Consumer Council for Water Board Agenda
Meeting in Public
Tuesday 4 October (10.00)
Churchill Room
Goodenough College
London
WC1 2AB

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:

Doug Hunt - Principal Water Resources Engineer, Atkins
Sarah Mukherjee - Director of Environment, Water UK
Simon Oates - Director of Strategy, Southern Water
Jean Spencer - Director of Regulation, Anglian Water

Helen Charlton – Local Consumer Advocate, CCWater
Rachel Onikosi - Local Consumer Advocate, CCWater
Penny Shepherd - Local Consumer Advocate, CCWater
Ingrid Strawson - Local Consumer Advocate, CCWater
Alison Thompson - Local Consumer Advocate, CCWater
Carolie Warner - Local Consumer Advocate, CCWater

Karen Gibbs - Senior Policy Manager, CCWater
Richard Emmett - Communications Manager, CCWater
Deryck Hall - Head of Policy and Research, CCWater
Phil Marshall – Deputy Chief Executive, CCWater
Ana Maria Millan – Policy Manager, CCWater
Nicola O'Reilly - Policy Manager, CCWater
Carl Pegg – Head of Consumer Relations and Communications, CCWater
Marie Perry - Head of Finance and Procurement, CCWater
Alison Townsend - Board Secretary, CCWater

Item	Agenda Item	Time	Paper	Lead
	Tea and coffee welcome for public attendees (30 minutes)	9.30	Verbal	Alan Lovell
	Standing Items			
P1P.	Introductions, apologies and declaration of interests (5 minutes)	10.00	Verbal	Alan Lovell

Consumer Council for Water Board Agenda
Meeting in Public
Tuesday 4 October (10.00)
Goodenough College, London

Item	Agenda Item	Time	Paper	Lead
P2P.	Listening session (10 minutes)	10.05	Verbal	Alan Lovell
	Policy and Strategy			
P3P.	Water UK Long-term Water Resources Planning Framework 2015-2065 (60 minutes)	10.15	Presentation	Jean Spencer (Anglian Water)/ Doug Hunt (Atkins)
	Comfort break (10 minutes)	11.15		
P4P.	Universal Metering Programme (UMP) a) Lessons from the UMP b) Customer experiences -early findings (50 minutes)	11.25	Presentations	Simon Oates (Southern Water)/ Nicola O'Reilly
P5P.	Non-household competition-Customer awareness/retailer engagement (15 minutes)	12.15	Presentation	Richard Emmett
	Governance			
P6P.	Chief Executive's Report on CCWater achievements and performance (10 minutes)	12.30	04 10 01	Tony Smith
P7P.	Approval of the Minutes of the public Board meeting held on 5 July 2016 and any Matters Arising (5 minutes)	12.40	04 10 02	Alan Lovell
P8P.	Monthly Finance report and Forecast (10 minutes)	12.45	04 10 03	Marie Perry
	Any Other Business (5 minutes)	12.55	Verbal	Alan Lovell

Lunch 13.00

Consumer Council for Water Board
Tuesday 4 October, 2016
Agenda Item P6P
Paper 04 10 01

Date:
4 October 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 July 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 July to August 2016, apart from the work of our Consumer Relations team, which relates to the first quarter of the 2016-17 year (April to June). A summary of our activity and achievements is as follows:

Affordability

Social tariffs to support low-income customers

3. Our work with companies on the development of social tariffs means 19 out of 21 companies now have a social tariff scheme in place. The schemes currently provide help to more than 130,000 customers and have the potential to support up to around 400,000.

4. We are continuing to work with companies and third sector advice agencies to help raise awareness of the schemes, as well as promoting help through our direct contact with customers and our online social tariff guide.

Benefits entitlement calculator

5. Our online benefits calculator and grant search tool, which we launched in January 2016, continues to provide useful support to customers. Between April and July 785 customers used the benefits calculator, identifying entitlement to weekly benefits of over £3,800. The grant search tool was used by 237 customers.

Water meter calculator

6. We continued 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 July and August 33,800 customers used our water meter calculator and recorded potential savings of £1.3 million. This brings to nearly 90,000 the number of customers who have used the calculator since April, generating total potential savings of £3.5 million.

Getting water companies to resolve customer problems: Right first time

Complaint handling

8. In the first quarter of this year (April to June) we received 2,388 complaints and 2,559 enquiries from water customers about their water or sewerage service. While the number of complaints was 5% lower than for the same period last year, enquiries were up by 23%. Billing and charges (51%) prompted the most complaints from consumers.

9. We acknowledged 99.9% of complaints within five working days, closed 80.6% of cases within 20 working days and closed 92% of cases within 40 working days. This exceeds our Operational Business Plan (OBP) target for all three measures for the first quarter of this year (see 'Performance Scorecard' on page 8).

Customers' satisfaction with our service

10. We also exceeded three of our four targets for customer satisfaction in the first quarter (see scorecard for targets). Satisfaction with our service was 79%, satisfaction with the outcome of their complaints was 64.9% and satisfaction with the courtesy of our staff in dealing with complaints 93.6%. Satisfaction with the speed of our service was 78.7%, slightly below our 80% target. This strong performance demonstrates that CCWater is continuing to be a highly effective advocate for water customers. We compare well on these measures against similar organisations.

Financial redress

11. During July and August we secured almost £230,000 in compensation and rebates for customers who complained about their water or sewerage service. This brings the total amount secured since April to around £580,000.

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 the first quarter of this year we closed 423 cases at a stage where customers were eligible to approach WATRS. Of these, 65 consumers expressed an interest in going to WATRS.

14. Only 7% of eligible customers whose cases we closed in the first quarter 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. Of the cases that WATRS looked at five were settled by the water or sewerage company, one case was rejected as being outside of the scheme's terms of reference, five applications were successful in part (i.e. receiving some but not all that the customers had requested) and eight cases were unsuccessful. No case succeeded entirely and ten cases are still in progress.

<u>CCWater's annual report about customer complaints to water companies</u>

16. On 21 September we published our annual report on the number of customer complaints received by water companies in 2015-16. In the report we said we were disappointed that the improving trend of falling complaints almost ground to a halt last year. Companies reported 106,154 written complaints from household and non-household customers, compared to 106,693 for 2014-15 – a decrease of only 0.5%.

17. Ten water companies reported a rise in written complaints: Southern, Dŵr Cymru Welsh Water, Affinity, Bournemouth, United Utilities, Yorkshire, Northumbrian, Essex & Suffolk, Sutton & East Surrey, and Hartlepool. Five companies experienced a rise in telephone contacts which were considered by customers as 'unwanted': Southern, Affinity, Bournemouth, Essex & Suffolk, and South Staffs. We are concerned that if these companies do not take positive action to improve their performance there is a danger that the downward trend in complaints seen in previous years may start to go upwards again.

18. Southern Water remained the industry's worst overall performer for the fourth successive year after a rise of more than ten per cent in written customer complaints during 2015/16. Complaints to Dŵr Cymru Welsh Water more than doubled, while Bournemouth Water (up 90 per cent) and Affinity Water (up 82 per cent) also reported large increases in complaints per 10,000 connections. Our Regional and Wales Committee Chairs have written to these four companies asking them to provide us with an interim report by the end of October outlining the actions they have taken or intend to take to improve their performance. We will provide an update on the progress of these companies in our 'Delving into Water' report in November.

19. We will continue to raise complaints issues in our regular meetings with companies and press them to ensure that last year's complaints figures do not mark the start of an upward trend in customer complaints.

20. In our report we commended Wessex Water and Portsmouth Water for continuing to perform well on complaints. We also praised South East Water for the largest reduction in complaints which means, for the first time since 2005, they are no longer the worst performing water only company when comparing complaints per 10,000 connections.

Speaking up for water consumers

Retail competition for the household water market in England

21. In August we published our response to Ofwat's emerging findings from its analysis of the costs and benefits of offering household customers in England a choice over who supplies their retail water and wastewater services. The regulator was asked by the UK Government last November to carry out the assessment.

22. Ofwat modelled four possible scenarios. At one end of the scale it envisaged a market that would see up to 30% of customers active in the market within 30 years. This scenario would bring additional efficiencies, such as new innovations in customer service and reduced customer debt, which would result in a benefit of more than £2 billion to the sector with customers saving an average of £6 a year on their bills.

23. At the other end of the scale Ofwat modelled a market that would have up to 5% of customers switching their retail supplier within 30 years, but with a higher cost to implement the market and little or no additional efficiencies. This could see a cost of up to £639 million to the sector and an additional cost to customers of about £1 a year.

24. In our response to Ofwat's report we acknowledged that although research by both Ofwat and CCWater shows that the majority of customers support the idea of 'choice', the 'top end' of Ofwat's scenarios did not come near to matching what customers say they expect to receive as a price incentive to switch supplier. The majority of customers expect a saving of at least £40 on their annual bill to motivate them to switch retailer.

25. We also questioned whether the range of benefits highlighted by Ofwat's scenarios can be achieved in a market with low margins that may not attract the level of new entry by retailers that it assumes. Switching levels in some of the scenarios also appear high in comparison with switching in the energy sector where the price savings available to customers are much higher, at around 15% a year.

26. Ofwat is due to publish its conclusions in September. We will continue to seek to ensure that any development of household retail competition in the sector meets customers' expectations in order for it to be deemed valuable.

27. In the context of the ongoing assessment by Ofwat we commissioned PwC to examine how household competition had been introduced and regulated in UK utility sectors, including energy and telecoms.

28. PwC's report, 'Household retail competition and market liberalisation – a study of lessons learned from other regulated sectors for consideration in the water and wastewater sector', was published in August. It looks at what makes a successful household retail market, what risks and detriments have been experienced by domestic customers in other sectors, and what interventions regulators have made to address issues of customer detriment. It draws out lessons from other sectors that should be considered by the water industry if competition is to be introduced in the household water retail market.

29. The research identifies success factors for a household retail market in water. These include creating a level playing field in price competition among retailers, ensuring that customers receive value for money for the price and service offered by retailers, and customers being active and engaged in the market with an easy, smooth process for switching supplier. We have used these factors in our response to Ofwat's

emerging findings in its cost/benefit analysis and we will use them in our discussions with the industry and governments.

Retail competition for non-household customers in England

30. Non-household customers, including businesses, public sector organisations and charities, will have a choice of who supplies their retail water and wastewater service from April next year. Testing of the operating systems which will make the new retail market work is due to start in October. These systems must allow business customers to switch retail supplier easily and also have any operational problems quickly resolved.

31. CCWater has been pushing the regulator Ofwat and market operator MOSL to test the 'customer journey' alongside the technical systems. This includes looking at what happens if there is an operational problem such as a network failure, especially out of normal working hours, and the customer needs to contact their retailer to get it resolved. We also want to make sure that the processes being put in place to enable water wholesalers and retailers to interact when the market opens in April 2017 will work well for customers.

32. In August we published qualitative research which gauged the experiences of customers in the Scottish non-household water retail market, which has been in operation since 2008, to identify lessons that the industry in England must consider before the retail market opens.

33. Our report 'Open for Business: Lessons for the non-household retail water market in England based on customer experiences in Scotland' shows the importance of customer awareness in creating momentum in a new market. Customers want information that helps them make price and service comparisons between retailers and tells them about options other than switching, such as negotiating a better deal with their current retailer.

34. We have ensured that the designers of the retail market in England, as well as participants in it, take practical lessons from our research to deliver a market that engages customers and provides them with price and/or service improvements that meet their expectations.

35. We have developed a communications plan to help raise customer awareness of market opening in England and we are trying to ensure that this will integrate with work being done by Ofwat, MOSL, Defra and the water companies. We are engaging with business customer representative bodies to encourage them to get the message about the new market out to their members. We will be testing customers' knowledge of market opening in our next meeting with customer groups.

36. We are also continuing to provide prospective retailers with information about how CCWater can help them and their customers in the new market. Retailers who responded to the findings of our research into customer experiences of the market in Scotland have been positive about the lessons we say should be learned. These include the need to raise awareness of the market, to tell customers about the services on offer and reassurance that protections will be in place for customers.

Research of water customers' views

37. 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. During August, as well as our research on customer experiences of the non-household water retail market in Scotland and the PwC report on household retail competition, we also published our research on 'Attitudes to tap water and using water wisely'.

38. This research examined people's attitudes to tap water and using water wisely, building on the results of our initial research report in 2015. It shows that fewer people, around two-thirds (67%), now say they drink tap water at home, down from 78% in 2015. Around two-thirds of adults say they have made a conscious decision to use less water in the past three years (53% in 2015). Saving money was the top reason for doing so.

39. We have used these findings to promote the benefits to consumers of drinking tap water at home, at work and when they are out and about. We also support campaigns to encourage more consumers to save water through our press and social media activities. This report attracted coverage in the trade press and our policy manager Ana-Maria Millan wrote a blog on the research for the Water Efficiency (WATEF) Network.

Future research

40. In the autumn we will publish collaborative research with Southern Water on the customer impact of Universal Metering Programmes. The aim of this research is to understand whether customers' original concerns about compulsory metering have been realised, whether their perceptions of metering have changed, and whether being metered has changed the way they use water.

41. All of our research is available on our website at www.ccwater.org.uk/blog/category/reports/

Informing consumers

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

In the media and social networking

43. We featured in nearly 90 individual pieces of media during July and August, giving water consumers the opportunity to see our messages through broadcast, online and print media with a total reach of more than nine million people. Since April our messages have reached 39 million people. Our target for the year is 100 million.

44. In July our Head of Policy and Research Deryck Hall was interviewed by the BBC Radio 4 personal finance show, Money Box, about the opening of the non-household retail water market in England. Deryck used a case study to highlight how the changes could affect consumers from April 2017.

45. We also carried out regional BBC radio interviews on non-household competition and the prospect of households in England being given a choice over their supplier from 2020. One interview was broadcast on the Mark Forrest Show, an all-local radio evening programme, and shared across the whole BBC local radio network in England.

46. Which? magazine ran a feature in July offering advice to consumers on how to save money on their utility bills. The article recommended our water meter calculator as a great tool to help households see if they might be better off on a water meter.

47. During August our policy manager Janine Shackleton was interviewed by BBC North West as she gave our reaction to strong criticism by the Drinking Water Inspectorate of United Utilities for a 'catalogue' of water quality failures. Janine was also interviewed by BBC Radio Lancashire and BBC Radio Manchester with the story attracting significant regional interest.

48. Our research and views continued to feature in a wide range of trade media articles, as we spoke out on issues including household competition and using water more wisely. Utility Week, WaterBriefing and Water and Wastewater Treatment magazine all regularly featured our research findings.

<u>CCWater website</u>

49. A total of 56,182 people visited our website in July and August and over 80% of those were new visitors to the site. Money Saving Expert continues to be the top referring site.

<u>Social media</u>

50. We continued to keep consumers and stakeholders informed on key water industry issues through our social media channels on Facebook, Twitter and LinkedIn. During July and August our messages on Twitter reached an audience of almost 180,000 people.

<u>Freedom of Information requests</u>

51. We received six Freedom of Information (FoI) requests in June and July. We responded to all of them within the 20 working day timescale. The requests were for information we hold on compulsory metering of customers who use sprinkler systems, fire alarm contracts, IT expenditure, agency staff contracts and expenditure and salaries for male and female members of staff.

<u>Annual Report and Accounts</u>

52. CCWater's Annual Report and Accounts for 2015-16, which had been audited and received an unqualified audit opinion, were approved by the Board in June and laid before Parliament on 5 July 2016.

TONY SMITH
Chief Executive

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

Benefits for Customers

- During July and August 2016 we secured almost £230,000 in compensation and rebates for customers who had complained about their water or sewerage service, bringing the amount we have secured since April to £580,000.
- Our water meter calculator has generated potential customer savings of more than £3.5 million since April 2016.

Our complaint handling performance and customer satisfaction:

Performance	Actioned within 5 days	Closed within 20 days	Closed within 40 days
*Target**	*99.9%*	*80%*	*91%*
Q1 2016-17	99.9%	80.6%	92.0%
Q1 2015-16	99.9%	82.4%	92.6%

Customer satisfaction	Service	Outcome	Speed	Courtesy
*Target**	*75%*	*61%*	*80%*	*93%*
Q1 2016-17	79.0%	64.9%	78.7%	93.6%
Q1 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 have 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 August 2016 we had spent 39% of our budget for the year, in line with expectations.

Governance

- CCWater complies fully with all Government spending restrictions.
- As part of our Board's focus on different regional issues and stakeholders in each part of England and in Wales, we held our July Board meeting in public in Bristol to give consumers in our Western region an opportunity to raise issues of importance to them and learn about the work we do on their behalf.
- Future Board meetings in public for 2016-17 will be held in Cardiff, Wales, on 6 December and in our Central & Eastern region in Birmingham on 10 February 2017.

Staff

- Absence due to sickness during June, July and August — 68.5 days for the period. Average 1.03 days per person for the three-month period, compared to the public sector average of 8.7 days per annum.
- Seven permanent members of staff have left CCWater since April 2016. We had 71 staff during this period.
- We provided 10 training courses, using Civil Service Learning and other providers.

Reputation and External Activities

- During July and August 2016 consumers had the opportunity to see our messages in the media with a total reach of more than nine million people, bringing the total since April to more than 39 million.
- Since April 2016 more than 139,300 people have visited our website, with Money Saving Expert again the top referring site.
- Our Twitter following has grown by 160 to more than 4,300.

Consumer Council for Water Board
Tuesday 1 November 2016
Agenda item P7P
Paper 06 10 02

Minutes of the Meeting of the Board in Public
Consumer Council for Water
10.45 on Tuesday 5 July 2016
M Shed, Bristol

CCWater Attendance:	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
Stakeholder and water company Attendance:	Jeremy Bailey- Environment Agency Mike Bell – LCA, CCWater 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, CCWater Steve Hobbs - Senior Policy Manager, CCWater Richard Lacey - CCG Chair Bournemouth Colin Lench – Consumer Relations Policy Manager, CCWater Gudrun Limbrick – LCA, CCWater Sue Lindsay - Head of Customer Relations, Wessex Water Charley Maher – Managing Director, BWBSL Phil Marshall – Deputy Chief Executive, CCWater Sally Mills – Head of Customer Relations, South West Water Ben Newby - Director of Business Improvement, IT & Cust. Services, Bristol Water Veronica O'Dea – LCA, CCWater 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, CCWater Bob Taylor - Operations Director (Drinking Water Services), South West Water Matt Wheeldon - Waste Strategy Manager, Wessex Water Andy White - Senior Policy Manager, CCWater

12.0P Apologies, Declaration of Interests, Minutes of Meetings and Matters Arising

Apologies

12.1P No apologies were received

Declarations of Interest

12.2P There were no declarations of interest.

13.0P Listening Session

13.1P Alan Lovell invited people in the audience to raise any questions or issues prior to the beginning of the presentations. Andy Pymer asked the Board about the BIS call for evidence. Tony Smith summarised the background and our response.

14.0P South West Water and Bournemouth Water: Making the merger work to the benefit of the consumer

14.1P Bob Taylor, Operations Director of South West Water, presented on the merger and the milestones to the merger. Overall it had been a successful merger with no compulsory redundancies. Alan Lovell thanked Bob for the presentation and opened questions from the floor. Phil Marshall asked if the billing systems were to be merged. It was confirmed that they would be merged within 18 months. Billing changes traditionally saw a rise in complaints and Phil Marshall asked whether lessons from others had been considered. This was confirmed to be the case. Other ongoing activity includes the merger of the codes of conduct for the two organisations. When asked what hadn't gone as well as it could, Bob Taylor confirmed that key staff should have been identified and stronger efforts made to retain them in the organisation.

14.2P Finally, Phil Marshall was asked whether there had been any research done in the Bournemouth area to see what customers thought. It was confirmed this will happen as part of a wider research project.

14.3P South West Water and Stephen Bird were thanked for their presentation.

15.0P Bristol and Wessex Water: Working together

15.1P Charley Maher, Managing Director of BWBSL, presented on how the joint billing service works with their parent companies successfully to deliver a customer service. Also discussed was how to engage staff and gaining feedback from customers on the service they provide. Innovative ways to get information across such as short clips and audio messaging was shown to the audience. Charley concluded by informing that BWBSL is to be renamed Pelican Billing Services

15.2P Alan Lovell thanked Charley for the presentation.

16.0P Bathing Water Directive: benefit or burden?

16.1P Jeremy Bailey of the Environment Agency took the lead on presenting on the Bathing Water Directive and the impact it has and will have on a region which draws significant revenue from tourism. The burden of this directive was discussed by South West Water, to balance this in relation to the cost of maintaining the coastline to the standard required.

16.2P The Board thanked the Environment Agency, Wessex Water and SouthWest Water for their presentation.

17.0P Social Tariffs

17.1P Andy White presented his paper on social tariffs which detailed the companies' progress in implementing customer-funded social tariffs, including details of those schemes which launched in 2016, and the take-up of existing schemes. Andy White added that Bournemouth Water had subsequently received sufficient customer acceptance to introduce a scheme.

17.2P Rob Light stated that the paper should reflect % of the customer base benefitting from the tariff rather than simply the numbers; 10,000 of Bournemouth customers benefitting, for example, is significantly more of the customer base there than 10,000 in the Severn Trent area.

17.3P South West Water stated that social tariffs should not be looked at in isolation; they have a wide range of support available to customers struggling to pay their bills. Alan Lovell agreed and asked Andy White to provide this granularity to the Board, in addition to how the tariffs are used in a further paper. **AW**

17.4P Alan Lovell asked what more CCWater should be doing in this area. South West Water suggested CCWater could use its website to signpost customers to specific help. Additionally, in order to raise awareness amongst hard to reach or distrustful customers, CCWater's logo could be added to company literature thereby adding a degree of trustworthiness to the messaging. Alan Lovell asked Tony Smith to look at this. **TS**

17.5P Finally, discussions took place on those who can pay but refuse to do so. Accessing these individuals and getting payment (even a small amount) would dent the debt these individuals cause to companies by around 1.5% which may allow further help to those you want to pay but cannot.

17.6P Alan Lovell thanked the companies and attendees for a very useful discussion on social tariffs and wider help available to customers.

18.0P CCWater vulnerability definition

18.1P Andy White presented the Board with the agreed CCWater definition of a vulnerable customer.

18.2P The Board and attendees had a wide ranging discussion on the use of registers and working across company boundaries and engaging with social housing providers who traditionally have a wealth of information on vulnerable people. Also noted was that vulnerability can be transient.

18.3P South West Water noted the recent example of the floods in the North; companies, local authorities and emergency services sharing information on known vulnerable people that had to be made a priority.

18.4P Bristol Water referred back to Charley Maher's presentation, and that staff training and investment should be seen as a priority in order to ensure staff, when engaging with customers, can spot warning signs and act accordingly.

18.5P Alan Lovell brought the discussions to a close by stating that there was more work across the sector to identify vulnerable customers and CCWater will be involved where appropriate. Importantly, these individuals should not be grouped with those that can pay but choose note to.

19.0P CEO Report

19.1P Tony Smith presented his report that detailed CCWater's key performance and achievements over the last few months. He discussed two matters specifically: Household Competition and Brexit.

19.2P On household competition, CCWater's research findings were summarised, in that most households have told us they would welcome choice, but there is little appetite to switch for small savings.

19.3P The attendees discussed the comparisons in energy and hoped that OFWAT would take this into account when doing their cost-benefit analysis. Tony Smith confirmed that CCWater had asked for a comparison to be made as part of the analysis.

19.4P The implications of the UK's withdrawal from the EU were also discussed. The immediate economic impacts of the decision were discussed in addition to the impact on the agricultural industry. The CAP subsidy of £2.3billion will of course not be provided when the UK is no longer part of the EU. This will have a significant impact on the agricultural sector. There was a view from the companies that CCWater will have to consider whether water customers will have to subsidise agriculture through payment for ecosystem services as part of their catchment management activities.

20.0P Minutes of the April public Board

20.1P Alan Lovell asked the Board if they could agree the minutes as an accurate reflection of the meeting. The minutes were accepted as accurate. At Paragraph 3.6P, Deryck Hall updated the Board that Karen Gibbs will be considering what CCWater need to do in terms of leakage. This will form part of a Board paper in September. David Heath asked that this also consider the international context. **DH**

21.0P Local Committee Minutes

21.1P One meeting has taken place since the last Board meeting in public; the Northern Committee which was held in Darlington. Rob Light took the minutes as read and highlighted how open the companies were in their discussions.

22.0P CCWater Finance Report

22.1P Marie Perry introduced the CCWater financial position. There is a carryover from last year of £164k and a carry forward of £45k, bringing the total unallocated funds outside of the levy budget of £5.13 million of c£210k. Currently from the end of Quarter 1 there is a positive variance of £9k resulting from a delay in market reform consultancy work. But this will not impact on the year-end.

22.2P Accommodation issues are progressing and were discussed at the Finance & Resources Committee.

22.3P Bernard Crump updated the Board on his consideration of the added value of the Finance & Resources Committee, only meeting when it can add value or indeed whether to dispense with it all-together.

23.0P AOB

23.1P Alan Lovell thanked the attendees for their contributions throughout the day.

23.2P 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
4 October 2016
Agenda Item P8P
Paper 04 10 03

Date:
4 October 2016

Title:
Monthly finance report and forecast

Report by:
Usha Nayyar, Marie Perry

Responsible Lead:
Marie Perry, Head of Finance & Procurement

Paper for noting

Appendix: Two

Purpose

1. The purpose of this report is to provide a summary of financial performance for the year to date and provide a first re-forecast for the year end 2016/17.

2. All Executive leads have met with finance colleagues to review the year to date performance and discuss operational and resourcing factors which may have a financial impact on the full year forecast.

Recommendations

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

Report Structure

4. Quarterly financial forecasts are now being produced for the 2016/17 financial year. Going forwards a quarterly forecast will be included in future financial reporting to Board. The report structure has been set out as follows:

    a. Summary financial performance
    b. Year to date performance
    c. 2016/17 Forecast and Use of Carried Forward Budget

Finance report

Summary Financial Performance

5. In the period April 2016 to August 2016 our expenditure is £34k less than budget. This is due to the release of a redundancy provision of £18k and variances on Research Services of £8k relating mainly to timing differences against budget profile. Other small variances make up the balance.

6. 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.

7. The forecast spend for the full year is £5.226m compared to the budget of £5.295m, an under spend of £69k. This includes projects delayed from 2015/16, budget pressures arising during 2016/17 and costs for accommodation changes at both our Cardiff and Birmingham sites. This forecast has been developed by the Executive lead for each area, supported by the finance team and we are confident that we will be able to deliver within budget.

Year to Date Performance against budget

Table 1: Summary CCWater's financial performance 1 April 2016 to 31 August 2016

Expense Type	Actual to Date £'000	Budget to Date £'000	Variance £'000	Variance %	Spend to Date %	Full Year Budget 2016/17
STAFF COSTS	1,387	1,415	28	2%	40%	3,446
RESEARCH & CONSULTANCY	189	181	(8)	(4%)	29%	655
OTHER ADMINISTRATIVE COSTS	492	506	14	3%	42%	1,179
DEPRECIATION AND NON CASH ITEMS	4	4	(0)	(0%)	29%	15
TOTAL	**2,073**	**2,107**	**34**	**2%**	**39%**	**5,295**

8. The overall underspend is £34k. 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%:

Variances by Expense Type

9. Staff Costs are under spent by £28k year to date. Most of this variance has arisen during August due to the release of an £18k accrual for redundancy which is no longer required as the staff member has found another role and £7k relates to estimated costs for agency staff in Finance and Procurement which relates to September. The budget profile will be amended.

10. The £8k over spend to date on Research and Consultancy services is due to timing of the projects, explained below:-
    - £9k under spent due to the Southern Waters Universal Metering Project ((UMP), as Southern Water have contributed £25k to this project. An additional research project on assessing consumer's awareness of market opening will utilise the full effect of this £25k contribution.
    - £7k over spend on legal fees which was expected in September, but arose in August.
    - £9k over spend on our PR19 call off contract which is slightly ahead of schedule, but will not exceed the allocated budget.

11. The under spend of £14k on other expense types to a number of variances less than £5k or 10%.

2016/17 Forecast and use of Carried Forward Budget

12. 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.

13. The forecast spend for the full year is £5.226m compared to the budget of £5.295m, an under spend of £69k.

14. The table below shows how the carried forward budget will be utilised through 2016/17, split between the projects rescheduled from 2015/16, budget pressures arising during 2016/17 and costs for accommodation changes at both sites.

Team	Value £'000	Description
Budget Carried Forwards from 2015/16	**165**	
Less: Projects carried forwards from 2015/16		
Consumer Relations and Communications	25	Development of the CCW website, including improved layout and content specific to non household consumers
Subtotal Carried Forward projects	**25**	
Less: Projected Accommodation Expenditure		
Finance, Procurement and Facilities	10	Cardiff Office move in January 2017, including removal services, installation of any required network services and furniture / equipment
Finance, Procurement and Facilities	50	Estimate to reconfigure the layout of Birmingham office to create space for other government departments. Legal fees associated with lease renewal
Subtotal Accommodation	**60**	
Less: In year forecast variances against original budget		
Policy & LCAs	15	Additional costs for travel and meeting rooms for home based workers
Deputy CEO	45	30k additional recruitment costs, £7k additional temporary resource in HR and £8k for temporary cover for Board Support
Consumer Relations and Communications	29	£15k for additional QA post from October onwards, £2k for maternity leave cover and £12k for stakeholder and staff events
Finance, Procurement and Facilities	(78)	(£45k) relating to propsosed buyout of incremental pay progression which will not go ahead, £8k of additional costs to provide temporary cover within Finance and Procurement posts, (£23k) relating to consultancy budget for which there is no planned expenditure and (£18k) relating to a redundancy accrual which is no longer needed.
Sub total In year pressures	**11**	
Total forecast spend	**96**	
Balance remaining (forecast under spend)	**69**	

Annex One

COST CENTRE TITLE	SPEND TO Aug 16	PROFILE TO Aug 16	VAR Aug 16	VAR %	FULL YR BUDGET
OFFICE OF CHIEF EXECUTIVE	97,355	96,926	-429	(0%)	213,465
BOARD (EXCLUDING WALES CHAIR)	115,859	117,391	1,532	1%	279,740
GOVERNANCE	117,929	114,855	-3,074	(3%)	271,115
ICT SERVICES	120,222	124,737	4,515	4%	298,095
HUMAN RESOURCES	88,701	81,726	-6,975	(9%)	210,746
TOTAL OFFICE OF DEPUTY CHIEF EXECUTIVE	**540,067**	**535,635**	**-4,432**	**(1%)**	**1,273,161**
POLICY	50,165	49,946	-219	(0%)	118,167
SOCIAL POLICY	80,583	79,477	-1,106	(1%)	189,462
ENVIRONMENT	88,213	86,577	-1,636	(2%)	200,631
REGULATION	148,467	138,983	-9,484	(7%)	430,136
MARKET INTELLIGENCE	216,325	225,364	9,039	4%	632,806
WALES POLICY AND CHAIR	46,717	46,214	-503	(1%)	110,171
CENTRAL AND EASTERN LCAs	8,998	8,940	-58	(1%)	21,240
NORTHERN LCAs	7,241	7,940	699	9%	18,680
WALES LCAs	11,179	12,590	1,411	11%	29,000
WESTERN LCAs	9,383	10,840	1,457	13%	25,740
LONDON & SOUTH EAST LCAs	15,375	13,700	-1,675	(12%)	33,360
TOTAL POLICY AND RESEARCH	**682,646**	**680,571**	**-2,075**	**(0%)**	**1,809,393**
FACILITIES AND PROCUREMENT	222,240	250,717	28,477	11%	588,982
FINANCE AND RESOURCES	79,502	80,006	504	1%	190,587
TOTAL FINANCE AND PROCUREMENT	**301,742**	**330,723**	**28,981**	**9%**	**779,569**
CONSUMER RELATIONS	159,002	156,811	-2,191	(1%)	360,220
COMMUNICATIONS	109,635	107,904	-1,731	(2%)	275,396
BIRMINGHAM - CRM, SCC	73,977	78,269	4,292	5%	180,524
BIRMINGHAM - CRM, CC	113,487	122,352	8,865	7%	270,669
CARDIFF - CRM, SCC	88,132	90,038	1,906	2%	214,480
TOTAL CONSUMER RELATIONS AND COMMS	**544,233**	**555,374**	**11,141**	**2%**	**1,301,289**
CARRIED FORWARD (BALANCE)	**0**	**0**	**0**	**0%**	**116,588**
DEP'N & NON CASH ITEMS	4,375	4,375	-0	(0%)	15,000
CCWATER GRAND TOTAL	**2,073,063**	**2,106,678**	**33,615**	**2%**	**5,295,000**

Annex Two

	MONTH Actual Aug 16	YEAR TO DATE Budget Aug 16	Actual to Aug 16	Budget to Aug 16	Variance	Var %	BUDGET Remaining	Total
TOTAL STAFF COSTS	252,272	288,302	1,387,244	1,414,966	27,723	2%	2,059,137	3,446,380
RESEARCH SERVICES	32,441	28,583	189,046	181,175	-7,871	(4%)	465,954	655,000
TOTAL PERSONNEL OVERHEADS (Excluding Training)	17,891	26,144	93,085	96,821	3,736	4%	152,775	245,860
TRAINING	599	3,750	17,654	18,750	1,096	6%	27,346	45,000
PUBLICITY, LIBRARY & PARLIAMENT	6,241	6,884	33,369	34,320	951	3%	52,431	85,800
COMPUTER SERVICES	18,138	18,700	91,388	93,500	2,112	2%	132,972	224,360
OFFICE SUPPORT COSTS	13,559	17,390	55,340	59,900	4,560	8%	83,260	138,600
ACCOMMODATION	39,536	40,851	201,563	202,871	1,308	1%	237,437	439,000
SUB TOTAL	380,676	430,604	2,068,688	2,102,303	33,615	2%	3,211,312	5,280,000
DEPRECIATION & NON CASH ITEMS	875	875	4,375	4,375	-0	(0%)	10,625	15,000
OVERALL TOTAL	381,551	431,479	2,073,063	2,106,678	33,615	2%	3,221,937	5,295,000