



Consumer Council for Water Board Agenda
Meeting in Public
Tuesday 3 November 2015 (10.45/11.00)
David Morgan Room, Wales Millennium Centre, Cardiff

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

Attending: Carl Pegg - Head of Consumer Relations and Communications
 Deryck Hall - Head of Policy and Research
 Gary Fisher - Board Secretary
 Philip Lloyd - Interim Head of Corporate Services
 Phil Marshall - Deputy Chief Executive
 Lia Moutselou-Policy Manager.
 Prys Davies, Deputy Director of Energy, Water and Flood Division, Welsh Government

Item	Agenda Item	Time	Paper	Lead
P0P.	Tea and coffee welcome for public attendees (15 minutes)	10.45		
	Standing Items			
P1P.	Introductions, Apologies and Declaration of Interests (5 minutes)	11.00		Alan Lovell
	Policy and Strategy (with stakeholders)			
P2P.	Future Generations Act, Well-being Act and Environment Bill (30 minutes)	11.05	Presentation	Prys Davies
P3P.	Water strategy for Wales; discussion on how the sector and CCWater can contribute to the delivery of the policy aims for the benefit of the Welsh consumer (1 hour 15 minutes)	11.35	03 11 01P	Lia Moutselou/Phil Marshall
	Lunch (45 minutes)	12.50		

Customer Issues

P4P.	Listening session and customer case for November (20 minutes)	13.35	03 11 02P	Ceri Walsh/ Carl Pegg
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Governance

P5P.	Chief Executive's Report on CCWater Achievements and Performance (20 minutes)	13.55	03 11 03P	Alan Lovell
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P6P.	Approval of Minutes of the Public Board meeting held on 12 May 2015 (5 minutes)	14.15	03 11 04P	Alan Lovell
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P7P.	CCWater Wales and English Regional Committee Minutes (5 minutes)	14.20	03 11 05P	Gary Fisher
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P8P.	CCWater Finance Report (15 minutes)	14.25	03 11 06P	Philip Lloyd
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P9P.	Any Other Business (5 minutes)	14.40	Verbal	Alan Lovell
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Consumer Council for Water Board
Tuesday 3 November 2015
Agenda Item P3P.
Paper 03 11 01P

Date:

22 October 2015

Title:

Welsh Government's Water Strategy for Wales and CCWater's role

Report by:

Lia Moutselou, Policy Manager Wales

Responsible Lead:

Phil Marshall, Deputy Chief Executive

Paper for information

Purpose

1. The purpose of this paper is to update the board and meeting attendees on CCWater's progress in assisting Welsh Government's (WG) delivery of the Water Strategy for Wales (the Strategy).

Recommendation

2. The Board is asked to:
 - Consider the contents of this paper
 - Discuss CCWater and the sector's role in implementing the Strategy.

Analysis

3. CCWater will be helping WG in the delivery of the six priorities identified in the Strategy for Wales, as well as delivering specific actions that it is named to lead on or contribute to the delivery of. This paper is focussing on an update on these priorities and actions.
4. We are already working to identify how our Forward Work Programme (FWP) will contribute to the delivery of the Strategy. Our work has included engagement with WG and a stakeholder engagement event in Wales on 22 September 2015. CCWater's FWP will be subject to formal consultation shortly.

Water Strategy Priorities

5. The Strategy is focusing on developing the following six policy priorities between 2015 and 2018:
 - The development of the area based approach to natural resource management.
 - Ensuring access to fair and affordable water and sewerage services.
 - Devolution of all matters relating to water and sewerage (Silk).
 - A more focused approach to sewerage and drainage management and developing legislation on sustainable drainage solutions.
 - Reform of the abstraction licence system in Wales.
 - Review and where appropriate change current practices and regulatory approaches to tackle diffuse pollution.
6. CCWater remains an active participant in the Wales Water Forum discussions, which will be the main conduit for the phased, collaborative delivery of the Strategy¹. For the time being discussions at the Forum are focussing on some of the Strategy's priorities such as devolution and the Silk Review recommendations, addressing diffuse pollution, and sewerage and drainage systems. A more detailed update our current activity on the Strategy's priorities is below.

Devolution and the Silk Review recommendations

7. We will contribute to discussions and workshops of the Joint Government Panel on the Silk recommendation on Water when these are arranged. In the meantime, and in the absence of specific customer views on the principle of realignment, we will shortly be discussing with WG whether citizen engagement or customer research should be considered in the near future. We have already contributed to WG's study on the Silk recommendation's implications for water customers.

Natural Resources Area based management

8. CCWater has not made any representations to the Environment Bill scrutiny discussion at this stage as we cannot see any implications for water customers in Wales. We are broadly in support of the Environment Bill (Wales), which introduces area based management for natural resources. We hope that this will facilitate area based catchment management solutions to address environmental and drinking water quality problems effectively and efficiently. We would not want any of the changes introduced by the Bill to lead to an increased expectation that water companies should bear a disproportionate burden of cost and we would like to see all sectors encouraged to take responsibility for tackling pollution they have caused. Administratively, it seems the Bill is unlikely to have a significant effect on water companies.

¹ In autumn and winter 2015 the terms of reference and membership of the Wales Water Forum will be amended to reflect this.

Diffuse pollution

9. An initial discussion on diffuse pollution at the Wales Water Forum October 2015 meeting will be followed by more detailed engagement and workshops. CCWater is particularly supportive of collaborative working and messaging across sectors to tackle diffuse pollution. We also support targeted campaigns that could, for example, help farmers implement solutions on diffuse pollution effectively rather than passing the cost on to the sewerage customer by targeting the water industry. We are keen to see data and monitoring from existing catchment management and agri-environment scheme initiatives, as well as the compulsory septic tank registration feed into the identification of diffuse pollution hot spots and to inform the direction of action in the future.

21st Century Drainage Water UK-led project

10. CCWater is participating in the 21st Century Drainage Programme Board discussions². This aims to deliver resilient drainage solutions and to coordinate work in the water industry over the medium (25 years) and long (50-100 years) term. We support:

- A holistic approach to drainage solutions through engagement with all bodies with a legal interest in drainage and through improved communications with those using those systems.
- Basing decisions on data and evidence that will help make the right decisions for drainage solutions.
- Delivering best value for customers without adding further costs to them.

Abstraction Reform

11. CCWater is committed to contributing to the abstraction reform discussions in England and Wales on behalf of customers. We are expecting an update paper from the Welsh Government on abstraction reform in Wales, which would identify any likely differences in approach between Wales and England.

Specific Strategy actions most relevant to CCWater

12. Whilst there are other Strategy areas that CCWater will contribute to, the following actions either mention CCWater in their delivery or collaboration to achieve their delivery or reflect priorities that we have communicated to WG during the Strategy consultation:

- Lead on advice on affordable water bills and debt management.
- Work with Welsh Government and others on its plan to develop consistent messages around:
 - Water debt management.
 - Water efficiency.
 - How consumers can engage with their water company.
 - Ensuring good quality information is available to business customers about who is eligible for retail competition, particularly for those customers in cross-border areas.

² Deryck Hall sits on the Programme Board and has been co-opted onto the Communications sub-group. Steve Grebby is co-chair of the Drainage misuse subgroup (sewer blockage prevention).

- Work closely with Welsh Government and others to help:
 - Monitor the effectiveness of social tariffs.
 - Monitor the costs and benefits of market reform to inform future policy.
 - Understand the cost and benefits of transferring ownership of privately owned water supply pipes to water companies.
- Work with other stakeholders the help deliver the aims and actions of the Strategy.

Affordable water bills and debt management

13. One of the key areas of work which we are expected to take a lead role on relates to the collation and dissemination of information and advice in relation to water affordability and debt management, including making links to wider tackling poverty initiatives. Whilst discussions on the implementation of these actions are planned to commence in June 2016, affordability is a top priority for CCWater, and informed by our 'Living with Water Poverty' research we have commenced work to progress this as a consumer priority. Below is a more detailed update on the work we are undertaking.

Social tariffs

14. In line with the WG guidance on social tariffs³ we have been working with companies on the development of social tariff proposals and on testing the acceptability of these to customers. Dŵr Cymru (and Severn Trent) launched schemes in April 2015 and Dee Valley Water is aiming to have a scheme in place by April 2016.

15. We have added a guide to company social tariffs to our website⁴ to raise awareness of the assistance available. Customers can use it to check if their company offers a scheme, whether they might qualify for help and how to apply. We are also exploring other options to enhance the usefulness of our web site for those facing financial difficulties.

16. We are keeping an eye on the development and take up of social tariffs in Wales and England, through quarterly reports and discussions, and an annual industry comparative report. Our intelligence will help inform future discussion and recommendations to water companies in England and Wales.

CCWater Living with Water Poverty Research and partnership working

17. CCWater has also been working with the water companies in Wales to ensure the recommendations of our 2015 'Living with Water Poverty' project are implemented. The companies are taking steps to ensure that more assistance is available and that awareness of the help which is on offer is increased. This work includes greater outreach and enhanced links and partnership working with other organisations.

³ <http://wales.gov.uk/docs/desh/publications/130301guidance-to-water-companies-and-ofwat-en.pdf>.

⁴ <http://www.cewater.org.uk/savewaterandmoney/lower-bills-for-customers-struggling-to-pay/>.

18. We have strengthened links with several bodies which support households with low income and/or which are in debt including StepChange and Turn2us. StepChange recently published a CCWater blog piece highlighting the options available for cutting bills. We are also working with UK Regulators' Network on a project aiming to improve signposting of services for vulnerable customers and those facing financial difficulties across utility sectors.

Cross - sectoral working on affordability

19. The integration of tackling poverty messages in Wales can be facilitated through the WG Tackling Poverty Action Plan. CCWater is aiming to identify and collaborate with stakeholders in Wales who have similar objectives and can help disseminate consistent messages on water affordability and debt management. We are having these discussions with stakeholders through our participation in the Consumer Protection Partnership (CPP) Wales and National Energy Action (NEA)'s Fuel Poverty Forums in Wales.
20. We would also like to work with WG to review its metrics and monitoring on tackling water poverty⁵. For example whilst measures such as the ratio of income to water bill (such as 3% or 5%) can be useful in helping to track the relationship between income and water charges they might not, in isolation, be a suitable basis for identifying progress with assistance to those in greatest need. Customers on higher levels of income who simply have a high water bill do not need support. Equally it can exclude those facing extreme financial difficulties simply because their water bill is relatively low. In the case of metered customers their bill may even be low because they have cut back on essential usage.

Identifying customers in need of financial assistance

21. CCWater has attended a multi agency meeting with the Department for Work & Pensions (DWP), the Department for the Environment, Food & Rural Affairs (Defra) and Water UK with a view to establishing whether data share from DWP to water companies is possible without change in regulation being required. DWP is also considering if it can offer alternative help, without a need for a formal data share agreement, to promote awareness of affordability assistance and advice particularly to those who companies have found "hard to reach".

Market reform

22. Another key area where we expect to be able to contribute data and insight to WG is market reform, in particular following the implementation of reforms in England relating to non-household retail competition.
23. We will work with the water industry to ensure customers in Wales and England, and particularly in border areas, understand their eligibility correctly.

⁵ Number of Water company social tariffs developed in accordance with the guidance; Number of social tariffs approved by Ofwat; Number of households benefiting from social tariffs; The level of water company debt has reduced; Customer acceptance of proposed social tariffs; The decrease in the levels of people experiencing water affordability in Wales.

24. We will have our own data relating to complaints from customers in Wales, in England and on the borders, together with the customer complaints data reported by companies in England and Wales. Our customer research programme may also provide feedback and insights in relation to market reform which will be of interest and value to stakeholders including WG.
25. Additionally, we will expect to liaise with WG when evaluating the different options or models which might be taken forward in relation to future upstream reform, in respect of both water and wastewater / sewerage related activities. We will share our views with stakeholders and WG on the benefits, disbenefits and risks for customers, in relation to each option or model. We will also share any customer views which we have obtained and which are relevant to such discussions.

Water efficiency advice

26. We intend to progress this in the future in collaboration primarily with Resources Efficient Wales, Energy Savings Trust and all water companies which operate in Wales.

Consumers engaging with the water company

27. This is part of our on-going work with the water industry in Wales. We are starting to contribute to review of companies webpages, starting with information relating to vulnerable customers.
28. We will continue to use the results of 'Water Matters', our annual tracking survey, to identify areas and topics that consumers need more information on from their water company. For example, Water Matters indicates that companies should collaborate with CCWater on raising awareness on surface water rebates, metering options and water supply pipes responsibility.
29. Finally, CCWater's research on [understanding customers' needs and expectations on information provided by companies in their codes of practice](#), indicates that companies should take responsibility to pre-empt communication on issues that customers do not to ask about, such as for example social tariffs, additional services registers and metering options. We are asking companies to respond to the finding of this research.



Consumer Council for Water Board

3 November 2015

Agenda Item P4P.

Paper 03 11 02P

Date:

22 October 2015

Title:

Customer Case - November

Report by:

Ceri Walsh, Consumer Relations Manager

Responsible Lead:

Carl Pegg, Head of Consumer and Communications

Paper for information and discussion

Appendix: no

Purpose

1. This paper informs the Board about a recent customer case in relation to a metering policy of Dee Valley Water.

Recommendations

2. The Board is asked to note and discuss the contents.

Background

3. Dee Valley Water (DVW) has previously relied heavily on policy rather than considering individual customers' circumstances. Last year a new Chief Executive started at the company and we have already seen an improved, more customer focussed approach. This has been helped further by DVW appointing a Head of Customer Services for the first time.
4. A customer contacted us to complain that she had two water meters serving her one-bedroom flat but was paying two standing charges. She originally telephoned DVW to complain about this and was advised that it was the company's policy to make two standing charges for two meters. The customer was working 18 hours a week for the minimum wage and so affordability was an issue for her.

Action

5. CCWater is aware some other companies do not apply two standing charges in this situation and we advised the customer to complain in writing to DVW about the situation and to copy us into the correspondence.
6. DVW offered to put the customer onto the Assessed Measured Charge (AMC) tariff from 1st April 2015 and said that she would now likely save around £30 a year. The company explained that when the customer had applied for a meter in 2004 its policy was that if two meters were required the customer would have been given the option to pay two standing charges or the AMC tariff. In 2010 DVW had changed its policy and it now only offers AMC.
7. CCWater asked DVW why it had not contacted the customer when it changed its policy in 2010. The company responded by saying that the customer would not have benefitted financially at that time. The customer had been given the option when she contacted them in 2012 but she had not taken it up.

Outcome

8. DVW now plans to identify and apply an allowance for all customers in the same situation. The company will need to make changes to its billing system and will then apply relevant adjustments to customers' bills. Once it has done this, CCWater will ensure that DVW writes to all affected customers.
9. In the meantime, to resolve this customer's complaint the company has compared the metered charges to the AMC tariff dating back to 2010 and has arranged to refund an overpayment of £59.09 to the customer.

Looking Ahead

10. CCWater will be following up this case as part of our regular liaison meetings and through our discussions on schemes of charges in autumn 2015. We expect DVW to identify all affected customers, apply relevant adjustments and ensure that its policy is clear.
11. The Board is asked to note that DVW reported a 28.7% reduction in written complaint numbers during 2014-15. DVW has also improved in its latest quarterly SIM score. It performed best for billing complaints in comparison with all other water-only companies (WoCs). DVW is currently third best performing company overall for the year to date (it was eighth in 2014-15). We want to see these positive company improvements continue.

Consumer Council for Water: Performance 'Scorecard' (to the end of September 2015)**Benefits for Customers**

- We secured more than £1 million in compensation and rebates for customers who had complained about their water or sewerage service.
- We held a series of stakeholder workshops across England and Wales to help us improve the way we represent water consumers and to shape our future strategy.

Our complaint handling performance and customer satisfaction:

Performance	Actioned within 5 days	Closed within 20 days	Closed within 40 days
<i>Target*</i>	99.0%	78.0%	90.0%
Q2	99.4%	82.0%	92.7%
2015-16 (YTD)	99.6%	81.5%	92.3%

Customer satisfaction	Service	Outcome	Speed	Courtesy
<i>Target*</i>	72.0%	58.0%	79.0%	90.0%
Q1	72.8%	54.1%	75.4%	94.0%
2015-16	73.0%	54.0%	75.0%	94.0%

*Operational Business Plan target

Governance and Financial Performance**Financial**

- CCWater costs 21p per water customer (down from 23p in 2010/11).
- A total budget of £5.724 million for 2015-16, with no increase in licence fee or in costs to water customers.
- Between April and the end of September 2015 we spent 44% of our budget.

Governance

- CCWater complies fully with all Government's spending restrictions.
- Between 1 April and 30 September 2015 we received 10 Freedom of Information (FOI) requests. We responded to all the requests within the 20 day deadline.
- Audit reports have not identified any issues of concern.

Staff

- Absence due to sickness – 308 days for the period (157 days long term). Average 4.27 days per person for the period from April 2015 to end-September 2015, compared to the public sector average of 7.9 days per annum.
- Eight members of staff left CCWater, including three retirements and three temporary contracts. Our staff turnover (excluding these six posts) was 2.77% for the period from April 2015 to end-September 2015. This compares with current reported staff turnover of 8.3% for the Civil Service.
- We provided 18 training courses, using Civil Service Learning and other providers. This also includes training which has been provided as outplacement support during the restructure of our consumer relations function.

Reputation and External Activities

- From April until the end of September consumers had the opportunity to see our messages in the media with a total reach of more than 85 million people.
- CCWater featured in 400 articles or broadcasts, speaking up for consumers on a wide range of water and sewerage service issues.
- During the past six months 177,877 people visited our website, with Money Saving Expert the top referring site. Our Twitter following has grown from 3,100 to over 3,500.
- The water meter calculator generated potential customer savings of £4.5 million for the half year to the end of September 2015.

CONSUMER COUNCIL FOR WATER

BOARD MEETING IN PUBLIC - 3 NOVEMBER 2015

CHIEF EXECUTIVE'S REPORT

REPORT OF: TONY SMITH

1.0 Delivering benefits for water customers

1.1 The Consumer Council for Water (CCWater) has continued to deliver a range of benefits for customers by addressing the issues that matter most to them. This report covers the six-month period from April to September 2015. A summary of our achievements is as follows:

1.1.1 We raised the profile of support for customers struggling to pay their water bills by:

- Successfully using the media to draw consumers to our online guide to social tariffs which can reduce the bills of low-income households.
- Improving our partnership working with high-profile agencies, such as Turn2Us and StepChange, so our advice can reach more consumers struggling with debt.

1.1.2 We strengthened our engagement with key industry stakeholders by:

- Holding a series of stakeholder workshops across England and Wales at which we listened to a wide range of ideas and opinions on how we could improve the way we represent water consumers. This will help us to shape our Forward Work Programme in 2016-19.

1.1.3 We secured financial redress for customers by:

- Negotiating with companies more than £1 million in compensation and rebates for customers who complained about their water or sewerage service. Recently, we also negotiated an increase in compensation that United Utilities offered to customers affected by a boil water notice in Lancashire.

2.0 Value for Money

2.1 The outcome of the 2014 Price Review (PR14)

We continue to work to make sure that customers are at the heart of price reviews, the five-yearly process which Ofwat, the water industry regulator, undertakes to set price limits that enable water and sewerage companies to finance the delivery of services for customers.

2.1.1 We represented customers' interests in the Competition and Market Authority's (CMA) investigation into Bristol Water's 2015-20 price controls. This followed the company's decision to appeal its 2014 Ofwat determination. In our submissions to the CMA we called on it to protect the

outcomes customers had supported.

2.1.2 The CMA's final decision will result in a 16% reduction in bills for Bristol Water customers over the five-year period. Average bills will be £160 per year compared with £187 had the CMA accepted Bristol Water's case.

2.2 Future customer representation at price reviews

2.2.1 We are trying to make sure that customers have a strong voice during future price reviews. In August we published our review of the 2014 price-setting process (PR14) - 'A Step in the Right Direction'. We concluded that the price review had promoted greater customer input, resulting in price and service packages that most customers accepted. But there are still lessons to be learned to improve future price reviews for customers.

2.2.2 Our key recommendations included:

- increasing the quality and influence of evidence of customers' views in both business planning and regulatory decision making;
- reducing the level of risk carried by customers in price-setting decisions; and
- ensuring that regulatory incentives to improve performance are grounded in customers' views and are acceptable to them.

2.2.3 Our PR14 review contributed to Ofwat's ongoing review of how it regulates the industry (its Water 2020 project), as well as the water industry's work in sharing good practice methods of customer engagement. The 2019 price review and beyond should see greater customer influence and more transparent decision making by Ofwat to show how customers' views are shaping regulatory decisions.

2.2.4 Our 'Tide of Opinion' research exploring how customers would like to be represented during price reviews revealed that they want to have a direct say in water company price and investment proposals through consultation and research. They expect their views to be represented in Customer Challenge Groups (CCGs) that have strong independence and governance, and demonstrate transparency. They also expected CCWater to be involved in the groups. We will use this research to inform our work with Ofwat and the industry to improve future price reviews, and also at a local level as companies look to revise the structure and membership of their CCGs.

2.3 Affordability

2.3.1 Affordability is still a key area of our work with one in seven customers reporting that they are struggling to pay their water bills. We are focusing on working with the industry and government on the development, introduction and promotion of social tariffs and other financial assistance schemes.

2.3.2 Our engagement with companies has helped secure the introduction of social tariffs by 15 companies. We are now working with a small number of companies that aim to launch schemes in 2016.

2.3.3 Our local policy teams continued to work with companies to implement the measures they committed to deliver following the publication of our ‘Living with Water Poverty’ research in 2014. These measures aim to improve support for customers in financial distress.

2.3.4 We have continued to work in collaboration with Ofwat on the issues of affordability and debt, in particular to help inform its report on the issues which will be published in autumn 2015.

2.4 Charging Issues

2.4.1 The Water Act 2014 set out a revised framework for the regulation of charges. Instead of approving individual companies’ charges schemes Ofwat will now issue binding charging rules for the water industry. We have sought to influence charging policy on behalf of customers by responding to UK and Welsh Government consultations on their guidance to Ofwat, as well as responding to Ofwat’s consultation on charging rules. Our aim is to make sure that charges are fair and that no groups of customers face large increases in their bills.

3.0 Getting water companies to resolve customer problems: Right first time

3.1 Complaints report

3.1.1 Our complaint handling teams continued to work closely with water companies to identify and address the underlying causes of customer complaints. In September our annual written complaints report revealed complaints to water companies had fallen for the seventh successive year. Complaints are now more than 60% lower than they were five years ago. The report attracted substantial media interest focusing in particular on the poorest performer, Southern Water, to improve its performance.

3.2 Complaint handling by CCWater and customers’ satisfaction with our service

3.2.1 From April to September 2015 we received 4,989 complaints about water companies in England and Wales - 23 fewer than the same period in 2014-15. Billing and charges (52%) prompted the most complaints from consumers. In Wales specifically, we handled 207 complaints against Dŵr Cymru Welsh Water and Dee Valley Water compared with 222 for the same period last year.

3.2.2 CCWater negotiated £1,023,085 in compensation and rebates for customers in the first half of 2015-16. This is 29% less than the same period last year. In Wales, we secured £45,948.96 in financial redress for customers, up from £9,225.31 last year.

3.2.3 We acknowledged 99.6% of complaints within five working days, closed 81.5% of cases within 20 working days and closed 92.3% of cases within 40 working days. This is above our operational business plan (OBP) target for all three measures.

3.2.4 Every quarter we survey consumers on various measures of satisfaction with our service. In the first quarter of this year satisfaction with our

service was 73%, up by 1% on our OBP target and last year's figure. We predicted a decrease in consumer satisfaction as we go through our restructuring process and this has been reflected in consumer satisfaction with our other measures. Satisfaction with speed was 75% (77% last year) against an OBP target of 79%; satisfaction with outcome was 54% (59% last year) against an OBP target of 58%; and satisfaction with courtesy was 94% (96% last year) against an OBP target of 90%.

Our second quarter survey is taking place now.

3.3 Alternative Dispute Resolution - WATRS

- 3.3.1** The Water Redress Scheme (WATRS) came into effect in April, offering consumers a definitive resolution to a few 'deadlock' cases CCWater is unable to resolve. A WATRS decision is binding on a company if the consumer accepts the case decision. This brings water into line with other sectors whose consumers have access to a binding complaint resolution.
- 3.3.2** Thirty-five consumers completed an application form for WATRS and had their case accepted for adjudication by the scheme. Of those cases, 12 succeeded in part, 10 did not succeed, 6 were settled by the company before the adjudication began and one was rejected by WATRS following the company submitting its defence.
- 3.3.3** The results so far give us some further reassurance that we are handling the majority of cases robustly and to the satisfaction of those who make use of our services.
- 3.3.4** A six-month review of WATRS performance, to be led by Water UK, is planned in October. We are due to report our work with WATRS to the Board in December.

3.4 Office restructure

- 3.4.1** A business case for our office restructure was approved by Defra and Cabinet Office in May and we continue to make good progress in reducing the number of our offices from eight to two - one in Birmingham and the other in Cardiff. The changes will make CCWater more efficient and help us to improve our customer complaints service. We anticipate that the restructure will be largely completed during November.
- 3.4.2** Our local Committee Chairs wrote to water companies in July to confirm the changes. We will retain and strengthen our local relationships with the companies and other stakeholders through our English regional and Wales teams, including locally-based Policy Managers and Local Consumer Advocates.
- 3.4.3** We are also assigning a dedicated Senior Customer Caseworker to each company who will be their main contact for complaint issues. From 12 October our customer contact telephone numbers changed: customers in England should call 0300 034 2222 and customers in Wales should call 0300 034 3333.

3.5 Freedom of Information requests

3.5.1 We received 10 Freedom of Information requests between April and September, the same as for this period last year. Requests for information included details of CCWater's negotiations with United Utilities in setting a compensation figure for customers affected by the boil water notice in Lancashire, and details of our IT providers.

4.0 Water on tap - customers receive a safe, reliable water supply

4.1 Drinking tap water

4.1.1 During the periods of hot weather in the summer our website featured top tips on how to stay hydrated, and we shared these messages actively through our social media channels.

4.2 Water Savings Week

4.2.1 We encouraged consumers to use water more efficiently by taking part in Waterwise's Water Savings Week and promoting advice on our website and on social media. The Energy Saving Trust website hosted our guest blog offering consumers top tips to save water.

4.3 Water Meter Calculator

4.3.1 We continue to promote our Water Meter Calculator and encourage customers to consider whether switching to a meter might save them some money. It helps consumers make an informed decision on switching to a water meter by comparing their current unmetered bill. During the six months to the end of September the calculator was used 91,401 times. From these visits, the calculator recorded that customers could potentially save £4.5 million.

5.0 A resilient sewerage system that works

5.1 Sewer Flooding

5.1.1 CCWater is a member of the Water UK-led '21st Century Drainage Programme Board' which is made up of all 12 sewerage companies in the UK, representatives of governments, regulators and environmental groups. The group is looking at how drainage systems can be built, developed and managed in a more sustainable way to meet the challenge of the long-term effects of climate challenge. We have provided a customer perspective in this process through our knowledge of how sewer flooding issues affects customers, and how they might respond to helpful messaging.

6.0 Speaking up for water consumers

6.1 Introducing non-household retail competition to the water market in England

6.1.1 We continued to present customers' views of the reform of the non-household retail market to government, Ofwat and the market operator (MOSL) to ensure that when the market opens for all non-household customers in England from April 2017 it works effectively and to the benefit of customers. CCWater is a member of the panel reviewing the codes on the administration of the market, including operational, data and financial processes that govern the service and communication customers receive from retailers and wholesalers.

6.1.2 We used our 'Uncharted Waters' research on non-household customers' expectations of the market, and our analysis of retail markets opened in other regulated sectors, to provide decision makers with an evidence-based customer view. The market codes were finalised in September but there will be scope for further changes if this is needed to ensure that the market functions to meet customers' expectations.

6.1.3 We have been working with Defra, Ofwat and MOSL to ensure there is progress in delivering the customer protection measures needed within the new retail market. These include the use of Guaranteed Standards Schemes, the role of brokers in the market and how customers' price and service will be protected if a retailer exits the market. We are also working with Ofwat and MOSL to ensure that the communication customers receive about the new market is clear and consistent.

6.2 Mergers and acquisitions

6.2.1 We represented customers' interests in the Competition and Market Authority's (CMA) review of the acquisition of Bournemouth Water by Pennon Group (South West Water's parent company). We pressed for any efficiencies achieved by the merger to be shared with customers as soon as possible, and for remedies to be put in place to mitigate the loss of an industry comparator through the merger. We also called for prices and the levels of service Bournemouth Water's customers receive to be protected. The CMA's decision is expected in November.

6.2.2 We engaged with Ofwat and the CMA on the review of the mergers and acquisitions regime in the water sector. While this will streamline the merger/acquisition process, we have stressed the importance of ensuring efficiencies from mergers and acquisitions lead to customer benefits, that the loss of a comparator is mitigated through separate reporting of performance, and the need to protect customers' service and price. Ofwat and the CMA are expected to publish their findings later in the autumn.

7.0 Informing consumers

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

7.1 In the media

- 7.1.1 Since April 2015 water consumers have had opportunities to see our messages through broadcast, online and print media with a total reach of more than 85 million people. This was spread across 400 individual pieces of media.
- 7.1.2 Our water meter calculator and money saving tips secured mentions in national publications including the Sun, The Times and Daily Mail.
- 7.1.3 Water supply interruptions, water company investment plans, water-saving schemes and the Thames Tideway Tunnel were just some of the issues we informed consumers on through local radio and TV.
- 7.1.4 In August and September we used national and regional media opportunities to speak up for consumers affected by the cryptosporidium outbreak in Lancashire, and to press for fair compensation. This included repeated interviews with BBC North West Tonight, Radio 5 Live and Radio Lancashire.
- 7.1.5 Our annual written customer complaints report drew widespread media attention in September with more than 150 media mentions by national and regional broadcasters and newspapers. We successfully used this coverage to challenge poorer performing companies while praising the best water companies.

8.1 CCWater website

- 8.1.1 Our website attracted more than 175,000 visitors with Money Saving Expert again the top referring site. We remain on target to achieve 250,000 visitors by the end of March 2016.
- 8.1.2 We responded to the findings of website usability and benchmarking research carried out earlier in the year with household consumers and business customers. The research recommended that we improve the structure and navigation of the website and make the content more easily accessible to different audiences, particularly for non-household customers. We intend to make improvements to the website by the end of March 2016.

8.2 Social media

- 8.2.1 We increased our social media activity by scheduling messages and making more use of our LinkedIn and Facebook pages. This has enabled us to reach a wider audience of consumers and stakeholders. We are developing a social media strategy to improve our engagement with consumers and plan to implement this during 2016.

8.3 Consumer channels

- 8.3.1 Appearances on BBC TV consumer programmes 'Don't Get Done Get Dom' and 'Rip Off Britain' enabled us to inform consumers on sewer flooding issues and surface water drainage rebates. We also had coverage in Woman's Own and Money Saving Expert's widely circulated newsletter.

8.3.2 We added a guide to company social tariffs to our website to further raise awareness of the assistance available. Customers can use it to check if their company offers a scheme, whether they might qualify for help and how to apply. We are also exploring other options to enhance the usefulness of our website for those customers facing financial difficulties.

8.3.3 We strengthened links with bodies that support low-income households, including StepChange and Turn2Us, to ensure a more collaborative approach and improve mutual signposting. One outcome from this is that StepChange, the national debt charity, published a blog from us highlighting the options available for cutting bills and tackling water debt.

9.0 Research

9.1 We use our research to develop our policy lines, to advise or influence the water industry, regulators and governments, and to inform a range of other parties about customers' views on water issues. Over the past six months we have published a range of research projects:

- 'Water Matters: Annual Tracking Survey' - to help us understand and track household customers' views about all aspects of water and sewerage charges and services and how their views change over time. We use this research to help ensure that companies are delivering an acceptable service for customers.
- 'Water saving behaviours and attitudes to tap water' - to enable us to set a benchmark and so that we can track consumer behaviours in relation to saving water and attitudes to tap water.
- 'A Tide of Opinion: The Customer Voice Within the Price-setting Process' - this project investigated what customers think about the purpose, set up and governance of companies' Customer Challenge Groups (and successor CCGs). We will use this research to make sure that CCGs act transparently and impartially, and are seen as legitimate in customers' eyes.
- 'Information on stream: Understanding customers' needs and expectations' - to find out how household customers engage with information provided by their water company. This will help us in our work with companies to improve their codes of practice and related leaflets or webpages so that they engage effectively with customers.

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

10.0 Governance

10.1 Board

10.1.1 Two new Board members joined us in July. Rt Hon David Heath CBE is our Western Committee Chair and Robert Light our Northern Committee Chair. And in October Tom Taylor became our Wales Committee Chair following the retirement of Diane McCrea whose term of office had expired. I would like to thank Diane for the unstinting work she has done for CCWater and on

behalf of water consumers over the past decade.

10.2 Regional presence

We have strengthened our regional presence with the appointment of 19 new Local Consumer Advocates (LCAs) who joined us in April. The LCAs champion the interests of water consumers at a local level and work closely with water companies, our policy and consumer relations staff and others to ensure that customers get the best possible water and sewerage service.

TONY SMITH
Chief Executive



Consumer Council for Water Board
Tuesday 3 November 2015
Agenda Item P5P
Paper 03 11 03P

Date:

22 October 2015

Title:

CEO Report

Report by:

Richard Emmett, Communications Manager

Responsible Lead:

Tony Smith, Chief Executive

Paper for noting and discussion

Appendix: Yes (2)

Purpose

1. This paper is to present the CEO report and Balanced Scorecard to the Board

Recommendations

2. The Board is asked to refer to Appendix one and two of this paper to note and discuss the CEO's Executive Commentary.



Consumer Council for Water Board
Tuesday 3 November 2015
Agenda Item P6P.
Paper 03 11 04P

Minutes of the Meeting of the Board in Public
Consumer Council for Water
11.00 on Tuesday 12 May 2015
Victoria Square House, Birmingham

Present: Alan Lovell - Council Chair
Diane McCrea - Wales Chair and Vice Chair of the Council
Bernard Crump - Regional Chair
Julie Hill - Independent Member
Tony Redmond - Regional Chair
Tony Smith - Chief Executive

Attending: Deryck Hall - Head of Policy and Research
Cath Jones - Quality and Information Manager (part only)
Philip Lloyd - Interim Head of Corporate Services
Phil Marshall - Deputy Chief Executive
Miranda Nightingale - Board Secretary
Carl Pegg - Head of Consumer Relations and Public Relations
Andrew White - Policy Manager (part only)

120.0 Introductions, Apologies and Declarations of Interest

120.1 Apologies were received from Philip Johnson. There were no declarations of interest, other than those previously recorded in the register.

121.0 Listening Session

121.1 There were three members of the public observing the meeting. Ronnie Alexander, Local Consumer Advocate, Wales; Clive Craske of UNISON; and Mathew Beech of Utility Week. Tim Clarke of CCWater was also attending in order to provide live tweets.

Clive Craske was interested to hear about social tariffs since UNISON had prepared a report on this matter which called for harmonisation of social tariffs.

122.0 Customer Case

Cath Jones joined the meeting 11.05 am

- 122.1 Carl Pegg summarised the written report which concerned a customer whose complaint was referred to the Water Redress Scheme (WATRS) which had been established to resolve disputes when customers and companies could not reach agreement. This was the first adjudication undertaken by WATRS.
- 122.2 Cath Jones told the Board that companies were concerned about the effect of receiving notifications from WATRS. CCWater had issued sixteen notifications since 1 April, of which four customers had contacted WATRS to make an application.
- 122.3 Philip Marshall said that there had been concerns that a significant initial peak in applications would cause operational difficulties for CCWater. This had not proved to be the case.
- 122.4 It was felt that CCWater had done a reasonable job in examining the initial complaint but that the Centre for Effective Dispute Resolution (CEDR), who administer WATRS, had looked at it from a different, more legalistic, perspective. CCWater would consider how to handle future complaints in light of CEDR decisions. Cath Jones stated that as further adjudications were made then CCWater would build up a body of knowledge.
- 122.5 It was noted that some companies were taking WATRS notifications seriously and one was opening an ADR file on every complaint.
- 122.6 Cath Jones said that the companies must pay £550 per case to WATRS but there was a reduced rate if resolved within 5 days.

Cath Jones left the meeting at 11.20 am

123.0 Minutes of Board Meeting in Public held on 7 October 2014

- 123.1 The Minutes of the Board meeting held in 7 October 2014 were accepted as an accurate record.

124.0 Matters Arising

- 124.1 There were no matters arising.

125.0 Chief Executive's Report

- 125.1 The Chief Executive summarised the written report.

- 125.2 **Price Review 2014** - this was now largely completed and had resulted in an average reduction of bills of 5% before the impact of inflation. One company, Bristol Water, had asked for its final determination to be referred to the Competition and Markets Authority (CMA). CCWater had given evidence on this matter to the CMA on 17 April 2015. Beyond this price review CCWater needed to ensure that customers remained at the heart of price setting.
- 125.3 **Social Tariffs** - it was pleasing that more customers could now get help paying their bills. There was still work to be done with social tariffs and it was down to each company to develop a plan but there was concern that this would lead to different solutions across England and Wales.
- 125.4 **Market Reform** - From 1 April 2017 the water and sewage market in England would be opened up to retail competition. This was a large project with tight timescales. CCWater would work with Government, Ofwat and Open Water to ensure that it would work for customers.
- 125.5 **Landlord liability in Wales** - Diane McCrea stated that this had become law in April. Many more registrations had been received than had originally been expected. Landlords in the Dee Valley area had been granted an extension of time in which to register their tenants. An update on the success of the scheme would hopefully be provided at the Wales Water Forum in June. The web portal for English landlords was opened on 5 May; in England the scheme was voluntary.
- 125.6 CCWater had a role in working with non household customers on debt management and some business customers were well known for being indebted. When the non household market opened up to competition the companies would need to consider how they handled business debt.
- 125.7 **Leakage** - Referring to 6.3.5 of the written report Bernard Crump stated that companies outside of the south east were also actively dealing with leaks. Some companies had committed to removing 50% of all visible leaks within 24 hours and Severn Trent was achieving 100% within 24 hours.

The Board noted the Chief Executive's report

Andy White joined the meeting at 11.40 am

126.0 Social Tariffs Update

- 126.1 Andy White summarised the written paper. CCWater had been pressing Governments and companies on affordability for some time. The Walker Review had recognised the problem and suggested that £400 million would be needed to resolve it. CCWater had undertaken research in 2010 to gather customer views. While the generality of customers wanted to see measures put in place to help indebted customers, the extent of their appetite for cross-subsidy was limited to £1 to £2, which at best could only raise £40 million.
- 126.2 As of April 2015 fifteen companies now had social tariffs, thirteen of which were customer funded and two were cost neutral.
- 126.3 In answer to a question around why Affinity Water had achieved such high levels of take up, Andy said this was partly due to the company being successful at promoting the tariff but was mainly due to the wide eligibility criteria established by Affinity.
- 126.4 CCWater was pressing companies to offer tariffs that were consistent in terms of scope and help, especially where there was an overlap in company areas provision. CCWater would continue to encourage all the companies to provide social tariffs, it would actively promote the concept of a national scheme and continue to pass on customer messages to Government.

The Board noted the Social Tariffs update

Andy White left the meeting at 12.05 pm.

127.0 Finance Report

- 127.1 Philip Lloyd summarised the written report and stated that a 1% underspend was an extremely good outturn. CCWater could carry over the underspend into the next financial year but, in line with other NDPBs, this would not be allowed in future years and any underspend would be returned to Treasury.

The Board noted the Finance Report.

128.0 Governance Paper

- 128.1 Miranda Nightingale summarised the written report.
The Board noted and approved the Register of Board Members Interests for 2015-16.

The Board noted the attendance at Board and Committee meetings for 2014-15.

The Board agreed that 2.3.2 from April 2014 could now be discharged and removed from the Outstanding Actions.

129.0 Wales and English Regional Committee Minutes

129.1 The Minutes of the following Wales and Regional Committees were presented to the Board:

- Northern Committee - 16 October 2014 and 12 March 2015
- Wales Committee - 10 March 2015
- London and South East Committee - 26 February 2015

129.2 Diane McCrea stated that the Wales Committee meeting in March had been held in Carmarthen and had been the last meeting with the departing LCAs. The new LCAs had also been in attendance. The theme of the meeting had been environment as the area had particular issues with diffuse pollution and estuarine pollution. The meeting had considered company activities and looked at the Price Review settlement. An update had been received from Welsh Government.

129.3 Tony Redmond stated that the new LCAs had been present at the London and South East Committee meeting in February. Each company had been asked to do a presentation on the final determination and their business plan.

129.4 In answer to a question around the benefits of holding these committees in public Tony Redmond stated that the companies were asked to illustrate in public exactly how they were performing. He felt it was important to challenge the companies in the meetings and hopefully generate more public interest.

The Board accepted the Minutes of the Wales and Regional Committees.

130.0 Any Other Business

130.1 **General Election 2015** - Tony Smith stated that the Right Honourable Elizabeth Truss had returned as Secretary of State for the Environment, Food and Rural Affairs and once the new Minister had been announced then we would write to them both. A meeting with the Minister would be sought as soon as possible. All new English and Welsh MPs would receive a letter from CCWater offering support with any water issues in their constituency. The EFRA Committee and the All Party Parliamentary Water Group would continue to be key stakeholders to CCWater. The relevant spokespersons for the Opposition would also be identified and contacted where necessary.

130.2 **Bournemouth Water** - Bernard Crump stated that Pennon Water was seeking to acquire Bournemouth Water and this had triggered an automatic referral to the CMA. The CEO of South West Water had offered assurances that they would continue to deliver a high level of service and that it was their preference to continue to hold two licences. Tony Smith thought it likely that CCWater would provide written and oral evidence to the CMA on this matter.

130.3 There was no further business to be discussed.

131.0 **Dates of Next Meetings**

131.1 The next meetings would be held on 9 June.

The Chair moved that, in accordance with the Public Bodies (Admissions to Meetings) Act 1960, further meetings of the Board held in Private Session would exclude members of the press and public, on the grounds of confidentiality.

The meeting closed at 12.30 pm.



Consumer Council for Water Board
Tuesday 3 November 2015
Agenda Item P7P
Paper 03 11 05P

Date:

22 October 2015

Title:

Wales Committee minutes

Report by:

Gary Fisher, Board Secretary

Responsible Lead:

Phil Marshall, Deputy Chief Executive

Paper for noting and discussion

Appendix: Yes (1)

Purpose

1. This paper is to present the formal minutes of the Wales Committee meeting of 22 September 2015.

Recommendations

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

CONSUMER COUNCIL FOR WATER (CCWATER)

WALES COMMITTEE

MINUTES OF THE 30th MEETING IN PUBLIC

Room L, City Hall

22 September 2015

Present: Wales Committee Chair Ms Diane McCrea
Wales Committee Ms Clare Evans
Mr Ronnie Alexander
Mrs Angela Davies-Jones
Mr Bob Gilchrist
Dr Lee Gonzalez

In attendance:

CCWater Chief Executive Mr Tony Smith
CCWater Deputy Chief Executive Mr Phil Marshall
Policy Manager Ms Lia Moutselou
Consumer Relations Manager Mrs Ceri Walsh
Policy Support Officer Mrs Farah Hasson

Representatives:

Dee Valley Water [DVW]
Chief Executive Mr Ian Plenderlieth
Head of Customer Services Mrs Wendy Jones
Customer Accounts Manager Mrs Sue Jones

Dŵr Cymru Welsh Water [DCWW]
Chief Executive Mr Chris Jones
Managing Director of Retail Services Ms Julia Cherrett

Natural Resources Wales [NRW]
Water Manager Mr Mark Squire

Welsh Government [WG]

Water Policy Team

Miss Liz Franks

Drinking Water Inspectorate [DWI]

Inspector (Operations)

Mr Frank White

Papers for this meeting are electronically available at:

<http://www.ccwater.org.uk/wp-content/uploads/2015/09/Agenda-and-Papers-for-CCWater-Wales-Committee-30th-Meeting-in-public-in-Cardiff-September-2015-21.pdf>

1 Welcome & Apologies

1.1 Diane McCrea (Chair) welcomed CCWater's new Wales Committee Local Consumer Advocates (LCAs) appointed in April 2015. Angela Davies Jones, is a practising solicitor from the Powys area, Bob Gilchrist, is a chartered civil engineer from Pentyrch area in Cardiff, and Lee Gonzalez, and is a university associate lecturer from central Cardiff. The Chair also welcomed Clare Evans and Ronnie Alexander, both of whom were reappointed in April 2015. More background information about the Wales LCAs can be found here:

<http://www.ccwater.org.uk/aboutus/lca/wales/>

1.2 It was noted that Teresa Parry, from Gelligaer Community Council, would discuss housing development issues in her council's area relating to lack of sewer capacity with the water company outside this meeting. There was no specific query recorded at the meeting.

1.3 The apologies received and the attendees at the public gallery are listed in Annex 2 of these minutes.

2 CCWater Key Working Priorities

Building on our success and review of activities

2.1 The Chair announced that the Wales Committee 30th meeting in public will be her last meeting as she bids farewell to CCWater after 10 years of service.

CCWater Wales Committee Activities

The recent activity of CCWater in Wales is reported in [meeting paper 15 30 02a \(pages 3-6\)](#).

2.2 The Chair highlighted the Wales Committee's meeting with the Drinking Water Inspectorate's in July 2015.

CCWater Consultation responses, publications and research

CCWater Wales' consultation responses and other important reports are reported in [meeting paper 15 30 02b \(pages 7-9\)](#).

- 2.3 The Chair noted that [CCWater's 2014-15 Water Industry Written Complaints report](#) was published on 17 September 2015. It is commendable that complaints to companies in Wales are continuing to drop.
- 2.4 Lia Moutselou [LM] explained that CCWater's [Annual Tracking Survey report](#), published in August 2015 indicates the need for more work with consumers on raising awareness on the option to opt for a meter, reverting to rateable value, eligibility for surface water rebates and water supply pipes responsibility in Wales.

Action: Companies and CCWater to work on raising awareness on the issues highlighted by the company specific results of CCWater's Annual Tracking survey issued in August 2015.

3. Minutes and follow up from CCWater's 29th Meeting in Public

- 3.1 The published minutes of the 29th Wales Committee meeting in public on 10 March 2015 were signed off as an accurate record of the meeting discussion [\[Paper 15 30 3a, pages 11-20\]](#).
- 3.2 Detailed progress on actions from previous meetings in public is contained in the papers [\[Paper 15 30 3b, pages 21-27\]](#) and the following key points were noted at the meeting:
- Chris Jones, Dŵr Cymru Welsh Water, commented on the improved efficiency of water and sewerage service incident reporting and review by DCWW to minimise impact of future events similar to the Treorchy incident - lessons learnt will be shared with CCWater. This was in response to a question from Ronnie Alexander asking that all high priority incidents, their review and lessons learnt be proactively communicated to CCWater in the future, especially noting their impact on customers.
 - Phil Marshall will be the CCWater lead in all future discussions of the Water Framework Directive at the Water Forum in Wales in response to Clare Evans' query on action CCW 30.4.5a.
 - CCWater thanked Dŵr Cymru Welsh Water (DCWW) and Dee Valley Water (DVW) for committing to CCWater's quarterly performance reports.
 - Both companies committed to the continuation of Customer Challenge Groups (CCG).
 - DCWW will hold two purpose-specific CCG meetings before the end of 2015.
 - DVW has held Customer Challenge Panel (CCP) meetings regularly since the final determination and committed to continuing work with a CCP.
 - Both companies are reviewing terms of reference and future membership of their CCGs.

- DCWW explained its CCG will be part of an on-going customer engagement strategy rather than targeting customers' views on the price review within a tight two year period.
- CCWater's representatives will remain Angela Davies Jones, DVW, and Clare Evans, DCWW. .
- Phil Marshall highlighted the [customer views](#) obtained by CCWater on the value and expectations of the CCGs, specifically their key roles in governance and customer engagement. Both companies echoed the importance of CCWater's findings.
- CCWater noted the importance of distinguishing between customer engagement and the discussion, challenge and scrutiny on what happens with the results of this engagement. This type of independent analysis and challenge from bodies like CCWater and the CCG membership collectively remain very important.
- Frank White, Drinking Water Inspectorate, commended the role of CCWater in challenging and collaborating with DCWW and DVW in adhering to CCGs and acting upon the emanating recommendations.

Action: Phil Marshall to continue to be the lead CCWater representative in future discussions of the Water Framework Directive until the new Wales Committee Chair commences his term at CCWater.

Action: CCWater to respond to the Diffuse Pollution discussions at Wales Water Forum and within the context of the Environment Bill development discussions.

4. Reflecting on performance and setting the agenda for the future

- 4.1 The Chair of the Wales Committee shared her reflections on 10 years of CCWater in a presentation that can be accessed in [30th Meeting in public presentations, pages 1-15.](#)
- 4.2 CCWater's key achievements include £2.2 million in customer rebates (£1.4m in surface water rebates) and an overall decline of customer complaints to both water companies and CCWater. Some of the Chair's additional reflections included:
 - Significant reductions in customers' bills.
 - Improvements in industry governance and transparency.
 - Advancements in customer service standards.
 - Incorporation of customers' views in affordability and assistance scheme discussions.
 - Recognition of CCWater as the respected water consumer representative body in England and Wales.
- 4.3 Tony Smith, Chief Executive of CCWater, provided a brief update on the centralisation of CCWater:

- CCWater will have two centralised offices, one in England (Birmingham) and one in Wales (Cardiff). This will help deliver a standardised approach to complaint handling in a more cost-effective way. Senior Customer Caseworkers (SCCs) will be allocated to each company becoming therefore familiar with their specific policies and issues as these arise.
- Whilst regional CCWater offices in England will be closing, CCWater will maintain its regional presence in England through Policy Managers and LCAs. CCWater's Board will also meet across England and Wales to ensure a visible and accessible presence with customers, water companies and key stakeholders.
- The restructure should be completed by the end of 2015.

CCWater Performance

- 4.4 Ceri Walsh [CW], Consumer Relations Manager in Wales, provided a report on company complaints [[Paper 15 30 4a, pages 31-38](#)] which included:
- Complaints against DCWW to CCWater dropped by 5%, whereas complaints against DVW dropped by 28%.
 - The emerging trend for 2015 thus far is a drop for DCWW and an increase for DVW, albeit in very small numbers for the latter.
 - The majority of the complaints to CCWater for both companies have been resolved through a direct reply.
 - DVW has shown an improved understanding of individual cases taking into account the customer's circumstances.
- 4.5 CW thanked DCWW for welcoming CCWater's involvement in the auditing of operational water complaints in August 2015. The accuracy of classification of complaints is an on-going discussion that emerged from that audit and CCWater continues to see an increase in water services complaints to its offices, mainly on water supply pipe repair responsibility.

Action: DCWW to share the company's internal audit report of water operational complaints following the audit that took place in August 2015.

Action: CCWater to visit DCWW in six months time to review response to August 2015 water services audit recommendations.

Water companies performance over AMP5, 2010-15

Dee Valley Water

- 4.6 Ian Plenderleith (IP), Chief Executive of Dee Valley Water (DVW), delivered a presentation [[30th Meeting in public presentations, pages 16-27](#)] which reported:
- Successful delivery of Ofwat's 2010-15 capital programme but a fine has been incurred for its underground water assets serviceability performance.
 - A reduction in complaints to the company and CCWater.
 - Dividends to shareholders have been frozen for the past two years.

- A reduction in the company's environmental impact by managing energy sources more efficiently.
 - DVW ranked third in the Service Incentive Mechanism (SIM) in the Year to Date (YTD) figures with no investigations by CCWater.
- 4.7 In addition to the company's successes, DVW has incurred a fine for its water service related performance at the end of the last prices review. DVW acknowledges the need to improve the company's performance on water quality in 2015-20. DVW update the meeting that:
- A pilot of 'rant and rave' customer feedback software has been undertaken by DVW. Preliminary 'rant' feedback has been mainly on operational incidents.
 - DVW will shift from quarterly billing to twice per year billing based on actual meter reading from April 2016.
 - Extension of DVW home visits to include vulnerable customers and not just customers in debt.
- 4.8 IP thanked CCWater and the Chair for their assistance and collaboration in the continually improving company performance.

Dŵr Cymru Welsh Water

- 4.9 Chris Jones [CJ], Chief Executive of Dŵr Cymru Welsh Water (DCWW), delivered a presentation on the company's performance [\[30th Meeting in public presentations, pages 28-43\]](#) that reported:
- The 2014-15 year has been the best year in company performance and environmental performance in the last Asset Management Period 5 (AMP 5).
 - DCWW stated it is the only water and sewerage company (WASC) in the industry to have reduced its sewerage works costs by 8.2%.
 - Unprompted feedback from customers produced more compliments than complaints, with two wastewater compliments for each complaint.
 - The company's 'Go-to-Green' accelerated investment programme addressed important water company failures that were a risk to public health and caused concern with its drinking water quality performance before 2010.
- 4.10 DCWW acknowledges it is currently facing the following challenges:
- The highest customer contact for water quality (taste, odour, and colour) per 10,000 connections was reported in 2014-2015.
 - The company's water quality mean zonal compliance has seen a slight drop since 2013-14 but delivering this target is recognised as a major challenge.
 - The company recognises it is emerging as a more consistent player rather than a better performer in SIM and is committed to achieving improvement.
- 4.11 DCWW announced its transition to three organisational parts, namely Retail, Water and Waste, and Support Services as part of its 2015-20 Business Plan Delivery Program.
- 4.12 DCWW is committed to reducing complaints of other categories to balance out the expected hike in complaints due to data sharing with Experian.

- 4.13 Company bills will include information in the future on how and when customers are eligible for a Surface Water Drainage rebate and will highlight that surface water charges are included to help customers understand what services they are paying for. DCWW confirmed it is considering the best way to include the information on the front of the bill.

Action: Agree amendments to bills relating surface water rebates to raise awareness for customers.

- 4.14 Angela Davies Jones asked if any research has been conducted on preferred methods of customer communication. She was interested to hear whether the company considered social media as a key customer engagement technique whilst acknowledging limitations to internet and social media access in some geographical locations in Wales. DCWW confirmed their commitment to adopting a wider approach when engaging with their wider customer base through assessing best practice techniques of which social media is only one method.
- 4.15 The Chair noted the importance of following the new emerging techniques of customer engagement for adopting best practice.
- 4.16 Whilst DCWW's performance reports were not discussed in detail, two queries were noted for follow up with the Wales Wales team.

Action: DCWW to provide the target figure for the number of properties on the at-risk of sewerage flooding register for 2020.

Action: DCWW to monitor and review the increase of billing & charging and metering complaints in the first quarter of 2015-16.

Drinking Water Quality

Overview of 2010-15 performance & key water quality issues and events

- 4.17 Frank White [FW], Wales Inspector, presented an update on the Drinking Water Inspectorate's (DWI) views on company performance in Wales [\[Paper 15 30 04d, pages 79-83\]](#) highlighting the following:
- Marcus Rink is appointed the new DWI Chief Executive.
 - DCWW and DVW performance is on a positive trajectory overall.
 - One enforcement action against Severn Trent Water in 2015 was reported to the DWI since the last meeting in public in March 2015 - there were none in Wales.
 - Wales' overall mean zonal compliance has improved, with fewer failures reported, after being slightly behind England.
 - DWI commended DCWW's 'Go-to-Green' accelerated investment programme as its benefits can be seen in performance metrics and the increased resilience of twelve water treatment works.
 - DWI also commended DVW's rebuilding works at Llwyn Onn which facilitated the supply of high quality drinking water.

- DWI recognises the challenge that companies in Wales have to reduce customer contact on water given that contact figures in Wales per 1,000 customers are almost double those of England. However, it is important that both companies continue working towards improving these figures.

Action: DWI to share review of lead solder or other lead failures in Wales with CCWater and through Water Health Partnership.

Natural Resources Wales update

Company performance over the past 5 years & Water Framework Directive delivery

4.18 Mark Squire [MS], Water Manager at Natural Resources Wales (NRW) gave the following update [[Paper 15 30 04d, pages 85-89](#)]:

- The current six indicators of the Environmental Performance Assessment are currently being reviewed; the end result may see that Wales have different indicators compared to the Environment Agency in England.
- Based on reflections on the past five years, NRW is pleased to observe an increase in company investments to comply with environmental performance.
- NRW acknowledged DCWW for its improvement of performance and the significant increase in self reporting.
- NRW recognises future challenges to companies including improving sewerage treatment works.

4.19 The Chair noted CCWater's continued interest in holding bilateral meetings with NRW with the main theme of maintaining the current good performance, and working on river basin liaison.

Action: NRW to consult with CCWater on the review of Environmental Performance Assessment indicators.

5 Water Strategy for Wales update

5.1 Liz Franks, Water Policy Team member at Welsh Government (WG), provided the following verbal update:

- The Water Strategy for Wales published in May 2015 includes a long term action plan with six priorities that include work on diffuse Pollution, Silk Commission recommendations on devolution, abstraction reform and affordability of charges.
- There are on-going discussions on the Silk Commission recommendations with Defra. ICF independent consultants were commissioned by WG to undertake a study to gather evidence on Silk and its implications. The report is expected in October 2015. The joint intergovernmental panel discussions on Silk will involve stakeholder engagement but workshop plans are postponed due to the priority drafting of a new Wales Bill.
- There is a consultation on the WG's charging guidance which will set the charging rules for companies in Wales. The deadline for the response is 11 October 2015.
- The Welsh Government Sustainable Drainage (SuD) standards will be issued in November 2015 following a summer consultation.

- Section 101a Guidance is at the final stage of getting Ministerial approval, and will be published end of October 2015.
- There is no specific update on Abstraction Reform and discussions on Diffuse Pollution are still on-going. A discussion will take place at the Wales Water Forum on 7th October.
- The WG Wales Water Forum terms of reference and membership will be reviewed (with a view to extend it). This is done with a view to facilitate the implementation of the Water Strategy for Wales.
- NRW will share a press release regarding the European infraction proceedings case on urban waste water treatment directive breaches.

6 Concluding comments and discussion

Setting the agenda for the next five years

- 6.1 The Chair concluded the meeting by stating that CCWater has become the acknowledged consumer body for water and sewerage but will still have key challenges in coming years. Despite the huge improvements in company performances there is more to be done particularly for customers with recurrent bad service.
- 6.2 TS thanked the Chair for her 10 years of achievements including the high level of customer rebates, significant policy changes, reduced charges for customers and improved price setting processes. He praised the Chair's past contribution as CCWater's board Vice Chair in ensuring all CCWater's work reflect the differences between Wales and other regions in England. TS noted that the Chair's lasting legacy is that customers have more influence now in decisions affecting their water and sewerage services than ever before.
- 6.3 CJ highlighted that the balance the Chair has achieved between being a critical friend to the industry and a consumer champion has been vital in driving DCWW forward and improving services for its customers. He welcomed the way that the company's improvements have been recognised in the process.
- 6.4 IP noted that the help, guidance and assurance provided by CCWater to DVW are a credit to the Chair and CCWater team as a whole. This has been the key driver in witnessing the current Welsh companies' performance improvements.
- 7 The Chair thanked the CCWater team, the water companies and all other stakeholders for their support and wished them continued success to better deliver for water customers in Wales.

8 AOB

The attendees were invited to join the Chair in the afternoon stakeholder event discussion.

Wales Committee Chair

Signed..... Dated.....

Annex 1- Follow up Summary

Reference	Action	Lead
2	Companies and CCWater to work on raising awareness on the issues highlighted by the company specific results of CCWater's Annual Tracking survey published in August 2015.	CCWater/ DCWW/ DVW
3.2	CCWater to respond to the Diffuse Pollution discussions at Wales Water Forum and within the context of the Environment Bill development discussions. Phil Marshall to continue to be the lead CCWater representative in future discussions of the Water Framework Directive until the new Wales Committee Chair commences his term at CCWater.	CCWater
4.5	DCWW to share the company's internal audit report of water operational complaints following the audit that took place in August 2015. CCWater to visit DCWW in six months time to review response to August 2015 water services audit recommendations.	DCWW CCWater/DCWW
4.13	Agree amendments to bills relating surface water rebates to raise awareness for customers.	CCWater/DCWW
4.16	DCWW to provide the target figure for the number of properties on the at-risk of sewerage flooding register for 2020. DCWW to monitor and review the increase of the billing & charging and metering complaints in the first quarter of 2015-16.	DCWW DCWW/CCWater
4.17	DWI to share review of lead solder or other lead failures in Wales with CCWater and through Water Health Partnership.	DWI
4.19	NRW to consult with CCWater on the review of Environmental Performance Assessment indicators.	NRW

Annex 2- List of attendees in public gallery and apologies

Attendees at the public gallery:

Glas Cymru	Frank Rowberry Keith Pratley Alwyn Rowlands John Graystone
Welsh Government	Cat Osborne
Health Inspectorate Wales	Kate Chamberlain
Gelligaer Community Council	Teresa Parry
Citizens Advice	Delyth Jewell
Former CCWater LCA	Mansel Thomas
Consumer Council for Water	Janine Shackleton Laura Clougher Jon Johnson Julie Hill

Apologies:

Consumer Council for Water	Alan Lovell
Dŵr Cymru Welsh Water	Lisa Bennett Karen Wenborn Pete Perry Heulyn Davies
Dee Valley Water	Natalie Hall
Welsh Government	Olwen Minney James Dowling
Drinking Water Inspectorate	Sue Pennison Marcus Rink Jacqueline Atkinson
Natural Resources Wales	Selby Le Roux

	Peter Matthews
Glas Cymru	Jim Driscoll Ted Sangster
Assembly Members	Aled Roberts Sandy Mewies Graham William Janet Finch-Saunders Julie James Simon Thomas Jackie Redford
Members of Parliament	Chris Davies David Jones Carolyn Harris
Albion Water	Keith Edwards
Age Cymru	Graeme Francis
Ofwat	Cathryn Ross
SSE Enterprise Utilities	Anthony Giblin
Energy Savings Trust	Duncan McCombie
Higher Kinnerton Community Council	Liz Corner
Pwllheli Town Council	Robin Hughes



**Consumer Council for Water
Finance and Resources Committee
Agenda Item P8P
Paper 03 11 06P**

Date:
22 October 2015

Title:
Finance report

Report by:
Usha Nayyar

Responsible Lead:
Philip Lloyd, Interim Head of Corporate Services

Paper for noting and discussion

Purpose

1. The purpose of this report is to provide a summary of financial performance to the Board.
2. Detailed reports and supporting information are provided to our budget holders and users of financial information on a monthly basis for the purpose of continuous budget management. Formal budget reviews are held quarterly or earlier if required.

Recommendations

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

Background

4. CCWater is funded by water customers via licence fees levied on the water and sewerage companies. The licence fee for this year is £5.13m. These licence fees are collected by OFWAT but are held by our sponsor departments Defra and Welsh Government (WG). We draw down our funds from Defra, based on our need on a quarterly basis.
5. Our budget for 2015-16 is £5.724m which includes £594,300 carried forward from prior years savings, that we accumulated by managing the finances tightly in previous years. We have been informed by Defra that the carry forward of funding will no longer be allowed in the future and therefore the emphasis now of CCWater's financial management is to ensure that there is full expenditure of the budget within the year. The capital budget is subject to Defra approval.

Analysis

Performance against budget

6. In the period April to September 2015 we spent 27% of our research budget and 44% of our total budget as shown in Table one.

Table one

Expenditure Type	Spend to September £000s	Budget to September £000s	Variance £000s	% Variance	% Spend of the Budget	Total Budget 2015-2016 £000s
Administrative costs (excl Research Services)	2,324	2,457	133	5	46	5,094
Research Services	160	171	11	6	27	598
TOTAL ADMIN COSTS	2,484	2,628	144	5	44	5,692
Depreciation & Non Cash items	16	16	0	0	50	32
OVERALL TOTAL	2,500	2,644	144	5	44	5,724

7. Currently we have an overall underspend of 5% or £144k. However we have plans to spend this underspend on research and consultancy projects. These projects are currently being reviewed and once agreed by the Executive Team will be profiled.

The detailed profiling of activity can be found in Annex one (by cost centre) and Annex two (by activity). In summary:

Underspends

- Staff Costs 3% or £53,370 underspend mainly due to vacancies in Consumer Relations team for Customer Caseworkers and Senior Customer Caseworkers and Policy Managers, which are currently being recruited.
- Computer Services 11% or £12,545 underspend due to minor underspends across all types of IT expenditure.
- Training 53% or £19,475 due to fewer requests for training than estimated. Training support has also been paid through the restructure project. In year reviews may lead to more demand.
- Office Support Services 12% or £10,660 due to alternative suppliers and compatible printer solutions being purchased.

Overspends

- Central, Consumer Relations team is currently overspending on staffing due to staff departures in regions and staff being recruited into the central team (Birmingham).

Finance report

- Policy overspending on staffing costs due to agency staff covering the Policy Support officer's role.

Profiling

- Research Services underspend of 6% or £10,565 mainly due an underspend on a research project.
- Personnel Overheads underspend of 20% or £19,199 mainly due to underspends on Board, Corporate Services, Policy and Consumer Relations teams.
- Publicity Library & Parliament underspend of 7% or £2,794, which is expected to correct later in the year.
- Accommodation underspend of 4% or £15,586 which is expected to correct later in the year.

Review of Budget Allocations

8. Each quarter Finance reviews the budget allocation and expected spend with the budget holders. Any recurrent underspends are used to fund unbudgeted expenditure.

Work in Progress

9. The Executive is continuing to review budget expenditure and requirements for 2015-16. Within the last three months discussions have taken place with Defra regarding the possibility of CCWater contributing towards Defra's saving targets in 2015-16. These discussions are concluding at the time of writing and a verbal update on the outcome will be given to the Committee.

Annex One

COST CENTRE TITLE	SPEND TO Sep 15	% OF OFFICE	PROFILE TO Sep 15	VAR Sep 15	VAR %	FULL YR BUDGET	OFFICE %
CHIEF EXECUTIVE OFFICE	171,150	7%	172,125	975	1%	329,698	6%
BOARD (EXCLUDING WALES CHAIR)	166,814	7%	170,634	3,820	2%	353,654	6%
TOTAL CHIEF EXECUTIVE	337,964	14%	342,759	4,795	1%	683,352	12%
POLICY	106,486	4%	101,982	-4,504	(4%)	204,987	4%
SOCIAL POLICY	63,605	3%	74,325	10,720	14%	139,456	2%
ENVIRONMENT	100,648	4%	111,173	10,525	9%	222,908	4%
REGULATION	166,718	7%	171,467	4,749	3%	373,247	7%
MARKET INTELLIGENCE	154,792	6%	169,294	14,502	9%	580,886	10%
WALES POLICY & CHAIR	38,059	2%	39,004	945	2%	77,648	1%
CENTRAL AND EASTERN LCAs	10,456	0%	11,658	1,202	10%	23,240	0%
NORTHERN LCAs	7,635	0%	10,810	3,175	29%	21,464	0%
WALES LCAs	15,864	1%	15,150	-714	(5%)	30,500	1%
WESTERN LCAs	12,513	1%	13,250	737	6%	25,740	0%
LONDON & SOUTH EAST LCAs	16,494	1%	16,470	-24	(0%)	33,360	1%
TOTAL POLICY	693,269	28%	734,583	41,314	6%	1,733,436	30%
COMMUNICATIONS	126,446	5%	125,659	-787	(1%)	260,305	5%
TOTAL PUBLIC RELATIONS	126,446	5%	125,659	-787	(1%)	260,305	5%
CORPORATE SERVICES	463,348	19%	484,522	21,174	4%	929,481	16%
FINANCE & RESOURCES	76,322	3%	81,472	5,150	6%	163,624	3%
ICT SERVICES	45,744	2%	51,776	6,032	12%	103,016	2%
TOTAL CORPORATE SERVICES	585,413	23%	617,770	32,357	5%	1,196,121	21%
CONSUMER RELATIONS	184,524	7%	273,889	89,365	33%	511,747	9%
CENTRAL & EASTERN	154,080	6%	123,858	-30,222	(24%)	223,921	4%
NORTHERN	120,299	5%	121,827	1,528	1%	221,734	4%
WALES	59,306	2%	59,772	466	1%	125,952	2%
WESTERN	48,455	2%	55,308	6,853	12%	98,556	2%
LONDON & SOUTH EAST	151,402	6%	152,775	1,373	1%	263,014	5%
TOTAL CONSUMER RELATIONS	718,067	29%	787,429	69,362	9%	1,444,924	25%
CONTINGENCY FUND	0	0%	0	0	0%	28,000	0%
STRATEGIC PROJECTS	7,676	0%	7,676	0	0%	22,242	0%
RESTRUCTURE COSTS	14,846	1%	12,000	-2,846	(24%)	324,000	6%
DEP'N & NON CASH ITEMS	15,960	1%	15,960	0	0%	31,920	1%
CCWATER GRAND TOTAL	2,499,640	100	2,643,836	144,196	5%	5,724,300	100

Annex Two

	MONTH		YEAR TO DATE Actual to Sep 15	Budget to Sep 15	Variance	Var %	BUDGET	
	Actual Sep 15	Budget Sep 15					Remaining	Total
TOTAL STAFF COSTS	279,013	283,308	1,680,609	1,733,979	53,370	3%	1,987,330	3,667,939
RESEARCH SERVICES	10,532	24,009	160,172	170,737	10,565	6%	437,975	598,147
TOTAL PERSONNEL OVERHEADS (Excluding Training)	9,989	15,427	76,685	95,884	19,199	20%	130,024	206,709
TRAINING	5,102	12,917	17,027	36,502	19,475	53%	41,973	59,000
PUBLICITY, LIBRARY & PARLIAMENT	6,243	6,596	37,132	39,926	2,794	7%	49,348	86,480
COMPUTER SERVICES	16,583	17,553	99,273	111,818	12,545	11%	135,814	235,087
OFFICE SUPPORT COSTS	17,331	17,248	78,703	89,363	10,660	12%	104,524	183,227
ACCOMMODATION	53,445	58,490	334,081	349,667	15,586	4%	321,710	655,791
SUB TOTAL	398,238	435,548	2,483,680	2,627,876	144,196	5%	3,208,700	5,692,380
DEPRECIATION & NON CASH ITEMS	2,660	2,660	15,960	15,960	0	0%	15,960	31,920
OVERALL TOTAL	400,898	438,208	2,499,640	2,643,836	144,196	5%	3,224,660	5,724,300