

AGENDA

Consumer Council for Water

Board Meeting in Public at 1.30pm

Tuesday, 10 January 2012

Victoria Square House, Victoria Square, Birmingham

<u>Item no.</u>	<u>Agenda Item</u>	<u>Time</u>	<u>Paper No.</u>	<u>Lead</u>
<u>Standing items</u>				
1	Apologies and declarations of interest (5 mins)	13.30	Verbal	
2	Listening session - items of interest identified by the public (10 mins)	13.35		Dame Yve Buckland
3	Approval of Minutes of the Public Board Meeting held on 4 October 2011 and any matters arising (5 mins)	13.45	CCW 12 01 10	Dame Yve Buckland
<u>Strategy and Policy Items</u>				
4	Chief Executive's Report (10 mins)	13.50	CCW 12 01 11	Chief Executive
5	Water White Paper - policy issues for consumers (20 mins)	14.00	CCW 12 01 12	Deryck Hall
6	Approach to Common Agricultural Policy (10 mins)	14.20	CCW 12 01 13	Ana-Maria Millan
<u>Monitoring Reports</u>				
7	Minutes of Wales and English Regional Committees (10 mins)	14.30	CCW 12 01 14	Dame Yve Buckland
8	Finance Report	14.40	CCW 12 01 15	Jane Morris

9	(10 mins) Actioning of Board decisions (5 mins)	14.50	CCW 12 01 16	Mike Jackson
10	Action taken under delegated powers - transfer of Ofwat casework (5 minutes)	14.55	CCW 12 01 17	Mike Jackson
11	Any other business (5 mins)	15.00		Verbal
12	To move that the Board confirm the decision to hold the first part of the meeting in private session on grounds of confidentiality (Public Bodies(Admission to Meetings) Act 1960)	15.05		Verbal

End of Public Board Meeting at 15.10 to be followed by discussion of any outstanding items from the Board meeting in private session and a review of Board performance

End of Board meetings by 3.30pm

CONSUMER COUNCIL FOR WATER

Public Board meeting on 10 January 2012

Chief Executive's Report

Report of Chief Executive

1. Delivering benefits for water customers

Complaint handling and satisfaction

CCWater has seen a slight increase in the number of complaints received in quarter two (July - Sept.) 2011/12 compared to the same period last year. During quarter two CCWater received 2,923 complaints, a 1.5% increase on the 2,881 complaints received in quarter two 2010/11. The increase has been caused by complaints received over the transfer of private sewers - examination of these contacts however, shows that the majority were about seeking clarification on the new approach from water companies, rather than complaints that needed to be progressed by CCWater. For the year to date complaints have fallen by 4.5% from 5,704 at the end of September 2010 to 5,448 at the end of September 2011.

Where water companies are unable to resolve consumers' problems and they turn to us, we continue to achieve positive results. In quarter two 2011/12 we achieved redress of £681,827 compared with £793,042 in the same quarter last year. This is a decrease on last year; in quarter two last year our Wales office had great success in challenging a company on surface water drainage rebates, achieving over £400,000 of redress. Most CCWater offices achieved more redress for consumers in quarter two this year compared to last. The average level of redress we achieved for consumers has also decreased slightly; an average of £233 per case for quarter two 2011/12, compared to £275 in 2010/11.

In terms of managing complaints; we acknowledged receipt of 100% of complaints within five working days (against a target of 99.5%), resolved 84.7% of complaints within 20 working days (target 77%) and 92.8% within 40 working days (target 90%).

Our survey of consumer satisfaction during quarter two showed that; 76% of consumers were satisfied with the quality of our service (against a target of 72%), 83% were satisfied with the speed of resolution (target 78%), 96% with the courtesy of staff (target 91%) and 65% satisfied with the outcome of complaints (target 61%).

2. Speaking up for water customers

We will continue to speak up for consumers, delivering them real results. Our successes cover both industry or company-wide issues and redress for specific individual customer complaints, both domestic and commercial.

Specific CCWater successes for customers included the following examples:

- CCWater negotiated on behalf of a commercial customer with Thames Water about a backdated bill for £83,247.17. As a result of CCWater's intervention, Thames Water agreed to CCWater's recommendations and waived the full amount.
- CCWater pursued a complaint against United Utilities on behalf of an NHS Trust in respect of sewerage charges. Because of CCWater's persuasion the company agreed a refund of £66,490.08 being returned to the NHS Trust.

Specific CCWater successes for domestic customers included the following examples:

- A Severn Trent Water customer contacted us following a large bill from the company due to a leak. Due to complications over the repair work, and subsequent leaks resulting, she was left with a bill for over £17,000. CCWater negotiated with the company on the customer's behalf and consequently, Severn Trent agreed to make a gesture of goodwill to cover the leaked water, totalling £17,042.
- A customer had been struggling for two years to get Anglian Water to fit a meter and was now refusing to pay his rateable value bill. CCWater intervened and persuaded Anglian Water to fit a meter immediately and waive 50% of the outstanding rateable value bill, reducing the customer's balance from £187.84 to £42.15.

2.1 CCWater Consumer Support Website

Our consumer support website, which includes practical information on water and sewerage issues for customers and advice on how to complain, received 15,184 visitors in quarter two 2011/12. These visitors made 1,954 searches, viewed 22,049 answers and submitted 381 complaints or enquiries. Over 97% of consumers using the site were able to answer their questions from the information provided; only 2.5% needed to use the form to contact us.

2.2 Risk based assessments

CCWater carries out assessments on the way in which water and sewerage companies handle complaints from customers. These assessments used to be undertaken on an annual basis across all companies. CCWater now focus on doing assessments where we have specifically identified a problem and then track the companies' remedial actions. This ensures that resources are targeted on those issues which affect customers most. We have communicated with companies the outcome of our risk based assessments and are now arranging the dates with the Local Consumer Advocates and companies to carry out the work.

2.3 Freedom of Information

In quarter two (July-Sept.) 2011/12 we received four requests under the Freedom of Information. All were responded to well within the 20 day timescale.

2.4 Influencing water policy

We remain very active representing consumers on important matters of water policy with our team currently working on:

Thames Tunnel

Thames Water launched the second phase of consultation on their proposal to build a 23km 'supersewer' beneath the river Thames designed to collect and transport storm discharges to Beckton waste water treatment works. CCWater has always accepted the need to improve London's drainage system, but we have consistently raised concerns about the length and diameter of the proposed Thames Tunnel, its escalating cost and the scale of the impact on Thames Water customers' bills. We will respond to the consultation.

Private Sewers and Lateral Drains

On 1 October 2011 responsibility for property owners' private sewers and lateral drains transferred to sewerage companies. The transfer will feed through to customers' bills in 2015 and beyond. Early estimates from Defra suggest average bills will increase by between £3 and £14, though the actual increase will not be known until sewerage companies have a better idea of how much work they might need to do and how much it might cost.

We believe that it is important that customers' views influence companies' decisions on how quickly they repair, renew or replace private sewers as this has implications for bills. Accordingly, we undertook research into customers' views on how the cost (and eventual bill impact) of the transfer should be spread. Customers were asked to consider what level of service they would accept after the transfer (ranging from 'essential repairs and blockage clearances only and do capital investment later' to 'start capital investments now') along with estimates of the associated costs for each option. The research started in late August and was completed in late November, and results are currently being analysed. We expect to publish the results early in the New Year.

Customer Engagement - next price review

Work has started work on the process for the next price review. The price review is the way by which Ofwat will determine what prices water and sewerage companies can charge their customers from 2014 for a five year period. CCWater pressed to get consumers more centrally involved in this process. Ofwat responded to this by introducing 'customer challenge groups', which will be a key element of the next price review and the way in which water companies will develop their customer research, assess their investment proposals and provide assurance to Ofwat (the water regulator) that customers' views are reflected fully in company business plans.

CCWater has, with the agreement of other main players involved in the groups, accepted invitations to chair most of the customer challenge groups; some groups have yet to decide on the chairmanship role. These groups will begin work early in the New Year. One of their first tasks will be to work with the companies on the development of a customer engagement strategy that will include formal customer research but could include numerous other ways of capturing the expectations of customers about the services they receive and the price they pay for those services.

In Wales, engagement for the price review will be slightly different. CCWater and water and sewerage companies will participate in a price review forum involving all other members of the Wales Water Industry Forum and chaired by the Welsh Government. This is in addition to local customer engagement structures set up by the companies.

Social Tariffs

Social tariffs are a way in which customers who are struggling to pay their bills can be helped out. The cost of providing this assistance is spread across all customers within a particular water company area. Both Defra and Welsh Government recently published consultation papers outlining the guidance they are minded to give to water companies about the development of social tariffs. A key feature of the draft guidance is the emphasis it places on companies consulting with customers and CCWater on their proposals. The success of a social tariff will be dependent on securing customer support - from those who will help fund it as well as those who might benefit from it.

Special Assistance Registers

Together with Consumer Focus we have produced a joint leaflet on the special services and assistance that water and energy companies are able to provide to disabled and elderly customers. These leaflets will be made available to advice agencies such as Citizens Advice Bureaux, Money Advice and Trading Standards, and can be downloaded from both the Consumer Focus and CCWater websites.

3. Leading and motivating the organisation

Defra published its Water White Paper at the beginning of December. The government has given CCWater the task of representing customers throughout the next price review up until at least the end of 2014. However, government is not clear that it is fully adopting the Gray Review recommendations and is still considering whether to put CCWater into a larger consumer body. The timing on that decision is unclear although it is likely to be before 2014. But it does however clearly state that it will want to ensure the expertise of CCWater staff is retained. In the meanwhile CCWater will continue to deliver for water customers and to run a very efficient organisation that compares well to the alternatives. The Welsh Government published a written statement on 12 December, a few days after the Water White Paper was launched. It also supports retaining CCWater functions for the effective representation of water customers during the next price review and the next few years when the regulation and strategic planning in the water sector in Wales is going to change. The Welsh Government will consult on a Water Strategy for Wales in Spring 2012.

In response to a lighter and more risk based regulatory environment CCWater is changing the way it operates. By adopting a more strategic and focused approach it should be possible to continue to deliver significant benefits for water customers and to absorb the extra responsibilities on charges, tariffs and complaint resolution recommended in the Gray report, without increasing our costs. CCWater will continue to monitor companies' activities and challenging on non delivery against customer expectations. We will do more analytical work comparing companies' performances and providing an assurance role on the companies' customer research.

As part of our response to the new regulatory environment and to enable us to deliver significant benefits for water consumers CCWater's Council agreed the appointment of seventeen CCWater's new Local Consumer Advocates, three for each CCWater English regional and five advocates for CCWater Wales. The advocates were selected from existing Committee members whose appointments expired on 30 November 2011. Appointments are being made for an initial period of 12 months, following which we expect these appointments to be advertised

Each October we conduct a staff survey. This year we had a 93% response rate compared to 82% last year. Overall the results remain reasonably positive, although issues of uncertainty in the public sector and pay are affecting views to some extent. The majority of staff felt they were kept informed as much as possible about the future of CCWater and the majority of staff value the non pay benefits that CCWater offers as part of its remuneration package. Despite the uncertainties about CCWater's future the majority of staff remain satisfied with their jobs

TONY SMITH
Chief Executive

Consumer Council for Water: Performance 'Scorecard' Jan 2012Benefits for Customers and Business Plan Progress

- Complaints have increased by 1.5% in quarter two (Q2, July - Sept) 2011-12 compared to the same period for last year; from 2,881 in 2010-11 to 2,923 this year. This increase is due to complaints received concerning the transfer of private sewers. For the year to date complaint numbers have reduced by 4.5%, from 5,704 at the end of September 2010 to 5,448 at the end of September 2011.
- We successfully pressed for £681k of compensation for customers in quarter two this year, versus £793k same quarter last year. Individual average redress figures down from £275 to £233. Reduction is due to success in Q2 last year of Wales office in securing SWD rebates - achieving over £400k redress alone in the quarter.
- Our handling of complaints about companies during Q2 shows strong performance and satisfaction results.

Performance				
	5 days	20 days	40 days	
Our published standards	97%	70%	85%	
Business Plan target (2011/12)	99.5%	77%	90%	
Actual performance Q2	100 %	84.7%	92.8%	
YTD	100%	83.4%	93.1%	
Satisfaction				
	Service	Outcome	Speed	Courtesy
Business Plan target	72%	61%	78%	91%
Actual performance Q2	76%	65%	83%	96%
YTD	72%	62%	80%	93%

- We are above target for the year to date in all performance and satisfaction KPI's.

CCWater Staff

- Average sick 1.31 days - July - Sept 2011 (The Chartered Institute of Personnel and Development (CIPD) public sector benchmark is 9.6 days per year)
- Turnover (three permanent staff) 4% - end Sept 11 (CIPD public sector benchmark is 8.5%)

Governance and Financial Performance

- Cost per customer 21p (down from 23p in 2010/11); budget of £6.144 million
- Performance against budget**
 - Following a review of budget allocations at the end of November we had a 1% under spend against planned budget (2010/11). However we have only consumed 52 % of the annual budget and we are anticipating an overall underspend of at least £500k at the end of this financial year.
- Governance issues**
 - We continue to comply with governments spending restrictions and information requests. Details of all CCWater's spend, from 1 April 2011, is now available at direct.gov.
 - KPMG, CCWater's Internal Auditor, completed its review of our Procurement and rated our performance as good. Between September to November 2011 we received four Freedom of Information requests, all were responded to in the 20 day deadline. This brings the total for the year (by end qtr. two) to nine.
 - At the end of November our 54 Committee members appointments came to an end. In response to the changing regulatory environment seventeen members have been selected to continue as Consumer Advocates
 - Under HM Treasury's Alignment agenda Defra is now required to provide all CCWater's funding. This ensures that the sponsored NDPB's expenditure is reported and consolidated in the sponsor Department's accounts. In practice this means that for 2011/12 CCWater will have to refund any Grant in Aid received from the Welsh Government and draw down the same amount from Defra. Next year all CCWater's Grant in Aid will come from Defra.

CCWater: Reputation and External Activities

- In September CCWater responded to the BIS 'Empowering and Protecting Consumers' consultation (the so-called Consumer Landscape Review). Our response made clear that the recent Gray Review recommended that CCWater should be retained in its current format and that the case for a multi-sector advocacy approach had not been made. On the last point we pointed to the experiences in energy where customer satisfaction levels were much lower than in water.
- Media in quarter two (July-Sept.): in July our bogus callers press release gained a large amount of coverage in the regional press. The Financial Times reported that we have been 'saved from the cull' following the Gray review. August is traditionally a quiet month in media terms across the industry. CCW put out a press release on the Darlington office move and spoke to Utility Week about the energy ombudsman and consumer engagement. Stories in press in the midlands focussed on the lack of a hosepipe ban this summer. During September CCW published our annual complaints report. This received substantial and sustained media coverage, including interviews with BBC Radio Four and Five.
- In total over the period, over 13 million members of the public had an opportunity to see or hear the Consumer Council for Water's messages, and to pay for this level of coverage would have cost over £100,000.

CONSUMER COUNCIL FOR WATER

BOARD MEETING TO BE HELD ON TUESDAY, 10 January 2012

The Common Agricultural Policy (CAP) and its implications for the water industry

REPORT OF: Ana-Maria Millan

1 Purpose of report

1.1 The purpose of this paper is to:

- Set out the background to the reform of the Common Agricultural Policy (CAP);
- Summarise the reaction to the Commission's proposals from some UK and EU-wide interested parties;
- Recommend a policy approach to CAP discussions.

2 Recommendations

2.1 To seek the Board's agreement that CCWater should take an active part in the discussions surrounding the CAP reform, specifically:

- Continue to discuss proposed measures with Defra, the EA, and Welsh Government to understand the UK position and how we can assist¹;
- Engage with different stakeholders in the UK and in Brussels, including Water UK, NFU, RSPB, EUREAU, WWF, EEB, the Commission and the European Parliament², and others where appropriate, to share information and explore common areas of work;
- Use our evidence base, to promote the advantages for water customers of a revised CAP that promotes environmental measures, climate change action and resource efficiency.

3 Detail of report

What is CAP?

- 3.1 This is a system of agricultural subsidies and programmes across the European Union (EU). Its objectives include giving farmers a reasonable standard of living, ensuring consumers have access to food at reasonable prices, and preserving the natural heritage of the EU.
- 3.2 The CAP works mostly as a market support for agriculture, although it also includes scope for *some* environmental protection. A note summarising its structure is included in Appendix 1. About 70% of CAP expenditure goes towards *direct payments* to farmers (Pillar I). These payments are a direct subsidy to farmers and are allocated to Member States (MS) based on

¹ Note that in Wales, water and agriculture are under different Ministerial portfolios.

² Ofwat has been left out of the list because it will not be taking part in CAP discussions, as it felt that it was outside its remit.

historic criteria. Farmers don't need to undertake any agricultural production to receive this payment, but farmers will still need to comply with 'cross compliance'³ measures on all agricultural land.

- 3.3 Cross compliance is a **devolved matter**. As a result, there are some differences across the UK, especially with regards to *good agricultural and environmental conditions* which relate to, amongst other things, the protection and management of water.
- 3.4 About 20% of the CAP's budget is spent on *rural development* measures (Pillar II). These measures are grouped under three main categories: improving competitiveness, improving the environment and the countryside (for example, through agri-environmental schemes), and improving the quality of life and economic diversification for rural communities.
- 3.5 The rest of the budget is distributed as export subsidies to food companies.
- 3.6 The CAP's budget (also under revision) is estimated at around €58 billion (£51 billion) at 2010-11 prices, representing c47% of the EU's total, long-term budget for 2007 to 2013. In terms of how MS benefit from CAP, France gets about 20%, followed by Germany and Spain (13% each), Italy (11%) and the UK (9%).

Why is CAP relevant to the water industry?

- 3.7 Agriculture can affect water quality and availability. Agriculture is considered to be a significant source of diffuse pollution that includes silt, fertilisers (including manure) and pesticides. Agricultural diffuse pollution is responsible for⁴:
 - Around 60% of nitrate and 25% of phosphates loading in rivers, lakes and aquifers;
 - Between 25% and 50% of the pathogen loadings that affect England's bathing waters;
 - Up to 75% of the sediment input to rivers.
- 3.8 Pesticides contaminate drinking water sources which requires expensive and energy intensive treatment to remove these chemicals before water is supplied to customers.
- 3.9 Historically, CAP has not addressed the water quality problems deriving from agriculture. However, changes introduced in 2004 dealt with the issue of pollution from fertilisers containing nitrate. But, as it stands, CAP does not consider the requirements of the Water Framework Directive (WFD) or the likely impacts of climate change. One of the implications of this is that the water industry (and therefore its customers) meet the costs of tackling water quality issues under WFD. Defra estimates that this represents 82% of the costs of implementing the first cycle of River Basin Management Plans (RBMPs) to 2015⁵.

Why is the CAP being reformed?

- 3.10 According to the Commission, the CAP needs to be reformed to better address challenges such as food security, climate change and the sustainable management of natural resources including linking direct payments to environmental measures. The Commission also proposes to keep the budget at 2013 levels through to 2020, effectively reducing the proportion of the EU budget devoted to CAP.

³ Cross compliance is a set of conditions that have to be met by farmers. These cover plant, public and animal health and welfare. They also have some environmental and landscape features.

⁴ Note that this is only for English waters. The information was obtained from Defra:

<http://archive.defra.gov.uk/environment/quality/water/waterquality/diffuse/nitrate/intro.htm> (accessed on 2/12/11)

⁵ <http://archive.defra.gov.uk/environment/quality/water/pdf/national-impact-assessment.pdf> (accessed 2/12/11)

What are the reform proposals?

- 3.11 In October 2011, the Commission launched proposals to reform the CAP. These plans will go through the European legislative process, which now includes 'co-decision'⁶ between the Parliament and the Council of Ministers. Discussions and negotiations will take place throughout 2012 - 13. The new CAP is expected to enter into force on 1 January 2014.
- 3.12 The EC's proposals include a 'greening' component, to make agriculture a more environmentally friendly sector. These will be additional payments for respecting certain agricultural practices 'beneficial for the climate and the environment'. To achieve this, the Commission is proposing that MS use 30% of their allocated CAP budgets to pay for this through *Direct Payments* conditional on three 'greening' measures:
- Maintaining permanent pasture;
 - Arable farmers should grow at least 3 different crops, with none exceeding 70% of their arable land; and
 - 7% of the land should remain fallow (also known as *set aside*). This area could include buffer strips, hedges, forested area and landscape features. This is an important component of the proposal, since this land can act as a buffer zone, reducing the level of water pollution from pesticides, nitrates and sediment.
- 3.13 With these changes, the Commission aims to move rewards gradually away from intensive farming to more sustainable practices. Nonetheless, these green measures would be voluntary. But, if farmers fail to comply they can lose their subsidies.
- 3.14 Other changes include devoting at least 25% of Pillar II (rural development) spending on environmental measures, climate change action and promoting resource efficiency. Furthermore, MS would be able to allowed to transfer up to 10% of Pillar I funds to Pillar II. According to some analysts, this feature is likely to be used by the UK.
- 3.15 A big issue with the proposals (as they stand at the moment) is that they do not contemplate compliance with the WFD. The Commission is proposing to extend cross-compliance with WFD and the Sustainable Use of Pesticides Directive *once they have been implemented by all MS and obligations to farmers are identified*. This could take considerable time given that some countries have yet to begin the process of implementing the WFD.

Reactions

- 3.16 It appears as if these long-awaited proposals have left more disappointment than approval.
- 3.17 The UK Environment Secretary, Caroline Spelman, has expressed discontent with the Commission's proposals. She feels that the 'rhetoric is right' but the actual proposals could take the country backwards. She also said that 'the Commission only wants to pay for basic measures, which would achieve less and could impose bureaucracy'. It is widely known that the UK would prefer a smaller budget, focused on Pillar II - payments towards environmental and public goods which cannot be provided by the market.
- 3.18 Nonetheless, in the recent **Water White Paper**⁷, Defra seems very positive about working towards a CAP that 'promotes effective delivery of public environmental public goods' and practices that mitigate climate change and protect water. As part of the fund allocation

⁶ More information can be found at: http://ec.europa.eu/codecision/stepbystep/diagram_en.htm

⁷ For more information, refer to page 30 of the Water White Paper.

<http://www.defra.gov.uk/environment/quality/water/legislation/whitepaper/>

process Defra plans to distribute money across economic and environmental priorities by identifying measures that deliver multiple benefits, including climate change and water.

- 3.19 **The NFU and Country Land Business Association** expressed concerns, because in their opinion, very few proposals will help to achieve the objectives of 'smart, sustainable and inclusive growth'. These organisations are keen on the green measures, as long as they can be easily administered and monitored.
- 3.20 **The WWF European Policy Office** expressed disappointment about the reform proposals. It feels that the reforms risk funding intensive agricultural practices without monitoring their impacts on the environment.
- 3.21 **The European Environmental Bureau** thinks that the proposed reforms will not contribute towards preserving Europe's natural resources (soil, water and biodiversity) and will jeopardise Europe's food security as a result.
- 3.22 **The European Parliament's Green group** has said that the proposals have been 'severely watered down' to meet the demands of change-resistant MS and of the agro-industry lobby.
- 3.23 **Copa-Cogeca**, the EU farmers' lobby, believes that it does not make sense to require farmers to stop producing on a certain percentage of their land (ecological set aside) when food demands are rising and production is threatened by extreme weather events.

4 CCWater's views

- 4.1 **The reform of the CAP is an opportunity to promote the views of water customers** to a wider audience and across policy areas. In this case, it is to highlight the positive outcomes that good agricultural management can bring to the water environment.
- 4.2 **We should continue to support the benefits of set -aside**, since these non-cultivated areas help to improve water quality by reducing pollution loads entering water courses and, as a result, diminish the need for water treatment. This in turn, could result in lower costs for customers. However, we wonder if the proposed proportion of farmland (7%) that should be left for this purpose might disproportionate, especially when considering food security.
- 4.3 **A variety of localised solutions may be required.** A wide range of elements, such as soil type, slope and type of land use can affect how pollutants seep through the ground. Any mitigation measures need to be based on robust science or they will be ineffective, increasing companies' treatment costs, including energy and carbon.
- 4.4 **We support the use of agri-environment schemes to promote good agricultural practices.** The proposed shift in expenditure under rural development (Pillar II) to promote environmental measures, climate change action and resource efficiency could increase the agriculture sector's engagement with water quality and quantity issues. Agri-environmental schemes (such as catchment management⁸ practices) constitute a cost-efficient, low carbon emission way to deal with water pollution at the source.
- 4.5 **The requirements of the WFD should be integrated as part of the reform of CAP.** Doing so, will ensure that the 'new' CAP encourages water management practices and protects the environment by helping to deliver the objectives of the WFD in a low cost, low carbon way. If this is the case, objectives will need to be realistic, quantifiable and measurable. Schemes must operate cost-effectively so that tax-payers (and water customers) can be reassured that their money is being spent productively.

⁸ Examples recently promoted by [Ofwat](#) , [Water UK](#), [Defra./EA](#)

- 4.6 The introduction of environmental compliance for farmers must be supported by informed (and coherent) objectives, robust monitoring and transparent accountability. Farmers need to be clear about what environmental targets they are expected to achieve in exchange for payments.
- 4.7 Transparency (and the absence of red-tape) will be key in helping to achieve environmental improvements. If there are changes to the CAP's budget this would impact the amount of funding available to the sector. However, the environmental commitments and standards will still need to be met and maintained. Under these circumstances, it is likely that the reliance on cost-benefit analysis will increase. As a result, well-defined environmental targets will help to provide clarity about environmental benefits, ensuring that the right emphasis is given to meeting environmental requirements.

5 Risk Management

- 5.1 There are two risks in progressing work on reform of the CAP. These are:
- Our discussions and briefings in Brussels may be construed as lobbying by Governments. We can minimise/eradicate this risk by working with Defra and Welsh Government so that we understand the UK line, do not contradict it, but add to it through our evidence base.
 - If we do not engage with Brussels institutions, we could be accused of not promoting the interests of water customers in a debate that could have a significant bearing on the shape and content of the second RBMP (2015-21) and consequently on companies' business planning for PR14 and beyond.

6 Conclusion

- 6.1 The reform of the CAP is an opportunity to promote the views of water customers to a wider audience and across policy areas. In this case, the benefits that good agricultural practices can bring to the water environment.
- 6.2 We propose that CCWater should take an active part in the discussions surrounding the CAP reform, including:
- Continuing to discuss proposed measures with Defra, the EA, and Welsh Government to understand the UK position and how we can assist⁹;
 - Engaging with different stakeholders in the UK and in Brussels, including Water UK, NFU, RSPB, EUREAU, WWF, EEB, the Commission and the European Parliament¹⁰, and others where appropriate, to share information and explore common areas of work;
 - Using our evidence base, continue to promote the advantages for water customers of a revised CAP that promotes environmental measures, climate change action and resource efficiency.

Author of report Ana-Maria Millan

0207 931 8502

anamaria.millan@ccwater.org.uk

⁹ Note that in Wales, water and agriculture are under different Ministerial portfolios.

¹⁰ Ofwat has been left out of the list because it will not be taking part in CAP discussions, as it felt that it was outside its remit.

Annex 1 - Components of the CAP

THE COMMON AGRICULTURAL POLICY

Pillar I- Market policy to guide agricultural production.

It is currently a system of direct support for agriculture.

How is Pillar I paid for?

A great proportion of the money comes directly from the Commission. But, some schemes are co-financed using a variable ratio to match funding from Member States.

Cross compliance

To receive direct payments, farmers must meet certain standards, concerning public, animal and plant health, the environment and animal welfare. There is no need to take part in active agriculture to receive this payment.

Where farmers fail to meet those standards, the direct payments they can claim are reduced or even withdrawn. As part of these measures, MS must ensure that there is no significant reduction in permanent pasture as a percentage of their total agricultural area.

Pillar II - Rural development policy.

Its objective is to strengthen links between primary activity and the environment, to improve the quality of life in rural areas and to promote a diversification of the economy in rural communities. Four axes were set out in 2006:

Axis 1 - to improve the competitiveness of the agricultural and forestry sectors;

Axis 2 - to improve the environment and countryside, for example through agri-environmental schemes (delivered by Natural England and the Forestry Commission);

Axis 3 - to improve quality of rural life and to encourage rural economic diversification; and

Axis 4 - Building local capacity for employment and diversification.

How is Pillar II paid for?

After many developments and reforms, Pillar II is now managed under a single fund.

Environmental Stewardship

These are agri-environmental schemes offering payments to farmers (and land managers) in **England** for effective land management to protect and enhance the environment and wildlife. Their objective includes protecting natural resources (soil and water) as well as an over-arching objective to contribute to climate change mitigation and adaptation. They are delivered by Natural England.

According to Defra, there are over 58,000 agri-environmental scheme agreements in place, covering more than 62% of available farmland.

CONSUMER COUNCIL FOR WATER

WALES AND ENGLISH REGIONAL COMMITTEE MINUTES

REPORT OF: BOARD SECRETARY

1. Purpose of report

To put before members the recent minutes of meetings of the Wales and Regional Committees in so far as they are available on the date at which reports are circulated to Board members.

2. Recommendation

That the minutes be received.

3. Detail of Report

3.1 Minutes of the English Regional Committees and the Wales Committee were last reported to the Board on 4 October 2011.

3.2 Minutes of a meeting that has since become available are enclosed and are listed below.

- London and South East - 10 November
(see appendix 1)

4. Comments (if any) made by Policy Managers

The Policy Manager has not highlighted any items for particular discussion.

Report prepared by Mike Jackson, Board Secretary - Contact no. 0121 345 1060

**CONSUMER COUNCIL FOR WATER LONDON & SOUTH
EAST**

**Thursday 10 November 2011
IET, Savoy Place, London**

Present

Chair David Bland

Committee

Helen Charlton	Annette Marchant
Margaret Ginman	Linda Perham
John Havenhand	Margaret Shaw
Janet Hill	Laura Simons
Kristin Jones	Jill Thomas
Larner Bernard	Andrew Whetnall

Staff	Policy Manager	Karen Gibbs
	Deputy Consumer Relations Manager	Alastair Lloyd

Water Companies	Portsmouth Water (PRT)	Neville Smith
	South East Water (SEW)	Steve George
	Southern Water (SRN)	Neil Hawkes
	Southern Water (SRN)	Jon Croke
	Sutton & East Surrey Water (SES)	Jeremy Downer
	Thames Water (TMS)	Jill Jones
	Veolia Central (VWC)	Vincent Muldoon
	Veolia Southeast (VSE)	Pauline Wilson

Other Organisations	Drinking Water Inspectorate (DWI)	Jeanette Sheldon
	Environment Agency (EA)	Jim Barker

1	<p>Welcomes</p> <p>The Chairman, in welcoming those present, congratulated Neville Smith on his recent appointment as Managing Director (Designate) of Portsmouth Water.</p>	
2	<p>Minutes of 11 May 2011 Meeting of CCWater L&SE</p> <p>a) <u>Accuracy</u></p>	

<p>2.1</p> <p>2.2</p>	<p>Laura Simons tabled a number of minor amendments which were accepted for incorporation into the final, signed version of the minutes.</p> <p>b) <u>Matters Arising</u></p> <p>All actions had been completed and no further matters were raised. An invitation to visit the Environment Agency to see their sustainability modelling would be taken up in the near future.</p>	
<p>3</p> <p>3.3</p> <p>3.4</p> <p>3.5</p>	<p>Chairman's Report</p> <p>a) <u>CCWater Reorganisation</u></p> <p>The Chairman outlined recent changes to CCWater's committee structure which would coincide with the end of current members' contracts on 30 November 2011. He confirmed the appointment of Helen Charlton, Jill Thomas and John Havenhand as the Local Consumer Advocates (LCAs) for London and South East. It was hoped that Andrew Whetnall would also continue to provide support to CCWater but in a different capacity. The Chairman, LCAs and Policy Manager would be reviewing local working arrangements and would advise companies further in due course. CCWater's priorities for the future were set out in the draft Forward Work Programme. Of particular importance were the preparations for the next price review and the setting up of Customer Challenge Groups for each company. The new LCAs were congratulated on their appointment.</p> <p>b) <u>CCWater Forward Work Programme Consultation</u></p> <p>The Chairman noted that the draft programme was now out for consultation and encouraged all the organisations represented to send in their views. The programme was challenging and the Chairman and LCAs would need to focus on these priority areas.</p> <p>c) <u>Ofwat Report on the Service Incentive Mechanism - Company Performance 2010 -2011</u></p> <p>In publishing the report on company performance Ofwat had identified Southern Water as one of the water companies that had missed its Leakage Target. As this was the second consecutive year the company had done so it had agreed to return £5million to its customers at the next price review. Jon Crooke explained that the company was very disappointed to find itself in this position for a second year but were set a comparatively low and therefore challenging leakage target. The company was in discussion with Ofwat to agree an appropriate target for the future.</p>	
<p>4</p> <p>4.1</p>	<p>Thames Tunnel Consultation</p> <p>Jill Jones outlined the arrangements for the second phase of consultation on Thames Water's Thames Tunnel proposal. This phase was launched on 3 November and primarily targeted at those who would be directly affected by the construction and operation of the tunnel. The consultation documents set out where the proposal had changed as a</p>	

	<p>result of the first phase of consultation in relation to sites, timescale and costs. Letters had gone to 170,000 local residents. The consultation was on the company's website and would close on 10 February 2012. The company was commended for its consultation efforts. The Chairman mentioned that the Minister had expressed Defra's support for the scheme and hinted that there could possibly be some government guarantee that would help to keep the cost of funding the project down. Alternative solutions had been proposed by the Selbourne Commission and others that would need to be examined. Given the potential impact on Thames Water's wastewater bills, the cheapest, most satisfactory solution must be adopted.</p>	
5	Water Company Trust Funds	
5.1	Linda Perham reported that the Committee had been examining local company Trust Funds and alternative schemes that provide financial support to customers in hardship. Members had met with companies earlier in the year and were keen to be advised of any developments.	
5.2	Steve George explained how South East Water's "Helping Hand" scheme operated. The scheme was administered by the company and helped domestic customers with their water debt. An affordability assessment was undertaken and ability to pay established which allows an appropriate payment arrangement to be set up. If the payment plan is adhered to for six months the award is made to the customer's account. The intention being to encourage the customer to re-establish a regular payment habit. The scheme is advertised through local CAB offices. To date there had been 850 applications, of which 35% had received an award equating to £150K. Anyone needing help with the application form was put in contact with one of five dedicated field employees.	
5.3	The requirement for the customer to already be in debt to the company before assistance was offered was questioned, as this approach might be seen to inadvertently encourage customers to fall behind with payments rather than help keep them out of debt. The company was keeping matters under review but accepted this point.	
5.4	Jill Jones reported that Thames Water had seen a 14% increase in applications to its Trust Fund. The Fund, administered by Auriga, also helped with debts other than for water services. If this trend was to continue the company would need to review its funding arrangements.	
5.5	Neville Smith explained that Portsmouth Water no longer supported a Trust Fund but encouraged customers with payment difficulties to contact the company to discuss the various debt management options the company offered.	
5.6	Sutton and East Surrey did not have a Trust Fund, but Jeremy Downer explained that the company was considering introducing a "Re-Start" scheme to provide targeted support and provide an incentive for customers to maintain regular payments.	
5.7	Veolia Water currently contributed £500K to a Trust Fund which did make provision for debts other than just water bills. The company was	

	currently reviewing the way the scheme operated and would be consulting CCWater.	VWC
5.8	Southern Water operated a Trust Fund, New Start scheme as well as a support package associated with their universal metering programme. The company had received 8K enquiries associated with these provisions in the last two months and there was a sense that the current economic climate was having an impact on the company's debt recovery activities.	
5.9	The Chairman thanked the companies for their updates and noted that this would continue to be an area that CCWater would wish to keep under review.	
6	Update on Company Metering Programmes	
6.1	Jon Crooke reported that Southern Water was making good progress against targets for meter installations with 74K installed in the year to date. The new meters had resulted in 930 leak alarms being triggered with 1.3% of supply pipes leaking and being repaired. 12K customers had now been switched to metered billing as part of a phased transfer programme.	
6.2	Households that were identified as having potential affordability problems were being offered water efficiency audits and where appropriate benefits entitlement checks and a social tariff. The company had so far been able to secure an additional £260K in benefits for the customers they had helped.	
6.3	The level of contact from customers impacted by the metering programme remained comparatively low at around 6%. Of these contacts, 13% had been complaints about the reinstatement following a meter installation. As a result Southern Water would be changing its contractor.	
6.4	Steve George advised that South East Water was embarking on a nine year metering roll out programme. Meter installations had begun in August 2011, with 25K to be installed by the year end. The company had an extensive communications plan in place to advise and support customers who would start to be transferred to metered charging arrangements from 1 April 2012. The company was receiving around 200 customer contacts a week, but these included a significant number of customers requesting to switch to metered charging straight away.	
7	Consumer Complaints & Enquiries	
7.1	Alastair Lloyd presented the tabled report on CCWater's complaint and enquiry handling. Although there had been a general fall in complaints for the year to date, in the last couple of months there had been an increase compared to the same period in the previous year, partly attributed to the transfer of private sewers and the Thames Tunnel proposal.	
7.2	Arrangements put in place to resolve complaints by phone with the companies were having a positive impact on the speed of response to the complainant and the age of outstanding complaints. The most common	

7.3	<p>method of contact with CCWater was by phone.</p> <p>It was noted that complaint handling arrangements between Ofwat and CCWater were being formalised through a memorandum of understanding. Ofwat would no longer be dealing with customers who have not been through the formal company/CCWater complaints procedures. The company representatives questioned whether this would require any revision to their procedures or advice they gave to their customers. Karen Gibbs agreed to clarify this and advise the companies accordingly.</p>	KG
8	<p>Quarterly Operations Report</p> <p>8.1 Jeanette Sheldon highlighted a couple of inconsistencies between the DWI's report and the information contained in Thames Water's report. Corrections would be made by Thames Water but it was explained that there was an inevitable overlap between the reporting of notified and assessed events. Generally there were no matters of concern the DWI wished to report to the committee. The number of events reported was in line with the usual seasonal patterns. Attention was drawn to the event in 2010 involving Thames Water and Essex and Suffolk Water where there had been problems with taste and odour from a particular source of supply. The DWI had identified useful learning points for the industry so had issued an advice letter to all companies. A copy was now on the DWI website.</p> <p>8.2 The Chairman invited the company lead members to raise any issues from the companies' quarterly reports.</p> <p>8.3 It was noted that Portsmouth Water were in the process of installing a new billing/customer contact system which will enable the company to satisfy the new SIM reporting requirements for unwanted customer contact.</p> <p>8.4 Veolia Water Central had reported an increase in complaints received but were confident that there had been no deterioration in service. An upgrade to their systems now recorded every expression of dissatisfaction but the company's extensive customer surveys revealed continuing high levels of customer satisfaction . Following questions on the water resources situation, Vincent Muldoon reported that there had only been 18% of average rainfall in October which was the start of the critical winter recharge period. This was a matter of concern but much depended on the rainfall over the next few months in determining whether there was a risk of drought next year.</p> <p>8.5 Southern Water was commended for the efforts made to improve their infrastructure status, as reported by Ofwat, from marginal to stable. Responding to a question about the transfer of private sewers to company ownership, Jon Crooke reported that any customer contact was dealt with at Durrington and that the level of contact so far had been lower than expected.</p> <p>8.6 Thames Water was commended for the further reduction in complaints. Ofwat had raised concerns about the company's operation of its register</p>	

	<p>of properties at risk of sewer flooding. This was something that CCWater would wish to keep under review. The further work on the company's draft Water Resource Management Plan was continuing and a meeting to update the committee on developments was requested.</p> <p>8.7 Reference was made to the increase in metering related complaints received by Veolia Water South East and reported by CCWater, although this was still a comparatively small number the trend was noted.</p> <p>8.8 The continuing downward trend in Sutton and East Surrey's complaint levels was noted, and the company was thanked for now including a breakdown of unwanted telephone calls in its report. While the number of customers switched to the Watersure scheme had increased, the number of customers on the Special Needs Register had fallen. Jeremy Downer confirmed that the company was reviewing its strategy for vulnerable customers.</p> <p>8.9 Attention was drawn to the level of complaint reported by South East Water. Steve George explained that the company systems now recorded every expression of dissatisfaction. In attempting to classify calls that were unwanted by the company there was a suspicion that they were being too inclusive and therefore overstating the situation. The company's reporters, Halcrow, had queried this and it was now being looked at. The company echoed Veolia Water's concerns about the water resources situation reporting that they were currently at the lower end of the recharge range for the time of year.</p> <p>8.10 The committee members thanked their respective company contacts for their cooperation since CCWater had been established. The company representatives thanked the members for their help and advice.</p> <p>8.11 Jim Barker drew attention to the imminent publication of the National Water Prospectus.</p>	TMS
9	<p>Other Business</p> <p><u>Fire Hydrants</u></p> <p>9.1 Representatives of the Fire Service were present at the meeting and wished to congratulate Veolia Water for the work they had been doing on Fire Hydrant repairs.</p> <p><u>Date of Next Meeting</u></p> <p>9.2 Date and venue to be advised.</p> <p><u>Farewell</u></p> <p>9.3 In closing the meeting the Chairman paid tribute to the hard work and dedication of the departing Committee members. Although the work of CCWater would continue in a different form, their participation would be missed.</p>	

	Ends	
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CONSUMER COUNCIL FOR WATER

Board Meeting

Tuesday, 10 January 2012

Finance Report - November 2011

1. Introduction

1.1

The purpose of this report is to provide a summary of financial performance to the Board.

1.2 We provide detailed reports and supporting information to all our budget holders and users of financial information on a monthly basis for the purpose of continuous budget management.

2. Recommendation

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

3. Income and budget 2011-12

3.1 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 WG. We draw down our funds from DEFRA and WG, based on need on a quarterly basis.

3.2 Our budget for 2011-12 is £5.48m including £350,000 from prior year's under spend we accumulated by managing the business tightly in previous years. The capital budget is set at £80k.

4 Performance against Budget 2011-12

4.1 In the period April to November 2011 we used 59% of our administrative budget, and 36% of our research budget- see table 1.

Table 1

Summary CCWater's financial performance from 1 April 2011 to 30 November 2011:

Expenditure Type	Spend to November £000s	Budget to November £000s	Variance £000s	% Variance	% Spend of the Budget	Total Budget 2011-2012 £000s
Administrative costs (excluding Research)	3,096	3,118	22	1	60	5,197
Research	80	89	9	10	36	223

Expenditure Type	Spend to November £000s	Budget to November £000s	Variance £000s	% Variance	% Spend of the Budget	Total Budget 2011-2012 £000s
TOTAL ADMIN COSTS	3,176	3,207	31	1	59	5,420
Non Cash items	33	33	0	0	55	60
OVERALL TOTAL	3,209	3,240	31	1	59	5,480

Capital (assets purchased over £2k)	22	25	3	11	28	80
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4.2 The overall under spend £31k, 1%

Differences between actual and anticipated spend due to timing issues

- Consumer Relations - £11k which is mainly due to underspends on office costs which will be reviewed in the next quarter;
- Corporate Services - Information Communication and Technologies (ICT) £5k overspend mainly due to timing issues on anticipated spend.
- Publicity - £9k budget re-allocated for spend later in the year.

Individual budget under spends include:

- Board - £4k underspend mainly due to reduced levels of spending on travel & subsistence and meetings (personnel overheads).
- Corporate Services - Finance £9k mainly due to our internal/external audits costing less than expected.

Detailed expenditure reports are enclosed. Annex 1 details expenditure by cost code and Annex 2 by activity.

5 Contingency

- 5.1 Due to the government spending restrictions and the organisation looking for value for money we are spending less than expected. This has led to increase in the contingency fund to £564k. We are projecting a year end under spend of at least £580k.

6 Work in Progress

- 6.1 We will hold our quarterly budget reviews in January with the Principal Budget Holders, to review the third quarter's actual against anticipated spend. Budgets will then be amended to reflect changes requested by budget holders.

- 6.2 Our Finance team will also produce the nine month account which will be reviewed by our external auditors, the National Audit Office, in late January and early February. The Finance team will also be preparing the final budget allocations and monthly anticipated spend for review by Principal Budget Holders
- 6.3 Our internal Auditors, KPMG, have undertaken their annual auditing of our financial systems during November. This included an examination of our budgetary controls, payroll, fixed assets, creditors, and bank reconciliation. They have given us an overall report rating of 'Good' - the highest rating.

7 2012-13 Budget

- 7.1 In December the Finance & Resource Committee reviewed the budget proposals for 2012/13 which was £5.43m made up of flat line, with no inflationary increase, Licence Fee of £5.13m and £300k from accumulated underspends.

We will be submitting formal requests to Defra & Welsh Government in December to agree to these allocations. The Board will be asked to formally approve the budget at its March Board meeting.

Usha Nayyar - Finance Manager - December 2011

ANNEX 1

COST CENTRE TITLE	£ SPEND TO Nov 11	% OF OFFICE	ANTICIPATED £ SPEND TO Nov 11	VAR Nov 11	VAR %	FULL YR BUDGET	OFFICE %
CHIEF EXECUTIVE OFFICE	135,673	4%	136,550	877	1%	197,466	4%
BOARD	209,443	7%	213,863	4,420	2%	311,338	6%
TOTAL CHIEF EXECUTIVE	345,116	11%	350,413	5,297	2%	508,804	9%
POLICY & RESEARCH	293,831	9%	300,668	6,838	2%	549,626	10%
CENTRAL AND EASTERN POLICY & LCAs	85,814	3%	84,064	-1,750	(2%)	109,338	2%
NORTHERN POLICY & LCAs	130,533	4%	127,601	-2,932	(2%)	180,104	3%
WALES - POLICY, LCAs & CHAIR	80,433	3%	79,830	-603	(1%)	117,171	2%
WESTERN POLICY & LCAs	97,114	3%	96,299	-815	(1%)	133,441	2%
LONDON & SOUTH EAST POLICY & LCAs	114,486	4%	112,973	-1,513	(1%)	154,132	3%
TOTAL POLICY & RESEARCH	802,210	25%	801,435	-775	(0%)	1,243,812	23%
COMMUNICATIONS	110,788	3%	113,338	2,550	2%	185,546	3%
TOTAL PUBLIC RELATIONS	110,788	3%	113,338	2,550	2%	185,546	3%
CORPORATE SERVICES	877,294	27%	885,621	8,327	1%	1,334,491	24%
FINANCE & RESOURCES	105,749	3%	114,812	9,063	8%	172,961	3%
ICT SERVICES	222,413	7%	217,463	-4,950	(2%)	317,686	6%
TOTAL CORPORATE SERVICES	1,205,456	38%	1,217,895	12,439	1%	1,825,138	33%
CONSUMER RELATIONS	164,294	5%	165,511	1,217	1%	248,796	5%
CENTRAL & EASTERN	146,517	5%	149,459	2,942	2%	223,889	4%
NORTHERN	142,383	4%	143,147	764	1%	216,694	4%
WALES	53,782	2%	53,688	-94	(0%)	81,662	1%
WESTERN	65,781	2%	64,934	-847	(1%)	98,391	2%
LONDON & SOUTH EAST	139,545	4%	146,980	7,435	5%	223,396	4%
TOTAL CONSUMER RELATIONS	712,302	22%	723,719	11,417	2%	1,092,828	20%
CONTINGENCY	0	0%	0	0	0%	563,872	10%
DEP'N & NON CASH	33,393	1%	33,360	-33	(0%)	60,000	1%
CCWATER GRAND TOTAL	3,209,265	100	3,240,160	30,894	1%	5,480,000	100

ANNEX 2

	MONTH		YEAR TO DATE				BUDGET	
	Actual	Budget	Actual to	Budget to	Variance	Var %	Remaining	Total
	Nov 11	Nov 11	Nov 11	Nov 11				
TOTAL STAFF COSTS	256,279	254,295	2,047,374	2,044,996	-2,378	(0%)	1,520,852	3,568,226
RESEARCH SERVICES	23,711	28,916	79,838	88,831	8,993	10%	142,862	222,700
TOTAL PERSONNEL OVERHEADS (Excluding Training)	16,694	12,611	97,038	106,310	9,272	9%	71,904	168,942
TRAINING	9,078	8,300	19,807	19,800	-7	(0%)	18,193	38,000
PUBLICITY, LIBRARY & PARLIAMENT	-261	-9,348	41,177	44,238	3,061	7%	30,692	71,869
COMPUTER SERVICES	17,427	19,667	168,999	171,336	2,337	1%	81,001	250,000
OFFICE COSTS	19,978	8,766	133,397	140,927	7,530	5%	85,602	218,999
ACCOMMODATION	36,380	64,558	588,242	590,362	2,120	0%	293,022	881,264
SUB TOTAL	379,286	387,764	3,175,872	3,206,800	30,928	1%	2,244,128	5,420,000
DEPRECIATION & NON CASH ITEMS	4,559	4,170	33,393	33,360	-33	(0%)	26,607	60,000
OVERALL TOTAL	383,845	391,934	3,209,265	3,240,160	30,894	1%	2,270,735	5,480,000

PUBLIC OUTSTANDING AND ONGOING ACTIONS FROM BOARD MINUTES: up to 12 December 12

Paper no. CCW 12 01 16

REF (Min. no.)	ACTION	OWNER	DEADLINE	COMMENTS
PUBLIC OUTSTANDING - PART 1				
4 October 11 PUBLIC BOARD				
CB291.2	Report on the implications of revised standards for 'Blue Flag, status	Deryck Hall/ Ana-Maria Millan	March 2012	In preparation.
CB296	Progress report on implementing Board objectives Jan/March 2012	Mike Jackson/Yve Buckland	January 2012	Report being submitted to January 12 Board.
CB297.1	Board meeting in Wales to be investigated	Mike Jackson/Yve Buckland	January 2012	Arranged for 6 March 12 Board. Item to be discharged.

PUBLIC OUTSTANDING AND ONGOING ACTIONS FROM BOARD MINUTES: up to 12 December 12

Paper no. CCW 12 01 16

REF (Min. no.)	ACTION	OWNER	DEADLINE	COMMENTS
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**PUBLIC ONGOING
PART 2**

1 MARCH 11 PUBLIC BOARD				
CB 232	Closely monitor consistency of investigations and effectiveness of SIM	Carl Pegg	11/12	CCWater/Ofwat/companies met late November. A working group will look to tighten up areas of inconsistency to ensure a more level playing field. A note will be sent to Board in December which will cover the SIM's effectiveness and CCWater's proposed future strategy in December.

CONSUMER COUCIL FOR WATER

Decisions between Board meetings – Sub-Committee acting under delegated authority on behalf of the Board Urgent action required re:

Ofwat Discretion in casework

At the Board meeting on 1 March 2011 (min. no. CB 236 refers), CCWater gave full delegated authority to a Sub-Committee consisting of the following members to take any necessary action on behalf of the Board between Board meetings:

- Chair
- Chief Executive
- Chair of Audit and R.M. Committee
- Diane McCrea as Chair of the Wales Committee

Should any member not be available for consultation then the remaining members are empowered to take the necessary action. Members of the Board were to be circulated with the details of any action taken as soon as practicable thereafter.

Background

1.1 Ofwat was proposing, subject to caveats, to:

- have more discretion in the casework they handle,
- where appropriate appoint arbitrators to deal with most of their casework, and
- potentially transfer some casework to CCWater.

1.2 Defra is pressing Ofwat to produce an Impact Assessment “within the next two weeks” (early December). Defra has asked CCWater to feed into the Impact Assessment our view on whether Ofwat’s proposals are workable and in the interests of consumers.

1.3 CCWater could seek to support Ofwat by building on what CCWater already does and agree with Ofwat to resolve all optional metering and Guaranteed Standards Scheme (GSS) complaints through regular case handling. Ofwat would need only to extend its current system for transferring customer service complaints to CCWater as a first point of call.

1.4 A legislative change would be required and formal determination powers given to CCWater. This could attract reputational risks that threaten the current work we do for consumers to resolve their complaints and the strong, open relationships we have with companies. However, there are only a limited number of determinations (only one or two per year).

1.5 The proposals were considered at an Informal Board meeting held on 6 December. The Board were recommended as follows:

‘As the most likely scenario is Defra will reject Ofwat’s approach to reconsider its impact assessment, we recommend to the Board that they:

- Agree that CCWater proposes to Ofwat to informally handle metering and GSS casework and, where informal resolution does not occur, refer these to Ofwat for determination. We believe we can resolve many of these without the need to go to determination and thereby speed up the process for many consumers. There may be the need for an additional case handler resource at £25k per year.

Should Defra accept Ofwat's impact assessment, we recommend to the Board that they:

- Discuss and agree that CCWater could handle metering and GSS disputes with no consumer detriment,
- Accept the risk to CCWater should we take on the two areas of casework with determination powers as it changes our complaint handling role within the industry, subject to there being no strong feedback from companies in consultation about possible negative impact on our existing successful complaint handling role for customers,
- Accept the estimated staff resource costs of around £55,000 per year for a trained member of staff plus legal and technical advice for up to two determinations per year.'

The recommendations were supported by the Board, subject to discussions being held with Ofwat in relation to dealing with exceptional expenditure.

- 1.6 Members of the Sub-Committee acting under delegated powers were asked to agree the recommended approach as set out in para. 1.5 above. All the members of the Sub-committee agreed the recommendations as set out in the above paragraph and signed the delegation report accordingly. Under our governance arrangements any urgent action taken has to be reported to the next appropriate Board meeting for noting, hence this report.

Mike Jackson, Board Secretary

'Phone no. 0121 345 1060