



# OPERATIONAL BUSINESS PLAN

## 2015-2016

**“Putting consumers at the heart of the water industry”**

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## 1. Introduction

The Consumer Council for Water (CCWater) is the independent and statutory water consumer body which represents both household and non-household water consumers in England and Wales.

2015-16 will be a pivotal year in the life of CCWater, for a number of reasons:

- A new Council Chair will take up the post from Dame Yve Buckland who stepped down on 31 March 2015, and during the year there will be new Committee Chairs in Wales and in the Northern and Western regions.
- There will be a near wholesale change in Local Consumer Advocates (LCAs) with nineteen new people joining the three LCAs who were reappointed. We, therefore, propose to devote significant resource during the year to building their knowledge of customer issues in the water industry and using their skills to help us deliver our key projects.
- WATRS, the new alternative dispute resolution scheme, will begin operation on 1 April 2015, and we will work with the scheme provider to ensure a smooth handover of cases.
- We are planning to centralise our complaint handling function to our Birmingham and Cardiff offices. This reflects important changes in the industry, including the introduction of the Water Redress Scheme (WATRS) and the opening of the new competitive market for non-household customers in England (but not in Wales) in April 2017 that will probably generate new nationwide complaint issues.
- Nevertheless, our local presence will remain strong with our Policy Managers, LCAs and Committee Chairs retaining and, where appropriate, strengthening their already close links with water companies.
- A Triennial Review of CCWater is likely towards the end of 2015-16, or within the period of our 2015-16 to 2017-18 Forward Work Programme (FWP), which we will use to show the achievements we have delivered on behalf of consumers and
- The 2014 price review has concluded and attention will now turn to:
  - Identifying learning points to inform preparation for the 2019 price review;
  - Ensuring that the good customer engagement work companies did at the 2014 price review is built upon for the next and subsequent price reviews; and
  - Putting in place a new framework for monitoring companies' delivery of their performance commitments to help us and, where relevant, new Customer Challenge Groups see how companies are keeping to their commitments.

Our Operational Business Plan for 2015-16 has therefore been structured to show how we will deliver the first year of our Forward Work Programme<sup>1</sup> commitments to benefit water consumers, but also to reflect organisational changes.

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<sup>1</sup> CCWater Forward Work Programme 2015-18

Consumers have told us that we should focus on:

1. Water company services that are **RIGHT FIRST TIME** and sort out problems quickly and without hassle.
2. Fair, affordable charges that are **VALUE FOR MONEY** to help ensure a sustainable water and sewerage service now and in the future.
3. **WATER ON TAP** safe, reliable, good quality drinking water that consumers value and use wisely.
4. **A RESILIENT SEWERAGE SYSTEM THAT WORKS** a sustainable service with minimal sewer flooding, and that is used responsibly.
5. **SPEAKING UP FOR AND INFORMING CONSUMERS** by providing a trustworthy, independent voice that empowers consumers by informing them about key water issues and ensuring Governments, companies and other stakeholders understand water consumers' views.

Our priority continues to be ensuring that household and non-household consumers get a good, reliable water and sewerage service from their local water company at a price they find acceptable and can afford, and that any issues and concerns water consumers have are addressed.

In 2015-16, we will continue to concentrate our resources on our five strategic issues outlined above, with a particular focus on the following Headline Issues as indicated within this plan:

- Targeting poor performing water companies, so customers get the 'right first time' service they deserve.
- Helping those customers struggling to pay by working with the water companies on the promotion and delivery of financial assistance schemes, including social tariffs, and
- Influencing the design of market reform, ahead of the retail water and sewerage market opening in England from April 2017, so non-household customers benefit without disadvantaging customers who cannot or choose not to switch retailer<sup>2</sup>.

In addition, we will look to embed customer engagement in future reviews and the companies' delivery of their 2015-20 performance commitments. As some companies are demonstrating, customer engagement is a continuous process not something you switch on and off for price reviews.

We will work in partnership with the UK and Welsh Governments, regulators, each water company (including newly appointed water and sewerage service providers), other consumer bodies and business groups such as Citizens Advice, Age UK/Cymru, Energy Savings trust, Resource Efficient Wales, the Federation of Small Businesses, to deliver on behalf of water consumers.

As we are an evidence-based organisation, we will continue to carry out research with water consumers to understand what is important to them. This ensures the advice we give to governments, regulators, water companies and others reflects consumers' views. We also use data and information from within the water industry and from other sectors, where appropriate, to promote and protect consumers' interests.

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<sup>2</sup> Most non-household customers in Wales, and household customers in England and Wales will not be able to switch water and sewerage retailer, as well as some commercial customers where someone has their principal home.

## 2. Our achievements on behalf of water consumers

Each year, we review our performance and what we have achieved for water consumers. We continue to deliver on the issues that matter to them, and our key achievements show where we have made a difference.<sup>3</sup>

We have made sure, more than ever before, that consumers are central to water and sewerage companies' business planning and to the way the industry is regulated. This has been particularly the case in our work to place customers at the heart of the decisions during the recent review of price limits for 2015-20. As a result the price and service package proposals by water companies were more customer focussed than in previous price reviews.

At the 2014 price review we also pressed Ofwat to reduce the cost of financing it allows water companies. Ofwat listened to our evidence. This means customers' bills will be, on average, £11 lower than they could have been had the companies' proposals been accepted; Ofwat estimates this is worth **£2 billion** in total.

Since 2012 we have negotiated over **£1 billion** worth of benefits for customers through companies bringing forward investment, not claiming for costs incurred or providing extra help for customers in debt. This ensured customers as well as shareholders benefited from companies outperforming Ofwat's assumptions on inflation and debt costs.

Since we were set up in 2005 we have helped return over **£ 20 million** to household and business customers in compensation and rebates.

We have overseen a **426%** increase in customers registered for WaterSure - a scheme to help customers struggling to pay their water bills - since 2007. Almost 110,000 customers now receive help.

Since 2008 we have contributed to a **120%** increase in consumers registered with companies' Special Assistance Registers - which, among other things, offer bills in large print or Braille and extra help in emergencies. Almost 250,000 customers benefit from these services.

Our operational performance each year is summarised in our Annual Reviews and our financial performance is reported in our Annual Report and Accounts, both available on [our website](#). The 2014-15 versions of both documents will be published in July 2015.

We also intend to publish an Achievements against Operational Business Plan Objectives - 2014-15 report in May 2015. Our Achievements document for 2012-13 can be viewed [here](#).

<sup>3</sup> For link to £2bn reference in Ofwat's final determination - see [here](#) - page 11

### 3. Delivery and management of the plan

In delivering our Operational Business Plan, we will:

- Be aware of our legal duties set out in **Appendix A**.
- Maintain a strong focus on advocacy.
- Continue to consider sustainable development by showing how we balance the economic, environmental and social aspects in all that we do.
- Continue to consider and deliver our obligations under our Welsh Language Scheme.
- Continue to develop CCWater's approach to supporting the vulnerable in society and apply it to all projects we undertake, including helping consumers in need of extra assistance such as large print, Braille, and other translation services access our services.

For each of our priority areas of work we have identified our strategic objective and targets to measure how our work adds value for consumers.

The Operational Business Plan forms part of our monitoring and measurement framework aligned to our Forward Work Programme.

To help us to measure our performance we:

- Carry out annual tracking research to assess the effects of our work and to monitor consumers' views about water and sewerage services.
- Assess customers' experience of using our service.
- Have a series of performance measures and milestones to track the progress in delivering the plan. This report is regularly reviewed by the Executive Team to ensure that we are delivering our commitments. Remedial action is taken where there is a delay in delivery due to internal reasons.

We have explained this is a pivotal year for CCWater, and we need to manage carefully the changes to our structure to ensure that do not have a significant impact on our performance. We do not underestimate this task. We are, therefore, focussing resources on those issues where we believe we can make a significant and positive contribution. These are the three 'headline issues' mentioned above as well as embedding customer engagement in both future price reviews and in companies' delivery of their performance commitments as stated in their 2015-20 business plans.

We will work towards delivery of other projects outlined in this plan, where resources allow, but we may need to defer some activity in the light of external influences such as changes in the direction and scope of either Government's water related policies. As ever, we will remain flexible, anticipating or responding to changing circumstances.

## 4. Our priority projects in 2015-16

### 4.1 Water company services that are RIGHT FIRST TIME and sort out problems quickly and without hassle.

#### HEADLINE ISSUE 1

**Targeting poorer performing companies so that customers get a service that is right first time.**

Although written complaints to water companies are falling, there are some companies where complaints are significantly above the industry average, and have been for several years.

#### WHAT WE WILL DO

During 2015-16 we will focus our attention and work with the poorer performing companies with the aim of achieving better services and a reduction in complaints closer to the industry average.

This project will take time. We will work with the poorer performing companies to tackle:

- The root causes of complaints and practices that alienate their customers so that they can take the necessary action to improve their policies or frameworks; and
- Key performance issues that affect services (and generate complaints) with a view to meeting their performance targets for 2015-20.

#### HOW WE WILL MEASURE OUR SUCCESS

Complaints to the poorer performing companies:

- Demonstrate a reduction on their 2014-15 level; and
- Are within 25% of the industry complaint average for the year (in 2013-14 they were between 40% and 200% above the industry average).

Linked to this key project are other projects that also fall under the RIGHT FIRST TIME strategic issue. These are:

#### WHAT ELSE WE WILL DELIVER

##### Complaints to companies

We will continue to work with the companies to embed a 'right first time' ethos into their day-to-day customer service operations to reduce complaints further.

We will share good practice across the industry where this is identified.

#### HOW WE WILL MEASURE OUR SUCCESS

##### Complaints to companies

A reduction in written complaints below 120,000.

Water companies adopt our assessment recommendations to improve their complaint handling and debt management.

WHAT ELSE WE WILL DELIVER	HOW WE WILL MEASURE OUR SUCCESS
<p><b>Enquiries and complaints to CCWater</b></p> <p>We will help household and non-household customers with their enquiries and resolve their complaints with water companies.</p>	<p><b>Enquiries and complaints to CCWater</b></p> <p>We will aim to meet our current performance targets for responding to consumers and complaint. Specifically:</p> <ul style="list-style-type: none"> <li>• 99% of complainants responded to within five days.</li> <li>• 78% of complaints resolved within 20 days, and</li> <li>• 90% of complaints are resolved within 40 days.</li> </ul> <p>Consumer satisfaction with the quality of our complaint handling service is 72%. We aim to move towards:</p> <ul style="list-style-type: none"> <li>• 58% on satisfaction with our outcome;</li> <li>• 79% on satisfaction with our speed of response; and</li> <li>• 90% with our courtesy of response.</li> </ul> <p>This is to compare favourably to other comparator organisations as our new organisational structure on complaints delivers high service standards<sup>4</sup>.</p>
<p><b>Alternative Dispute Resolution</b></p> <p>We will support consumers who seek to use the industry's Water Redress Scheme (WATRS), and will help companies learn lessons to avoid repetition of the issue.</p>	<p><b>Alternative Dispute Resolution</b></p> <p>We signpost eligible complaints to WATRS.</p> <p>We will review our performance and the performance of WATRS to ensure both deliver timely case resolution and no unnecessary delays for consumers.</p>
<p><b>Driving up company performance</b></p> <p>We will work with the industry and Ofwat to determine how company performance measures will be monitored in the future (help develop a monitoring framework that will be in place by 2016).</p>	<p><b>Driving up company performance</b></p> <p>Company performance measures will be monitored through a new reporting framework (in place for 2016) and we will:</p> <ul style="list-style-type: none"> <li>• Continue to collate information from companies, but will avoid duplicating effort for them;</li> <li>• Ensure information on industry performance and issues affecting customer is available in public; and</li> <li>• Identify issues that the industry should improve locally, and on an England and Wales level, through our annual industry</li> </ul>

<sup>4</sup> These are our business plan figures for 2015-16 which are reviewed annually. This year we have reduced our targets by 0.5-3% in light of CCWater's planned reorganisation. We will review our standards to increase performance targets after this transitional year and from 2016.

WHAT ELSE WE WILL DELIVER	HOW WE WILL MEASURE OUR SUCCESS
	performance report publication.

## 4.2 Fair, affordable charges that are VALUE FOR MONEY to help ensure a sustainable water and sewerage service now and in the future.

### HEADLINE ISSUE 2

**Helping those customers struggling to pay, including working with the water companies on the promotion and delivery of financial assistance schemes and social tariffs.**

One in five customers told us that they can not afford their water bills.<sup>5</sup> Our recent *Living With Water Poverty* research<sup>6</sup> revealed that many customers were unaware of the help and assistance that water companies offer those struggling to pay.

### WHAT WE WILL DO

Over the course of 2015-16, we will work with the water companies to target financial assistance to those most in need. This will be done through:

- Adding to the help available to customers through the further introduction of social tariffs in companies that do not have them and assistance schemes.
- Better promotion of the availability of assistance.
- Improving the identification of those who need help, and
- More sensitive delivery of the help that is needed over the short and medium term.

### HOW WE WILL MEASURE OUR SUCCESS

**Enhancement:** More customers across England and Wales have access to social tariffs and assistance schemes.

**Promotion:** There will be an increase in the number of respondents to our annual *Water Matters* research who say they are aware of the financial assistance available from companies.

**Identification:** There will be an increase in the number of customers receiving help from water company assistance schemes, such as Water Sure and Social Tariffs.

**Delivery:** CCWater receives fewer complaints about companies' debt recovery practices.

<sup>5</sup> CCWater's [Water Matters 2013](#)

<sup>6</sup> CCWater's [Living With Water Poverty](#)

Linked to this priority project are other work streams also within the VALUE FOR MONEY theme. These are:

WHAT ELSE WE WILL DELIVER	HOW WE WILL MEASURE OUR SUCCESS
<b>Acceptable Bills</b>	<b>Acceptable Bills</b>
We will make sure the Competition Markets Authority (CMA) is aware of local customers' views during Bristol Water's appeal of Ofwat's Final Determination.	Customers' views will be reflected fully in the CMA's redetermination of Bristol Water's price limits.
We will find out customers' current views on customer engagement during price setting, so Ofwat's review of the 2014 price review and thinking towards the 2019 review can reflect customer aspirations.	The key 'lessons learned' about engaging customers in price reviews are acknowledged by Ofwat. Ofwat can then start building the next phase of price reviews with the customer at the centre of it approach.  Customers' views on customer engagement during price setting influences how Ofwat and companies approach their engagement arrangements, such as company-run customer groups or panels.
<b>Fair Charges</b>	<b>Fair Charges</b>
We will work with companies to deliver fair and focused charges through our annual assessment of companies' Charges Schemes, and in response to Government Charging Guidance proposals.	Our research will show a rising trend in consumers who think their water bill is fair (recorder in our Annual Tracking survey).

### HEADLINE ISSUE 3

**Influencing the design of market reform in England so non-household customers benefit without disadvantaging customers who cannot switch retailer, including household customers and customer in Wales.**

Business customers told us in our [Uncharted Waters](#) research that the developing competitive water and sewerage retail market in England needs to learn the lessons from the roll-out of competition in the energy sector. In particular, they want the new retail market to avoid cold calling, contract lock-ins, automatic roll-overs, difficult switching processes and complex tariffs.

Most business customers want to be 'drip-fed' information to gradually raise their awareness of the arrival of competition for non-households in England. In our *Exit Strategies* research<sup>7</sup>, non-household customers also told us they want protection if their water company chooses not to operate in the non-household retail market.

### WHAT WE WILL DO

<sup>7</sup> [CCWater research](#) 'Exit Strategies' - Research into non-household customers' views on water companies exiting the non-household retail market 2014

During 2015-16, we will work with Ofwat, Open Water, Defra and water companies and licensees but also the Welsh Government to shape the new market so that it works for all customers. This will be done through:

- Promoting awareness of the issues customers care about to those designing the market systems and Regulations.
- Identifying where new policies or procedures could disadvantage eligible or ineligible customers, including those in Wales, so decision makers are aware of potential impacts<sup>8</sup> on customers and put in place protection measures.
- raising awareness among non-household customers, particularly SME customers and those on the England/Wales border, about the opening up of water retail competition for non-household customers in England, and
- Engaging with Ofwat as it consults on upstream competition.

### HOW WE WILL MEASURE OUR SUCCESS

Issues customers care about: Evidence that non-household customers' views and preferences are reflected in the high level design of the market, Regulations and codes of practice.

Identification: Evidence in consultation responses or briefings that critical analysis of the issues has been made and we are challenging proposals where they could impact detrimentally on customers.

Promotion: An increase in the number of respondents to our non-household customer research who say they are aware of market reform and the impact it could have on them.

Linked to this priority project is the continuing work to help non-household customers across England and Wales to get an everyday good quality service from their water company at a price they find acceptable. We will measure our success through CCWater research showing that non-household customers of all sizes and sectors, including micro, small and medium businesses, have continuing high levels of satisfaction with service.

<sup>8</sup> Such as de-averaging of tariffs

### 4.3 WATER ON TAP safe, reliable, good quality drinking water that consumers value and use wisely.

WHAT WE WILL DELIVER	HOW WE WILL MEASURE OUR SUCCESS
<p><b>Water quality and public health</b> We will continue to press for a safe, reliable, good quality water supply at an affordable price.</p>	<p><b>Water quality and public health</b> A continued high level of consumer satisfaction with water services is reflected in research.</p>
<p><b>Reliability and resilience</b> Engage with Ofwat as it develops a better understanding of what resilience means for the water industry.</p>	<p><b>Reliability and resilience</b> The consumer perspective is considered in Ofwat's resilience related discussions and decisions.  CCWater has contributed to Ofwat New Resilience working group discussions,</p>
<p><b>Leakage</b> Ensure water companies prioritise leakage work in a way that meets customers' expectations.</p>	<p><b>Leakage</b> Customers will receive more information from the industry to explain the challenges, what they are doing and how customers can help reduce leakage.  Where appropriate, we commend good practice or challenge for improvement (monitoring trends on leakage performance).</p>
<p><b>Water resources and efficiency</b> Help consumers use water wisely.</p>	<p><b>Water resources and efficiency</b> CCWater make progress towards becoming as a source of reliable and practical information, demonstrated through more hits on the website and media mentions. Collaborate with governments, Energy Savings Trust, Waterwise and Resource Efficient Wales.</p>
<p><b>Metering</b> Monitor and input into work on the transition to metering to ensure it considers water consumers' priorities, preferences and ability to pay.</p>	<p><b>Metering</b> Companies embarking on compulsory metering programmes will be helped to provide comprehensive support packages and services for customers going through the transition to metered charging.</p>

#### 4.4 A RESILIENT SEWERAGE SYSTEM THAT WORKS - a sustainable service with minimal sewer flooding, and that is used responsibly.

WHAT WE WILL DELIVER	HOW WE WILL MEASURE OUR SUCCESS
Help consumers who suffer from sewer flooding in their houses or other areas of their property.	<p>Consumers will be satisfied with the response from their sewerage company following a sewer flooding event.</p> <p>Complaints to companies and to CCWater will reduce over the period.</p>

#### 4.5 SPEAKING UP FOR AND INFORMING CONSUMERS by providing a trustworthy, independent voice that informs consumers about key water issues and ensures Governments, companies and other stakeholders understand water consumers' views.

WHAT WE WILL DELIVER	HOW WE WILL MEASURE OUR SUCCESS
Influencing the agenda	<p>Key legislation and policy discussions have considered consumer evidence and CCWater work, e.g. Abstraction Reform Bill, River Basin Management Plans, Water Strategy for Wales, Mandatory SuDS Standards in Wales.</p> <p>All water consumer related discussions in relevant groups are informed by consumer and CCWater industry performance evidence through our participation. These are groups such as All Party Parliamentary Water Group, Efra Select Committee meetings or the sessions of the relevant Assembly Committee and Wales Water Forum meetings.</p> <p>Decisions on the implementation of Silk Commission Recommendations on Water have considered implications for border customers in England and Wales.</p>

<p>Challenging on behalf of customers</p>	<p>Conduct customer research to:</p> <ul style="list-style-type: none"> <li>• Inform the discussion about how consumers' views could continue to be heard specifically at the next price review, but also in other regulatory processes;</li> <li>• Understand what type of representation has legitimacy in consumers' eyes, and what does not; and</li> <li>• Consider CCWater's role in relation to each water company's customer group (the successor CCGs).</li> </ul> <p>Our review and research evidence will help us:</p> <ul style="list-style-type: none"> <li>• Input to Ofwat's review of the 2014 price review so that customer engagement is further embedded in the design of future price reviews.</li> <li>• Decide how we can represent customers' interests best through future company customer groups (successors to CCGs).</li> </ul>
<p>Inform consumers</p>	<p>Improve CCWater website so both household and non-household customers record a high level of satisfaction with its content. [Through an on-line survey].</p> <p>Information relating to the performance of water companies is published annually on the website.</p> <p>Media activity continues to inform consumers about the action they can take to protect their services and to access help and information from others.</p> <p>Media work continues to explain how CCWater can help customers so CCWater is increasingly recognised as the authoritative consumer voice.</p> <p>The number of people visiting our website during 2015-16 is at least 250,000.</p>
<p>Ensure that our services are accessible to all customers</p>	<p>Our tracking surveys evidence an increase in the number of consumers - household and non-household - who are aware of CCWater and our role.</p> <p>Deliver our Welsh Language Scheme obligations as set out in the principles of the Welsh Language Commissioner.</p> <p>Customer who request Welsh as a medium for communication receive this support.</p> <p>Monitor requests for documents in additional languages and alternative formats.</p>

## 5. CCWater Research for 2015-16

CCWater's Board has agreed the following research programme for 2015-16. Should further resources become available during the year we may be able to add new research projects.

CCWater research planned for 2015-16
<i>Water Matters</i> <sup>9</sup> - household research on satisfaction with services and value for money (annual tracker).
<i>Testing the Waters</i> - Non-household research on satisfaction with services and value for money (bi-annual tracker).
<i>Market Reform Research</i> - Where appropriate, commission research in conjunction with Open Water/Ofwat/companies to explore an emerging customer-focussed issue with the aim of ensuring the design of the new market is robust and fit for purpose.
<i>Contribution to Ofwat's post project review of PR14</i> - During 2015-16 Ofwat intend to review the 2014 price review process. CCWater has commissioned research to explore the experiences of those engaged in the Customer Challenge Groups (CCG) process beyond the submission of business plans in December 2013. This will supplement earlier research on a similar theme.
<i>Water Saving Activities</i> - to establish a new benchmark for tracking consumer behaviours in relation to using water wisely and to tap water.

In addition, CCWater will be working with the Energy Savings Trust on a further phase of its 'Water At Home' project and with UK Water Industry Research on three separate research projects during 2015-16.

<sup>9</sup> CCWater 'Water Matters, Annual Tracking research (July 2013) can be viewed [here](#).

## 6. Making sure our support services are effective and value for money

WHAT WE WILL DELIVER	HOW WE WILL MEASURE OUR SUCCESS
Safe and secure environment for CCWater staff to work in.	Have no occurrences of avoidable reportable workplace incidents as per the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.
Efficient Human Resources Support	Short and long-term sickness levels are managed below those of the public sector (7.9 days CIPD 2014).
	At least 75% of CCWater staff rates our HR services as good or better (as measured by our internal staff survey on corporate services support).
	At least 73% of CCWater staff are satisfied that they have access to training and development opportunities (as measured by our internal staff survey).
Efficient systems that support CCWater, which is shown through good governance, internal and external auditing.	Internal auditors confirm that effective systems are in place and external audit identifies no areas of concern which would result in the accounts being 'qualified'.
Efficient finance and budget management to ensure there is accountability for how water customers' money is spent.	Annual spend to remain within allocated budget. All payments will be paid promptly - 80% of undisputed payments within five working days.
Efficient management of data.	All FOI and Data Protection Act requests are responded to within the statutory time scales. All staff receive annual training / updates on their individual and organisational responsibilities.
Availability of information on CCWater's new contracts, payments to suppliers and Board members' expenses.	All expenditure details will be published in line with Government instructions and all Board members' expenses will be published within three months of quarter end.
Opportunities to come along to public CCWater Board and Committee meetings, and information about the issues under discussion.	All meetings in public are convened and advertised on our website, including agendas and available papers, at least seven working days in advance.
A strong and consistent team.	New Chairs and LCAs are integrated in national and regional CCWater teams.

Efficient delivery of our complaint handling and policy development objectives.

Efficient and smooth transition to two complaint handling offices and home working for those policy staff located outside Birmingham and Cardiff.

## 7. Resources

For 2015-16 our budget will be £5.724million, comprising Licence Fees of £5.13million, £10k for rental income and £584k unallocated accumulated savings for prior years. This represents a flat Licence Fee with no uplift for inflation. We cost the tax payer nothing. We cost water customers about 21p per year.

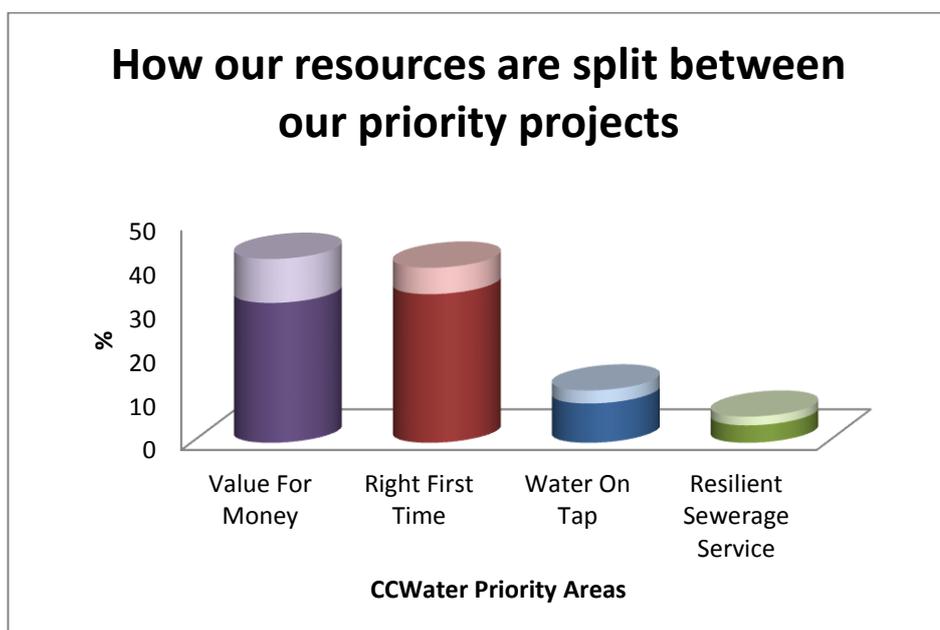
We will enter the year with a staff cadre of 79.51 (full time equivalents) working from offices in Birmingham, Bristol, Cambridge, Cardiff, Darlington, Exeter, London and Manchester. During the year we plan to centralise our complaint handling function in Birmingham and Cardiff and close the other six offices. We anticipate that this will save us around £400,000 in accommodation and other costs per year.

We are doing this in preparation for significant changes to the water sector over the next few years, including the introduction of WATRS and of market reform in England (but not in Wales) that will probably generate new nationwide complaint issues. We will, nevertheless, retain a strong regional focus through our Chairs, LCAs and policy staff working with the companies at the local level on the issues that matter to customers.

Over the past few years we have reduced the number of Board members to nine. But, with the agreement of Defra and the Welsh Government Water Branch, we have increased the number of LCAs from 17 to 23 to enable us to provide a greater focus on local issues and to build upon the appropriate working relationships we already have with each water company. This increase comes at a time when all but three LCAs will be new to CCWater.

Section 7 on Governance explains this in more detail.

The graph below summarises how our resources are split between our priority projects.



The lighter shaded area on each bar represents the percentage of time we devote to speaking up for and informing consumers

Our organisation's structure is set out in Appendix B.

## 8. Governance and risk management

CCWater will continue to represent consumers' priorities and interests across England and Wales using our existing network.

### 8.1 Governance

The organisation's governance framework consists of the following key areas:

- The Board, comprising: the Chair of the organisation; the Chief Executive; the Chairs of the four committees in the English regions; the Chair of the committee in Wales; and two independent Board members. The Board meets at least eight times a year and two of those meetings are open to the public.
- Four Board standing committees hold remits for Audit and Risk Management, Finance and Resources, Remuneration, and Advisory to CCWater Board.
- There are 22 Local Consumer Advocates allocated to the four regional committees and the committee in Wales.
- The Chief Executive is supported by the Executive Team.

The National Audit Office undertakes the external audit function and internal audit services are provided by Baker Tilly under contract.

### 8.2 Risk management

To support and monitor the effective delivery of our work we have a robust and well-embedded risk management framework and risk register. The strategy provides the basis for identifying, assessing and mitigating risks at all levels within the organisation. The framework is set out in our Risk Management Strategy.

Risks that are identified within the organisation are scored against likelihood and impact to customers and the organisation; and are categorised into 'high', 'medium' and 'low'. The risk register is reviewed by the Executive Team every six weeks. The full risk register is also presented to the Audit and Risk Management Committee (a sub-committee of the Board) every quarter and the highest perceived risks to the organisation are presented to the Board annually.

## APPENDIX A: Legal functions, duties and powers of CCWater

CCWater's primary functions are to provide advice and represent customers on water matters and to investigate and handle complaints made against licensed water suppliers or companies. CCWater has duties to represent the interests of customers, both domestic and business, of licensed water suppliers in the new competition regime that came into operation on 1 December 2005, as well as the interests of customers of water and sewerage companies.

CCWater has the following specific powers, duties and powers under the Water Industry Act 1991 (as amended by the Water Act 2003):

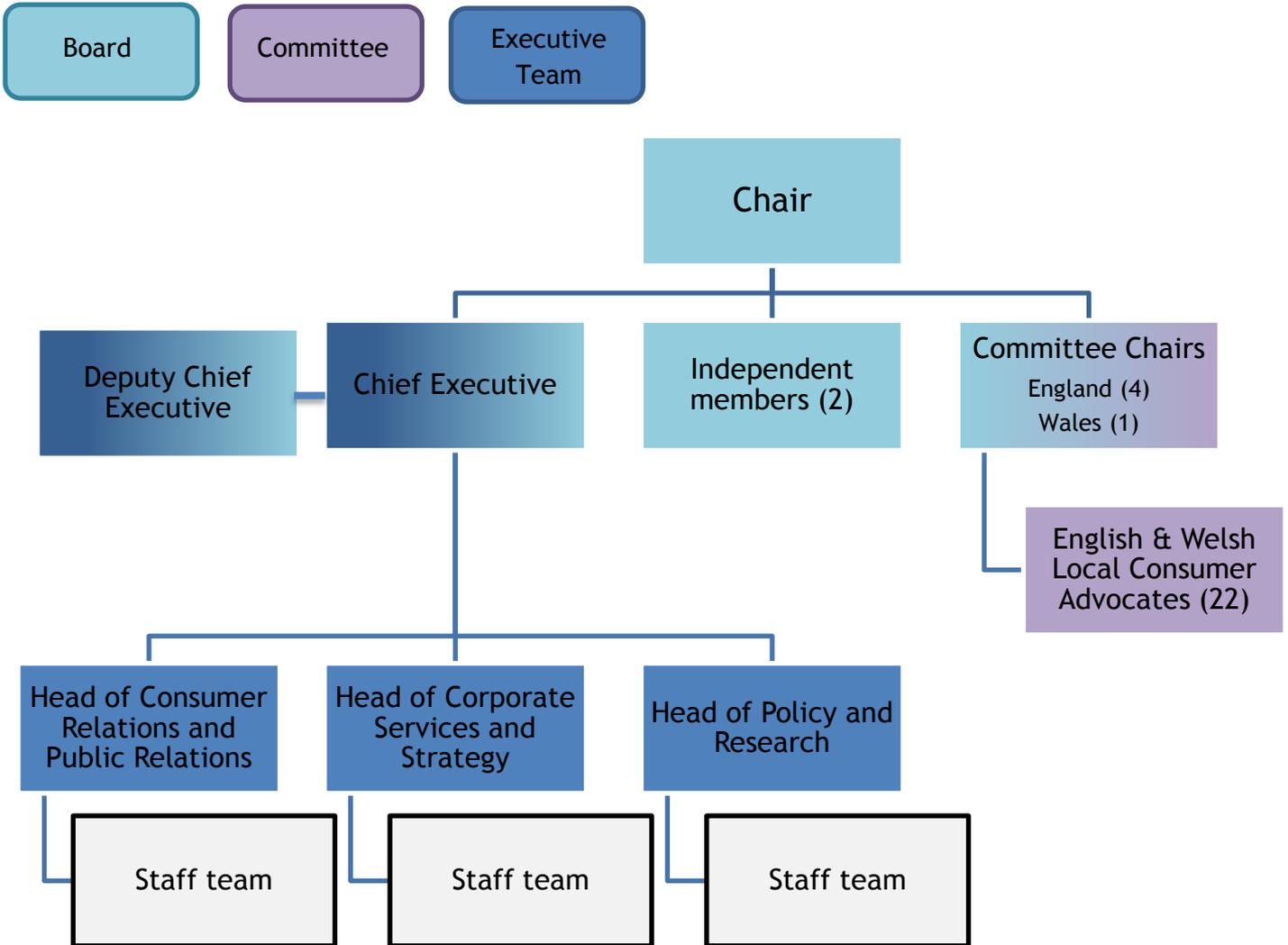
- **S27A (12) Establishment of the Council and Committees** - requires CCWater to exercise and perform its powers and duties in the manner which it considers is best calculated to contribute to the achievement of sustainable development.
- **S27B Co-operation between Council and other authorities** - requires CCWater to agree a memorandum of understanding with the Authority (Ofwat), the Secretary of State (Defra and DWI) and the Welsh Government.
- **S27C The interests of consumers** - requires CCWater to have regard to the interests of :
  - a) individuals who are disabled or chronically sick;
  - b) individuals of pensionable age;
  - c) individuals with low incomes;
  - d) Individuals residing in rural areas: and
  - e) Consumers who are ineligible to change their water supplier.
- **S27D Acquisition and review of information** - provides for CCWater to obtain and keep under review information about consumer matters and the views of consumers.
- **S27E Provision of advice and information to public authorities** - provides for CCWater to make proposals, provide advice and information about consumer matters and represent the views of consumers to public authorities, undertakers, licensed water suppliers and other persons whose activities may affect consumers.
- **S27F Provision of information to consumers** - provides for CCWater to provide information to consumers about consumer matters.
- **S27G Power to publish information and advice about consumer matters** - (subject to certain conditions) gives CCWater the power to publish advice or information about consumers' matters or consumers' views where it would promote the interests of consumers.
- **S27H Provision of information to the Council** - (subject to certain conditions) provides for CCWater to request information from the Authority, undertakers or licensed water suppliers.
- **S27J Provision of information by the Council** - provides for CCWater to provide information to the Authority, Secretary of State or the Welsh Government.
- **S29 Consumer complaints** - provides for CCWater to deal with complaints about the services provided by an undertaker or licensed water supplier.
- **S29A Power of Council to investigate other matters** - gives CCWater the power to investigate any matter which appears to it to be a matter relating to the interests of consumers.
- **S38B Publication of statistical information about complaints: (water)** - requires CCWater to publish statistical information relating to complaints received by undertakers, licensed water suppliers and regulators about water services.
- **S95B Publication of statistical information about complaints (sewerage)** - requires CCWater to publish statistical information relating to complaints received by undertakers and regulators about sewerage services.

The **Water Act 2014** gave CCWater some additional responsibilities, which involve being consulted on:

- **S66** The development of market codes, and some charging issues in the lead up to competition widening out to all non-household customers;
- **S43** Incumbents exiting the non-household retail market - the development of Regulations and depending on the final Regulations, possibly separately by companies when they apply to exit;
- **S40B** issues relating to the movement of water to undertakers, by Defra and separately by Welsh Government; and
- **S54** Licence changes as a result of consumer redress schemes;
- **S16** Water companies' charges schemes;
- **S38** Defra and separately the Welsh Government's Charging Guidance and **S24** separately their Strategic Priorities.

We must also represent the interests of consumers supplied by new entrants to the market; require, when necessary, information from the water supply or sewerage licensee; and deal with complaints from customers of water supply and sewerage licensees.

Appendix B: Organisational structure



[You can read our Forward Work Programme for 2015/16 to 17/18 here.](#)