

Meeting in Public of the BOARD of the Consumer Council for Water. Held at 11.00am on Tuesday 1st April 2014 at Victoria Square House, Birmingham.



PRESENT:

Dame Yve Buckland (Chair)

Diane McCrea - Wales Chair & Vice Chair of the Board

Andrea Cook - Regional Chair

Bernard Crump - Regional Chair

Charles Howeson - Regional Chair

Tony Redmond - Regional Chair

Julie Hill - Independent Member

Philip Johnson - Independent Member

Tony Smith - Chief Executive

ALSO IN ATTENDANCE:

Jan Mitson - Board Secretary

Carl Pegg - Head of Consumer Relations

Jane Morris - Head of Corporate Services

Deryck Hall - Head of Policy and Research

Steve Hobbs - Senior Policy Manager

Kate Eccles - PR Manager

1.0 WELCOME, LISTENING SESSION, APOLOGIES AND DECLARATIONS OF INTEREST

1.1 The Chair opened the meeting and welcomed those present. No members of the press or public were in attendance and there were no apologies for absence.

1.2 Diane McCrea declared an interest as a private residential landlord during a short discussion on tackling bad debt with landlords, which the Board noted. There were further no declarations of interest submitted, other than those previously recorded in the register.

2.0 CUSTOMER CASE FOR APRIL

2.1 Carl Pegg introduced the Customer Case for April, which concerned an issue relating to dispute over ownership of an asset.

2.2 The Board felt that the case was good and highlighted the complex arrangements and differences in responsibilities regarding boundaries and ownership. The Board discussed whether the case represented an isolated instance, or whether it reflected a more inherent strategic problem.

2.3 The Board heard that the Policy and Complaints teams work closely together to highlight emerging wider issues, principally through the 'Company Issues' table and it was suggested that in future, the Advisory Committee may play a role in teasing out emerging systemic issues that may require further action.

Agreed that:

- i) The Customer Case be noted.

- ii) That the Advisory Committee be advised of any strategic issues arising and actions arising from complaints such as these. Carl Pegg / Jan Mitson

3.0 MINUTES OF THE PUBLIC BOARD MEETING HELD ON 1ST OCTOBER 2014 AND ANY MATTERS ARISING

- 3.1 The Board received the Minutes of the Public Board Meeting held on 1st October 2013.

AGREED:

- i) That the Minutes of the Public Board Meeting held on 1st October 2013 be approved as a correct record and signed by the Chair.

4.0 CHIEF EXECUTIVE'S REPORT ON CCWATER ACHIEVEMENTS AND PERFORMANCE

- 4.1 A report on CCWater achievements and performance September - February 2014 was submitted by the Chief Executive to the Board for noting, together with a balanced scorecard of performance.

- 4.2 The Chief Executive highlighted that 'value for money in the water sector' continued to be a major issue facing customers in the period and CCWater had pressed companies to return over £1billion of value to customers, through additional investment, not claiming for costs incurred, or help for vulnerable and indebted customers. The Chief Executive outlined the key drivers within Value for Money, which comprised:

Price Review

- 4.3 During the period covered by the report, companies had submitted their Business Plan proposals and CCWater had challenged companies to ensure that proposals were acceptable to customers. Following CCWater pressure, some companies had changed their proposals to include extra value for customers and most had received positive levels of customer acceptability for their final plans.

- 4.4 However, the Board noted that there were still some outstanding issues for customers. Although Ofwat's Cost of Capital assumption at 3.85% was lower than what the companies had proposed, and lower than Ofwat's assumption in previous price reviews, it was still above the figure suggested by ECA in its report for CCWater. The issue was further complicated by the impact of Ofwat's Rewards and Penalties, which we know from recent customer research, are viewed negatively by most customers.

Competition

- 4.5 The Chief Executive outlined the latest proposals in respect of competition in the non-household sector and an update in respect of CCWater's engagement with the 'Open Water' programme. CCWater was heavily involved in providing input and research into the programme to

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ensure the proposals continued to reflect customer views, which are influenced by their experiences in other markets, particularly energy.

Complaints

- 4.6 The Chief Executive reported that complaints against water companies were continuing to fall and CCWater's overall complaints performance remained strong. However customer satisfaction with our handling of complaints was below target. CCWater would be continuing to try to identify the root cause, but it was suggested that, in future, it may be worthwhile trying to separately identify customers with a 'justified' complaint, from those with an 'unjustified' complaint, to ensure the satisfaction levels accurately reflected our performance. CCWater would examine a method to do this, though as the consumer satisfaction survey had already begun, it would not be possible to do this for 2013/14 figures.
- 4.7 The Board was informed that CCWater was currently undertaking an analysis of complaints against other comparable organisations, in order to determine whether other organisations had also experienced a fall in satisfaction. The Board also noted that the Chief Executive had received from Defra delegated authority to approve business cases for front-line staff, which had improved the speed of the recruitment.

Speaking up for Customers

- 4.8 CCWater had achieved 100m 'opportunities to see' our messages, which had significantly exceeded our 50m annual target. This, in part, reflected significant media interest in the water sector during the last year, arising from the price review process and the media coverage related to the Thames IDoK in the autumn 2013.
- 4.9 CCWater had also been referenced numerous times in Hansard, following CCWater's active role in relation to providing a customer view of the issues arising from the Water Bill and had given oral evidence to the Water Bill Committee in December.

People

- 4.10 The Chief Executive highlighted that the benchmarks relating to staffing were positive, although some challenges remained around the future of CCWater and communication which had been identified through the Staff Survey.
- 4.11 The Chief Executive recorded his thanks to CCWater's former Independent Members Narendra Makanji, Mike Barnes and Timothy Hornsby; and welcomed CCWater's new Independent Members Julie Hill and Philip Johnson, who took up their new roles on 1st February 2014.

Charges Schemes

- 4.12 The Board highlighted the role CCWater had in relation to company Charges Schemes. Companies had informed some Board members that CCWater's influence was greater than that of messages from Ofwat or Government when considering an abatement of K or other price

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reductions; and it was requested that this recognition be formally noted in the minutes.

Social Tariffs

- 4.13 Three companies had implemented Social Tariffs in 2013/14 and a further three would be doing so from 1st April 2014. Several other companies were considering implementation, subject to tests on customer acceptability. In Wales, one company had secured support for a £15 cross-subsidy, which was thought to be at variance with other companies in England.
- 4.14 CCWater was working with companies to develop Social Tariff proposals that had customer support. However, CCWater should avoid being too closely associated with schemes that offered assistance to a limited number of people. The Board agreed that the comparative work in relation to the emerging proposals should be considered by the Board.
- 4.15 The Board discussed the £1bn returned to customers as a result of CCWater pressure; and felt that companies may, in the future, be reluctant to return further money to customers through added value if they felt that the return would not be publically recognised. CCWater had received some recognition from the media, particularly through an article in the Financial Times, though it was noted that at the time, other more negative issues were of greater interest to the media in relation to water.

Agreed that:

- i) A method of identifying those customers who were dissatisfied with CCWater's performance because of the outcome of their complaint, would be identified.**
- ii) A report on the comparative analysis relating to Company Charges Scheme be considered by the Board.**
- iii) The achievements and performance of CCWater be noted.**

Carl Pegg

Andy White

5.0 SUMMARY OF ACHIEVEMENTS

- 5.1 The Chief Executive outlined the report which set out the summary of achievements against CCWater's Operational Business Plan, together with outlining the key achievements for the organisation since 2005.
- 5.2 The final year-end position was not available due to the timing of the meeting, which accounted for some data appearing to be inconsistent with other reports, however we would look at a way to address this going forward. The Board noted that just over £1bn had been added to the £130m (para. 3.5) CCWater pressed companies to return to customers through added value. The Board also noted that CCWater's performance was good, with 96% either completed or on-target for completion.
- 5.3 The Board discussed the work to address customer satisfaction with complaint handling, which was below target, which was due in part to delays in Business Case approvals which had impacted upon the performance of the organisation and whether the measurement of satisfaction was sufficiently acute to capture only those people who

Subject to Confirmation

were genuinely dissatisfied with CCWater's complaint handling performance.

Agreed that:

- i) The performance to date be noted.**
- ii) The data be reviewed to reflect the £1.135bn secured from companies.**

6.0 PUBLIC RELATIONS STRATEGY

- 6.1 Kate Eccles submitted the Public Relations Strategy for approval. The report included an examination of previous years' performance against targets, together with a strategy for the forthcoming year.
- 6.2 The Board heard that in the last year CCWater had successfully launched a new website, which received over 270,000 hits and CCWater had also significantly exceeded its targets relating to opportunities to see and advertising value equivalent, in relation to CCWater's messages. This, in part, reflected CCWater developing its relationships with key media outlets and journalists over the last year.
- 6.3 The Board discussed the targets for 2014/15 and whether they were sufficiently challenging. It was noted CCWater's high media profile last year reflected increased media interest in water issues the previous year; however, the target for 'Opportunities to See' was to be increased by 50% on the previous year's target. One area that CCWater was working towards improving was that of brand awareness through the Informing Consumers project; as the current measurement reflected a public 1% awareness of CCWater.

Agreed that:

- i) The 2014/15 Public Relations Strategy be approved.**

7.0 CCWATER FINANCE REPORT & CCWATER BUDGET

- 7.1 The Chair of the Finance and Resources Committee introduced the report which set out the financial position of the organisation up to 28th February 2014, together with a confirmation of the proposed budget for 2014/15. No matters of concern were highlighted for the Board.

Agreed that:

- i) The Finance report be noted and the budget for 2014/15 be confirmed as £5,697,697.**

8.0 BOARD OBJECTIVES

- 8.1 The proposed Board objectives for 2014/15 was submitted for approval by the Board Secretary, together with evidence against achievement for the agreed 2013/14 objectives.
- 8.2 Subject to the word 'agency' being removed from objective O7 in the 2014/15 objectives it was: **Jan Mitson**

AGREED that:

- i) The 2014/15 Board objectives, together with the evidence against the 2013/14 objectives, be agreed.

9.0 CCWATER GOVERNANCE PAPER

9.1 The Board reviewed:

- Board Members Register of Interests
- Board and Committee attendance 2013/14
- Schedule of Outstanding Public actions

9.2 The Board noted that there were no changes to CCWater's committee membership proposed for 2014/15.

Agreed that:

- i) The report be noted.

10.0 LOCAL COMMITTEE MINUTES

10.1 The Board received the minutes of the local committees, together with the minutes of the Northern region which were circulated after the agenda had been prepared.

10.2 The Board discussed the timetable of the local Committee meetings in view of the publication of the Drinking Water Inspectorate's annual drinking quality report in July. As different areas operated slightly different arrangements for their meeting, the Chair agreed to speak with the DWI to establish a mutually acceptable arrangement.

10.3 The Chair of London and South East highlighted to the Board that 40 members of the public, including water companies were in attendance at their meeting held on 26th February. The meeting focussed on affordability and Social Tariffs and it was felt that as issues in relation to SIM were now dealt with at a quarterly company liaison meeting, the subjects covered were of greater interest to the public.

10.4 The Chair of Northern informed the Board that two meetings per year were held, excluding the DWI meeting and quarterly liaison meetings with the companies.

Agreed that:

- i) The Minutes be noted
- ii) CCWater reiterates its support for the work done by the DWI; and the Chair would speak with the DWI to establish mutually acceptable arrangements for attending local committees.

**Yve
Buckland**

11.0 ANY OTHER BUSINESS

Confirmation of Confidentiality of Private Meetings

Subject to Confirmation

- 11.1 The Chair moved and it was subsequently noted, 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.

THE MEETING CLOSED