that the onus of providing and delivering assistance remains primarily on the water company even when it's working in partnership with others.
- 6.21 AA emphasised that water companies are recommended to work *with* third party agencies rather than *through* them.
- 6.22 KW remarked on the potential for extending assistance via an initiative similar to the Big Community Switch, implemented in Darlington in

2015, where a group of energy customers were able to save on gas and electricity bills by collectively switching suppliers.

- 6.23 Dean Stewart, Yorkshire Water, inquired whether the affordability assistance research evaluated customer acceptability of universal assistance, noting the recent trend in water companies tailoring their assistance schemes to better suit their customer base. AA responded that universal assistance was only one initiative in a myriad of options rather than being the only solution and acknowledged the various barriers to adopting such an initiative including low customer support.

7.0 Good Practice in Delivering Affordability Assistance

- 7.1 The Chair invited the regional water companies' representatives to provide an update on their affordability assistance initiatives.

Dean Stewart (DS) - Yorkshire Water (YKS)

- 7.2 DS commented that providing a tailored service to customers starts with good customer service that facilitates the identification of who requires the support.
- 7.3 YKS has established agreements with Credit Reference Agencies to better capture customers' financial circumstances.
- 7.4 The company has also created a system alert for its employees that is triggered when a customer likely to be on low income makes contacts with the company. This allows for offering the available assistance options during that same contact.
- 7.5 YKS also has a live portal link with debt agencies that allows employees to verify customer debt details instantaneously.
- 7.6 DS added that the company has improved its debt collection culture by offering all the options available during every collection.
- 7.7 YKS has not had the expected results from collaborating with food banks but the company is working on improving this avenue of assistance.
- 7.8 DS added that a learning lesson for the company is gauging whether training operational teams in affordability assistance could productively demonstrate the 'every conversation counts' concept.
- 7.9 The main two challenges for YKS in implementing its assistance schemes have been to identify vulnerable customers at the earliest opportunity and to achieve the required customer acceptability levels of proposed social tariffs. For a full list of the company's assistance schemes, please visit <https://www.yorkshirewater.com/watersure>.
- 7.10 PM echoed the significance of capitalising on the contacts received for operational queries by training the appropriate teams accordingly.
- 7.11 The Chair commented on the importance of making every conversation with customer as all-embracing as possible, considering recent

technological advances and their impact on interpersonal interactions.

Sally Ainsworth (SA) - United Utilities (UU)

- 7.12 SA highlighted the company's [Help to Pay scheme](#) which is applicable to customers receiving pension credit and was initially promoted by liaising with housing landlords.
- 7.13 Examples of UU's partnership working include face to face engagement as well as co-branding with social housing through their social media and notice boards.
- 7.14 UU's initiative to identify customers who may require support through credit sharing agencies has resulted in 30% of approached customers opting into one of the company's assistance programs.
- 7.15 SA added that the company assesses the efficacy of its assistance schemes by quantifying the percentage of customers who were able to move on to regular billing and payments. The recent figure obtained by the company is that 75% of customers previously on an assistance scheme were able to progress to regular payments.
- 7.16 SA emphasised including changes to physical abilities as well as language barriers as contributing factors to vulnerability. She added that UU is working with AgeUK and MacMillan to spread awareness about the [Priority Services Scheme](#).
- 7.17 UU's main challenge in implementing assistance schemes has also revolved around receiving the required customer support. For a full list of the company's assistance schemes, please visit: <http://www.unitedutilities.com/difficulty-paying-bill.aspx>.
- 7.18 AW clarified that customer acceptability has been set as a requirement by the governments in England and Wales if the proposed assistance scheme is dependent upon receiving funds from the customers themselves. This can constrain the funding which is available to support customers.

Mark Wilkinson (MW) - Northumbrian Water (NWL)

- 7.19 MW stated that the company was unable to obtain customer support for a social tariff funded through bills. It had therefore introduced a scheme funded through debt cost savings.
- 7.20 NWL is committed to training its employees on how to listen to customers and understand their circumstances and has conducted training sessions given directly by representatives of agencies like the Money Advice Trust.
- 7.21 The company is currently undertaking research to make the best use of conversations with customers. The company will be sharing its research findings with community groups in events organised at the local level.
- 7.22 NWL is also keen on accrediting the appropriate organisations, such as

local authorities, to enable them to assist customers directly in addition to spreading awareness about available options of assistance.

- 7.23 For a full list of the company's assistance schemes, please visit: <https://www.nwl.co.uk/your-home/your-account/Difficulty-paying.aspx>
- 7.24 CS commented that there might be a communication barrier when customers contact company representatives directly even when attempting door to door visits. KW added that customers living alone, in particular, may find it difficult to interact face to face with company representatives.
- 7.25 Lorraine Dobson (LD), County Durham Housing Group, asked the water companies if they have conducted any research tackling the effect of universal credit on running the company as a business.
- 7.26 MW responded that NWL has not experienced universal credit in its full form yet but recognises the potential impact following the initial shock effect on the customers.
- 7.27 AW observed that the introduction of universal credit presents an opportunity for water companies to re-frame their relationship with their customers. The recommendations arising from CCWater's [Living With Water Poverty project suggested](#) helping customers through the process could be a catalyst in improving those relationships.

Kevin Ensell (KE) - Hartlepool Water (HRT)

- 7.28 KE stated that the company operates a local cash office and so has the opportunity for regular, direct face to face contact with many customers.
- 7.29 HRT's main challenge in implementing assistance schemes is the prevalence of low income families in its supply area. This was also a factor in customers being unwilling to provide funding for a social tariff scheme. The company tackles the challenge by offering tailored options to every customer based on their individual circumstances.
- 7.30 KE added that company representatives undertake door to door visits to offer help on the spot or to refer the customer for a more in-depth appointment.
- 7.31 Another challenge for the company has been barriers to sharing data on customer information especially when the data is available yet not shared.
- 7.32 Mark McElvenny (MM), StepChange Debt Charity, remarked that the main struggle with offering help to customers is the lack of consistency in terms of the assistance available across different companies. He added that partnerships with water companies are not equally effective across the companies.
- 7.33 PM invited MM to provide further details (at a later date) in order that CCWater can help ensure appropriate co-operation.

**ACTION
MM**

- 7.34 LD asked what policies the water companies had in place for managing void properties and new tenants.
- 7.35 KE responded that HRT inspects properties on a regular basis and if a customer leaves the property, the water supply is switched off to enable the new tenant to initiate contact with the company. KE confirmed that *properties newly connected* to the company's water supply receive a welcome pack with information on assistance but will check if all *new tenants at existing properties* receive similar information. **ACTION
KE**
- 7.36 The Chair asked the housing representatives for their thoughts on what further liaison with water companies would be useful. LB responded that more joint working with water companies is needed as well as involvement with local schemes that may benefit customers.
- 7.37 Bhupendra Mistry (BM) asked if County Durham Housing Group conducts cyclical customer consultations. LB confirmed that consultations with customers are informally on-going and all feedback is used in improving signposting to the appropriate agencies.
- 7.38 LB added that the National Federation of Housing is a contact for future joint working and contribution towards the Annual Conference on Housing may be an avenue for sharing information on assistance schemes with customers and local community groups.
- 7.39 Emma Metters (EM), Gateshead Housing Company, recommended collaborating with the Northern Benchmarking on Housing which covers certain areas in the North East. EM to liaise with NWL and CW on providing the contact information for future liaison. **ACTION
EM**
- 7.40 The Chair and AW thanked all attendees and AA for their contribution to the discussion.
- 8.0 Company Operational Reports**
- 8.1 The Chair thanked the companies for providing the Committee with their reports on operational and quarterly performance. All reports can be accessed in [Agenda and Papers \(page 16-55\)](#).
- Hartlepool Water**
- 8.2 CW asked KE to elaborate about the main extension to Wynyard. KE updated the Committee that the project includes the addition of a new pumping station and reinforcing the strategic main to enable the company to close down the Amerston Hall Water Treatment Works (WTW) as required by the Drinking Water Inspectorate (DWI). The project is on target for completion in March 2017.
- 8.3 KE added that the first stage of a water mains flushing plan was successful as part of a medium term plan to address the risk of discolouration in the areas highlighted by the DWI and were completed late April 2016.

- 8.4 CW remarked that HRT is also on target to hand back the billing of its non-household sewerage charges to Northumbrian Water in September 2016. CCWater is facilitating an event with businesses in Hartlepool for HRT and NWL.

Northumbrian Water

- 8.5 CW commended NWL's initiative in partnering with Groundwork North East thus allowing enrolled customers to save on water bills alongside energy bills.
- 8.6 Claire Sharp (CS1) responded that it is one of the projects aimed at reaching out to customers who are hard to reach. MW added that combining water saving with energy savings is an example of compiled benefits of high impact on the customer.
- 8.7 CW applauded the company's receipt of the Innovation Award by the Institute of Water and asked CS1 to elaborate on the project's success. CS1 stated that the award was for the company's continuous work on partnerships, specifically on Fellgate Surface Water Management scheme in South Tyneside.
- 8.8 CS1 expanded on two of the company's initiatives in community engagement. NWL's [Water Rangers](#) allows customers to be involved in the community by reporting operational problems to help reduce pollution incidents. The second was NWL's [Talking Water Cooler](#) set up in Middlesbrough and Newcastle to promote the use of tap water for its quality, taste and value for money.
- 8.9 CS inquired about using the term 'unwanted contacts' used in the company's quarterly reports. CS1 explained that unwanted contacts include customer calls which could have been avoided if the information was provided proactively, as well as repeated customer contact on the same unresolved issue.
- 8.10 The Chair inquired if NWL has undertaken any analysis to explain why the company has the highest water usage in the region. CS1 responded that NWL primarily promotes water efficiency in the South East region of its supply area but emphasis is also placed in the North East side. She added that she will check with the corresponding team to obtain more information on the high water usage figures.

**ACTION
CS1**

- 8.11 PM asked the water companies on the reasons behind the recent increase in the per capita consumption figures. All water company representatives agreed to check and return with information.

**ACTION
Water
Companies**

United Utilities

- 8.12 BM thanked UU for their continued liaison and comprehensive reports. He inquired about the main driver behind the company opting to implement automated billing by placing customers who cannot be metered on assessed water charges.
- 8.13 SA responded that it was not a specific change in policy but the company aims to remove unnecessary customer effort where it is

definite that a meter cannot be fitted to the property. She added that it is mainly to streamline the process but the customer is still able to choose to remain on the rateable value tariff if they wish.

- 8.14 BM queried what plans the company has in place to strengthen future resilience following the flood recovery efforts witnessed over the past winter.
- 8.15 SA commented that several WTW in Cumbria were severely affected but are now in operational order. She added that the company is devising a working plan that incorporates communication with customers to keep them informed on the potential impacts in the region.
- 8.16 FH asked the water companies if there are any future plans to initiate formal joint working between the companies in preparing for potential flooding events, similar to the initiative by the London and South East water companies in devising Water Resource Management Plans to prepare for water shortages in the region. The companies responded that no current plans are in place but the scope may arise in the future.
- 8.17 Charlie Haysom (CH) expressed gratitude to NWL and UU on behalf of YKS for their assistance during the recent flooding response.
- 8.18 CW commented that discussions on flooding from an engineering perspective are on-going by the Chartered Institution of Water and Environmental Management (CIWEM). CS1 added that representatives from water companies have a role in several working groups initiated by WaterUK to look at cross-company collaboration and sewerage network improvements.
- 8.19 The Chair commended the regional water companies for their flooding recovery response and asked if they have programs in place to ensure the new standard of recovery is achieved.
- 8.20 SA confirmed such programs are in place in parallel with investigating further potential investments. CH remarked that the extensive damage to assets experienced in the past winter season place all companies at risk of being uninsured in the future and that asset protection from risk of flooding will receive high attention in the next Price Review (PR19).
- 8.21 BM commended UU for their progress in reducing complaints about meter installation and asked if the company could elaborate on how that was achieved. SA responded it was due to a number of factors including close working with contractors and ensuring efficient fitting of meters.

Yorkshire Water

- 8.22 Marc Bicknell (MB) thanked YKS for their conclusive reporting and asked about the lessons learnt from the recent rise in incidents and the interruption to water supply in Pocklington.

- 8.23 CH responded that following recent flooding impacts, the company has concerns over maintaining a continuous water supply during the event and will be investigating ways to tackle that challenge.
- 8.24 Regarding the Pocklington incident where customers in the surrounding area had no supply to water for several hours, CH remarked that the company was successful in returning water supply to customers by diverting the course of the river that constitutes the supply to the mains instead of digging down to the pipes. YKS is considering future investments to address cleaning sewers in new efficient methods.
- 8.25 MB acknowledged the company's efforts in community engagement during the odour incidents at Saltend and inquired on the current progress.
- 8.26 CH responded that the Saltend odour issues began with unplanned anaerobic decomposition of wastewater. He confirmed that the complete Sewage Treatment Works has been re-engineered and the plant rebuilt. Furthermore, YKS has opened a drop-in centre for customers in the area most affected where the westerly wind exasperates the odour. He added that the town centre experiences worsened odour due to low flow which increases the odour due to infrastructure design.
- 8.27 MB commended YKS on receiving the national Credit Today Utility and Telecoms award for best Vulnerable Support Team of the year. CH commented that it was the reflection of continuously using all available information to promote the appropriate support to the customer.
- 8.28 MB asked if YKS could clarify the high customer contact numbers for the quarter. DS explained that the year to date figures were erroneously submitted instead of quarterly figures and that the company will send an updated report with the confirmed record.
- 8.29 DS added that the YKS Customer Care team has been able implement benefits to the billing complaints by preventing reminders to pay being sent to customers who have already submitted payment and reducing the occurrence of repeat contacts overall.
- 8.30 Steve Grebby (SG) asked how adopting 300 private pumping stations by YKS compare to its original adoption plans. CH commented that they had found fewer stations than anticipated (circa 2,000). However, those that they had found were in a much worse state of repair than expected. The overall costs involved in adopting pumping stations could therefore be higher than estimated. Other companies had also seen this outcome to their investigations.
- 8.31 The Chair thanked all the water companies for submitting their operational and quarterly reports to the requested format and for their contribution to the discussion.

ACTION
DS

9.0 Complaints to CCWater 2015-16

Laura Clougher (LC) - CCWater

- 9.1 LC presented the total complaints received to CCWater from customers of the water companies in the Northern region in a report that can be accessed in [Agenda and Papers \(pages 56-61\)](#).
- 9.2 LC remarked that the total complaints received are higher than last year's figures for the same period primarily due to the flooding impact for UU and YKS customers and changes to billing of NWL customers.
- 9.3 CW asked about the increase in total complaints received against NWL in contrast to the figures of the same period from last year. CS1 responded that the billing review mentioned earlier enabled the company to anticipate a rise in complaints. MW added that NWL did include a leaflet explaining the review in the new bills to customers.
- 9.4 MB inquired about the 44% in billing and charges complaints to CCWater against YKS. DS responded that the company has seen a rising trend in written complaints regarding water quality as customers are not able to find the required information readily. DS commented it was not clear why more customers chose to complain to CCWater instead of YKS as the company has seen a steady downward trend in billing complaints.

10.0 Environment Agency Report

Fiona Morris (FM) - Area Environment Manager (Northumberland, Durham and Tees)

- 10.1 FM presented a general environmental update for the North East in a report that can be accessed in [Agenda and Papers \(page 62\)](#).
- 10.2 The Environment Agency (EA) is working closely with water companies on their proposals for the upcoming Price Review.
- 10.3 The EA is involved in Ofwat's tripartite review of environmental performance which includes resilience to future flooding events.
- 10.4 The Chair commented on the EA being tasked with major investments towards flood defences. FM responded that the EA has experienced good engagement across the companies and added that lack of funding makes partnership working the most effective way of producing long lasting results.

11.0 AOB

- 11.1 CS1 inquired if CCWater's research of customer perceptions of household competition has been concluded and if an update could be shared. PM responded that findings would be [published shortly](#).
- 11.2 SG added that publication of CCWater's annual tracking survey, *Water Matters*, will be delayed until the end of June due to the European referendum. However, individual company reports will be shared with

companies on an “in confidence” basis in early June.

- 11.3 The Chair thanked all attendees for their contribution and invited them to the Northern Committee meeting and joint stakeholder event in **Bradford** on **29 September 2016**.

Annex I

Apologies Received

Accent North East	Maxine Aveyard Suzanne Whitehead
Coast and Country	Keeley Oliver
Confederation of British Industry (CBI)	Sarah Glendinning
Darlington Council	Natasha Telfer
Drinking Water Inspectorate	Jacky Atkinson
Environment Agency	Melissa Lockwood
Stockton and District Advice and Information Service	Gavin Coleman Howard Garnet



Consumer Council for Water Board
Tuesday 5 July 2016
Agenda Item P11P
Paper 05 07 05P

Date:
26 June 2016

Title:
Finance report

Report by:
Usha Nayyar, Finance Manager

Responsible Lead:
Marie Perry, Head of Finance & Procurement

Paper for noting and discussion

Purpose

1. The purpose of this report is to provide a summary of financial performance. This report was considered by the Finance and Resources Committee on the 4 July 2016.
2. Detailed reports and supporting information are provided to all our budget holders and users of financial information on a monthly basis for the purpose of continuous budget management. Formal budget reviews are held quarterly or earlier if required.

Recommendations

3. The Board is asked to note the contents of this report.

Background

4. CCWater is funded by water customers via licence fees levied on the water and sewerage companies. The licence fee for this year is £5.13m. These licence fees are collected by OFWAT but are held by our sponsor departments Defra and Welsh Government (WG). We draw down our funds from Defra and WG, based on need on a quarterly basis.
5. Our budget for 2016-17 is £5.130m. There is an additional £165k budget which has been carried forwards from 2015/16, bringing the total to £5.295m. There is no approved capital budget and any capital expenditure is subject to Defra approval.

Analysis

6. Performance against budget: In the period April 2016 to May 2016 our expenditure is broadly in line with budget. There is an underspend against budget of £10k on Research Services. This is summarised in Table1.

Table 1

Summary CCWater's financial performance from 1 April 2016 to 31 May 2016:

Expenditure Type	Spend to May £000s	Budget to May £000s	Variance £000s	% Variance	% Spend of the Budget	Total Budget 2016-2017 £000s
Administrative costs (excl Research Services)	742	741	(1)	0	17	4,455
Research Services	97	107	10	9	15	660
TOTAL ADMIN COSTS	839	848	9	1	16	5,115
Depreciation & Non Cash items	2	2	0	0	13	15
OVERALL TOTAL	841	850	9	1	16	5,130

7. The overall underspend is 1% or £9k. A detailed breakdown of activity can be found in Annex one (by cost centre) and two (by activity). The summary explanations below focus on variances against budget of over £5k or 10%:

8. Variances by Expense Type:

Positive

- Research services have an under spend of £9,778 which is 9% behind budget mainly due to projects starting later than expected on the market reform call off contract.
- Publicity, library & parliament are under spent by £1,664 or £12% behind budget mainly due to the Communications team budget profile. This is expected to be inline with budget at year end.

Negative

- Spend on training exceeds the budget to date by (£1,792) or (24%) mainly due to 360 degree Feedback and coaching for the Executive team not being included in the budget profile to date.

9. Variances by Team:

Positive

- The Policy team has an under spend of £9,742 on consultancy projects. This relates to the call off contract for the market reform for which a supplier has only just been appointed. Projects under this contract are likely to complete later in the year.
- LCA teams are under spending on seminars and conferences within personnel overheads. This will continue to be monitored and any corrective action taken as needed.

10. Accommodation:

- Discussions have continued with Defra regarding the possibility of remaining at Victoria Square House, Defra welcomed our proposal and are submitting a business case to the Cabinet Office on our behalf.
- If Cabinet Office approve CCWater to remain at VSH, we will incur some capital refitting costs to reconfigure the space to accommodate another government agency or provide hot desking facilities and reduce the space that CCWater staff occupy, although we will not immediately need the £65k dilapidations provision held within the balance sheet.
- If Cabinet Office approval is not given, we will seek alternative government owned accommodation within Birmingham City Centre, which is again likely to result in capital expenditure to refit according to our needs.
- In either case, changing the configuration of any leased office accommodation is likely to result in the need for a dilapidations provision and this will continue to be monitored throughout the year as decisions are made in order that the Board is kept aware of any financial risk or opportunity arising.
- Our accommodation in Cardiff could be subject to 6 months notice, and this may result in capital works being required to ensure any new accommodation is adapted to our requirements, as well as removal costs.

11. Financial Risks and Opportunities:

Opportunities

- Defra have agreed that the under spend in 2015/16 of £165k can be carried forward to 2016/17 and added to the budget. In addition to this, a budget of £45k was set aside for Contractual buy out of incremental progression which is no longer required following Defra's decision not to pursue this. This brings the total unallocated budget to £210k.

Risks

- In order to ensure positive cash flow, we are developing a cash flow forecast which can be used to identify any "pinch points" as the year progresses and consider the possible options to address them, including retaining 1-2% of the budget in reserve. This is to address the fact that we will plan to spend the carry forward of £165k in 2016/17 and we will no longer have balances carried forwards from previous years.

Defra have been clear that in future, carrying forward budget from one year to the next is not normally acceptable and our non cash expenditure (depreciation and amortization) are very low at a budgeted £15k in 2016/17.

- The Finance team has worked with budget holders to identify the following potential financial risks for 2016/17:

Budget Pressure	Detail	£
Rent at Victoria Square House (VSH)	The original assumption for the 2016/17 budget was a rent free period of 15 months for 10 years lease, equating to £50k per year across the life of the lease. The costs of the agreement Defra have reached with the landlord are not yet known and could reduce this figure.	£50,000
Policy personnel overheads	Due to the Policy Managers now becoming homeworkers extra budget will be required to fund meeting room hire and travel.	£15,000
Website development	Carry forward from 2015-16, work is progressing to bring a business case to the Executive team in June.	£12,000 to £42,000
Telecoms	Additional costs are being incurred as we are on a monthly rolling contract as we cannot enter into a longer term contract until we know about the lease arrangements for VSH.	£5,000
Recruitment	Due to an increase in the turnover of staff recently, an additional cost may be incurred in recruitment.	£5,000
Capital expenditure for the Cardiff office	Should we be given notice, we would have to move to new offices, which would incur removal costs and may require fit out to suit our needs	£10,000
Capital expenditure for the Birmingham office.	Fit out costs for new premises or reconfigure the layout of VSH to create space for other Govt. depts.	£50,000 to £70,000
Total		£147,000 to £197,000

- The Executive team will be reviewing the allocation of the carry forward budget to ensure best use of the additional resources, for example staff training or research which will benefit consumers.

12. Development of our Financial Reporting:

- We have included financial risks and opportunities to enable the Board to make decisions on how to make the best use of our resources by being able to identify any excess capacity and make use of it.
- It has been recognised that the Finance reporting within CCWater has largely been finance team led in the past, resulting in a lack of ownership of budgets by operational managers. Going forwards we are seeking to rectify this, and our first steps have been taken in asking budget holders to profile their budget across the year in accordance with their expectations of spending patterns. More support is needed for this type of activity going forwards and the finance team will incorporate this into their action plan.

13. Other next steps include:

- Using questionnaires to establish how well we currently support managers and the Board, following this up with an action plan to improve on some key areas. Following internal discussions, it is already clear that managers feel they could have more support and guidance on some tasks, and that their involvement in the budget setting process is not sufficient.
- Developing a greater focus on looking forwards in our reporting, by including a full year forecast at each quarter end, which will be owned and reported by each senior budget holder.
- Developing and incorporating cash flow forecasting in 2016/17 to mitigate the risk set out in the risks and opportunities section of this report.
- Development of a medium term financial forecast incorporating both revenue budgets and cash flow.

Annex One

COST CENTRE TITLE	SPEND TO May 16	% OF OFFICE	PROFILE TO May 16	VAR May 16	VAR %	FULL YR BUDGET	OFFICE %
OFFICE OF CHIEF EXECUTIVE	32,841	4%	33,675	834	2%	197,900	4%
BOARD (EXCLUDING WALES CHAIR)	43,406	5%	45,905	2,499	5%	279,740	5%
GOVERNANCE	41,186	5%	40,036	-1,150	(3%)	248,116	5%
ICT SERVICES	47,921	6%	49,234	1,313	3%	296,164	6%
HUMAN RESOURCES	35,209	4%	31,570	-3,639	(12%)	179,280	3%
TOTAL OFFICE OF DEPUTY CHIEF EXECUTIVE	200,564	24%	200,420	-144	(0%)	1,201,200	23%
POLICY	18,325	2%	19,372	1,047	5%	115,732	2%
SOCIAL POLICY	31,995	4%	31,421	-574	(2%)	186,976	4%
ENVIRONMENT	33,740	4%	32,412	-1,328	(4%)	192,452	4%
REGULATION	49,830	6%	57,675	7,845	14%	388,640	8%
MARKET INTELLIGENCE	119,954	14%	119,094	-860	(1%)	658,128	13%
WALES POLICY AND CHAIR	18,074	2%	18,264	190	1%	106,628	2%
CENTRAL AND EASTERN LCAs	3,794	0%	3,280	-514	(16%)	21,240	0%
NORTHERN LCAs	2,408	0%	3,650	1,242	34%	18,680	0%
WALES LCAs	4,479	1%	6,236	1,757	28%	30,500	1%
WESTERN LCAs	3,813	0%	4,250	437	10%	25,740	1%
LONDON & SOUTH EAST LCAs	5,463	1%	5,960	497	8%	33,360	1%
TOTAL POLICY AND RESEARCH	291,875	35%	301,614	9,739	3%	1,778,076	35%
FACILITIES AND PROCUREMENT	97,440	12%	99,409	1,969	2%	683,900	13%
FINANCE AND RESOURCES	30,531	4%	31,294	763	2%	187,668	4%
TOTAL FINANCE AND PROCUREMENT	127,970	15%	130,703	2,733	2%	871,568	17%
CONSUMER RELATIONS	61,904	7%	61,062	-842	(1%)	339,424	7%
COMMUNICATIONS	42,640	5%	42,046	-594	(1%)	253,796	5%
BIRMINGHAM - CRM, SCC	32,484	4%	29,725	-2,759	(9%)	175,800	3%
BIRMINGHAM - CRM, CC	46,089	5%	46,985	896	2%	281,910	5%
CARDIFF - CRM, SCC	35,526	4%	35,606	80	0%	213,226	4%
TOTAL CONSUMER RELATIONS AND COMMS	218,643	26%	215,424	-3,219	(1%)	1,264,156	25%
CONTINGENCY FUND	0	0%	0	0	0%	0	0%
DEP'N & NON CASH ITEMS	1,750	0%	1,750	-0	(0%)	15,000	0%
CCWATER GRAND TOTAL	840,801	100%	849,911	9,110	1%	5,130,000	100%

Finance report

Annex Two

	MONTH		YEAR TO DATE				BUDGET	
	Actual	Budget	Actual to	Budget to	Variance	Var %	Remaining	Total
	May 16	May 16	May 16	May 16				
TOTAL STAFF COSTS	275,852	272,842	547,605	545,684	-1,921	(0%)	2,799,775	3,347,380
RESEARCH SERVICES	43,103	58,386	96,994	106,772	9,778	9%	563,006	660,000
TOTAL PERSONNEL OVERHEADS (Excluding Training)	19,064	13,497	33,063	34,862	1,799	5%	152,097	185,160
TRAINING	979	3,750	9,292	7,500	-1,792	(24%)	35,708	45,000
PUBLICITY, LIBRARY & PARLIAMENT	6,441	6,883	12,006	13,670	1,664	12%	70,494	82,500
COMPUTER SERVICES	18,958	18,700	37,097	37,400	303	1%	187,263	224,360
OFFICE SUPPORT COSTS	9,589	10,340	21,068	21,180	112	1%	110,532	131,600
ACCOMMODATION	41,515	41,166	81,927	81,093	-834	(1%)	357,073	439,000
SUB TOTAL	415,500	425,564	839,051	848,161	9,110	1%	4,275,949	5,115,000
DEPRECIATION & NON CASH ITEMS	875	875	1,750	1,750	-0	(0%)	13,250	15,000
OVERALL TOTAL	416,375	426,439	840,801	849,911	9,110	1%	4,289,199	5,130,000