



**Consumer Council for Water Board Agenda
Meeting in Public
Tuesday 10 January 2017 (09:30)
Austin Court
80 Cambridge Street
Birmingham, B1 2NP**

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

Attending Christina Blackwell, Policy Manager
Steve Grebby, Policy Manager

CCWater: Deryck Hall, Head of Policy and Research
Phil Marshall, Deputy Chief Executive
Carl Pegg, Head of Consumer Relations and Communications
Marie Perry, Head of Finance and Procurement
Jenny Suggate, Senior Policy Manager
Alison Townsend, Board Secretary

Richard Powell, Local Consumer Advocate
Paul Quinn, Local Consumer Advocate

Stakeholders presenting: Paul Baxter, Head of Energy and Renewables, Severn Trent Water
Liv Garfield, Chief Executive, Severn Trent Water
Phil Newland, Managing Director, South Staffordshire Water

Item	Agenda Item	Time	Paper	Lead
	Tea and coffee welcome for public attendees (30 minutes)	09:00	Verbal	Alan Lovell
	Introduction			
P1P	Introductions, apologies and declaration of interests (5 minutes)	09:30	Verbal	Alan Lovell

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Item	Agenda Item	Time	Paper	Lead
Governance				
P2P	Approval of the Minutes of the public Board meeting held on 6 December 2016 and any Matters Arising (5 minutes)	09:35	10 01 01	Alan Lovell
P3P	Adjustment to Remuneration Committee Terms of Reference (5 minutes)	09:40	10 01 02	Alison Townsend
P4P	Monthly Finance report (10 minutes)	09:45	10 01 03	Marie Perry
Stakeholder session				
P5P	Part 1 - To hear from the water companies about the delivery of their investment programmes and customer commitments including how they have amended their plans over the period and engaged with customers in this process.			
	(i) Severn Trent Water (30 minutes)	10:00	presentation	Liv Garfield, Chief Executive
	(ii) South Staffordshire Water (30 minutes)	10:30	presentation	Phil Newland, Managing Director
Comfort break 11:00 - 11:15				
	Part 2 - Renewable Energy: to hear from Severn Trent on its thinking about on renewable energy and how it sees the market developing. (30 minutes)	11:15	Presentation	Paul Baxter, Head of Energy and Renewables
P6P	Listening Session (10 minutes)	11:45		
Reporting				
P7P	Chief Executive's Report on CCWater achievements and performance (10 minutes)	11:55	10 01 04	Tony Smith

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Item	Agenda Item	Time	Paper	Lead
	Policy and strategy			
P8P	Raising CCWater's profile: update on progress and plans for further work (10 minutes)	12:05	10 01 05	Richard Emmett
P9P	Regional round up (20 minutes)	12:15	10 01 06	
P10P	Other Business (5 minutes)	12:35	Verbal	Alan Lovell
P12P	Date of next meeting			

The next meeting in public will be on 7 March 2017 in Taunton

Close 12:40

P11P Private Business

To agree if, in accordance with the Public Bodies (Admissions to Meetings) Act 1960, the following private meeting of the Board should exclude members of the press and public on the grounds of confidentiality.

Note: If you have any queries about the agenda and documents for this meeting or would like to attend the meeting please contact alison.townsend@ccwater.org.uk

**Consumer Council for Water
Minutes of the Board meeting in Public
9:00 on Tuesday 6 December 2016
Wales Millennium Centre, Cardiff**

Present:-

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

Stakeholders: Ann Beynon, Severn Trent
Julia Cherrett, Dŵr Cymru
Peter Davies, Dŵr Cymru
Natalie Hall, Natural Resources Wales
Andy Hughes, Severn Trent Water
Sue Jones, Dee Valley Water
Catherine Osborne, Welsh Government
Peter Perry, Dŵr Cymru
Ian Plenderleith, Dee Valley Water
Alun Shurmer, Dŵr Cymru
Kevin Ullah, Member of the public
Frank White, Drinking Water Inspectorate
Eifiona Williams, Welsh Government

CCWater: Ronnie Alexander, Local Consumer Advocate
Bob Gilchrist, Local Consumer Advocate
Lee Gonzales, Local Consumer Advocate
Deryck Hall, Head of Policy and Research
Phil Marshall, Deputy Chief Executive
Lia Moutselou, Policy Manager
Jade Painter, Policy Support Officer
Carl Pegg, Head of Consumer Relations and Communications
Marie Perry, Head of Finance and Procurement
Siân Phipps, Local Consumer Advocate
Alison Townsend, Board Secretary
Andy White, Senior Policy Manager

46P Apologies and declarations of interest

46.1P The Chair welcomed stakeholders and members of the public to the meeting. The Chair made reference to the recent Sustain Wales awards at which Dŵr Cymru had received the Sustainable Innovation award for its Rainscape project and Lia Moutselou had been nominated in the Sustainable Social Enterprise category for Lia's Kitchen. The Chair congratulated all the winners and nominees.

Apologies

46.2P Apologies had been received from Angela Davies-Jones, Local Consumer Advocate; Clare Evans, Chair - Dee Valley Water Customer Challenge Group; and Diane McCrea, Chair - Natural Resources Wales.

Declarations of interest

46.3P No Board member declared any interest relevant to the matters before the Board or change to their entry in the register of interests.

47P Listening Session

47.1P Members of the audience were asked if they wanted to raise any issue or ask a question of the Board. The following points were raised:-

- if, given the ageing population of the UK, water companies had plans to train front line staff to deal with customers with conditions such as dementia. The water companies recognised that conditions of this nature were becoming more prevalent and confirmed that staff training was taking place in this area;
- if any action was planned to reduce lead in drinking water. There was a recognition that lead in drinking water was a key issue, and it was suggested that there was a need to work creatively to address it. It was suggested that action for those whose businesses concerned providing care for others, for example child-minders, might have greater priority; and
- if water companies had plans to upgrade the sewerage infrastructure. Dŵr Cymru indicated that feedback from customers had indicated they considered prevention of internal flooding to be their priority. Dŵr Cymru explained that this matter was kept under review so that capital programmes could be expanded to include sewer improvement where appropriate. In terms of surface water drainage, a 'Rainscape' programme was in place to implement sustainable solutions. The programme had started in areas where there were known issues but would be rolled out across Wales over time in partnership with other organisations such as Local Authorities.

48P Debt and affordability

48.1P The Board received presentations from the three water companies serving Welsh customers on the subject of debt and affordability. Each presentation was followed by a discussion with the Board and those present at the meeting. The following issues were raised in the presentation and discussion.

Dŵr Cymru

48.2 Dŵr Cymru gave a brief presentation that gave an overview of the business, examined the support tariffs that it offered, and outlined its work to support vulnerable customers. The Board heard that there was strong support within Dŵr Cymru's customers for social tariffs and noted the additional subsidy from Dŵr Cymru for this. The following points were discussed:-

- how successful the support offered was in reducing debt, and if this led to a growth in the percentage of customers making payments. Dŵr Cymru indicated that they considered the first step was to get customers into a routine of making payments. In the longer term, the level of payment might increase but initially the key was to get individuals making regular payments;
- the Board heard from a local landlord, on his initially poor experiences with debt control arrangements at Dŵr Cymru. The Board noted that there was a legal requirement in Wales for landlords to register tenants with water companies and heard about the work that Dŵr Cymru was doing to raise awareness of the obligations on landlords;
- the Board enquired if Dŵr Cymru had a strategy to identify potentially vulnerable customers in isolated rural communities. The Board heard about work with other local agencies in this area and noted the frustrations experienced with limitations around sharing information on vulnerable customer between organisations.

Dee Valley Water

48.3 The Board received a presentation that considered the initiatives and payment plans offered to customers of Dee Valley Water as well as work with other organisations to identify and support vulnerable customers. The following points were discussed:-

- the Board asked how Dee Valley identified customers on the edge of vulnerability. The Board heard about the interaction between the meter reading and home visit services that enabled financial assistance to be targeted to those in need. Initiatives to raise awareness via food banks and Department of Work and Pensions offices were also discussed. The Board noted that the Dee Valley offices also operated as a frontline help and advice point, and that around 7% of customers used this facility;

- the Board enquired about arrangements for helping customers who also needed help with sewerage charges. The Board noted that Dee Valley worked closely with Dŵr Cymru to refer customers where appropriate; and
- the Board asked if Dee Valley had a target number of customers it wanted to support. The Board noted that there was no target set, but that the aim was to provide assistance to as many customers as possible.

Severn Trent Water

48.4 The Board received a presentation that gave an overview of Severn Trent's business and the initiatives it operated in relation to debt and affordability. The following points were discussed:-

- the Board pointed out that the percentage of customers helped by Severn Trent in Wales was lower than that in England and enquired if there was any work planned to raise awareness of the support available in Wales. The Board heard about work taking place with partners including Citizens Advice Bureau, Auriga and food banks on this;
- the Board enquired how efficiencies achieved over the current pricing period (2015-20) would affect/benefit vulnerable customers. The Board were advised that efficiencies would enable the funds put into the Severn Trent trust fund to be increased;
- the Board was concerned that the presentation suggested that less than 1% of Severn Trent customers were supported by the schemes available, this was significantly less than the figures for Dwr Cymru and Dee Valley. Severn Trent explained that the figures presented did not reflect all help available, and when this was added together around 10% of customers were being helped;
- the Board enquired about the approach taken with vulnerable customers in a situation that was unlikely to change but who need to go through an annual review to qualify for assistance. Severn Trent recognised that this was not an efficient approach and that it could create a burden for customers; the benefits of the use of data to understand customer situations were recognised.

48.5 The meeting moved to a general discussion that included the benefits of sharing data across organisations including other utility providers and Local Authorities. The Board recognised the potential data protection issues and noted that consideration was being given to ways that information could be shared. Dee Valley reported on an event planned with its stakeholders and utilities to look at ways to work together effectively.

48.6 CCWater recognised the benefits that cross utility working could bring, and emphasised that if permission was obtained at the outset then it should be possible to share customer data.

49P Household competition

49.1P The Board received a verbal update on the prospects for retail competition for household water customers in England following Ofwat's submission of its final Cost-Benefit Analysis conclusions to Government in September. It was noted that the Chancellor's Autumn Statement had not included any reference to plans, or otherwise, for household competition. It was possible that this might be included in a future Ministerial Statement. In the meantime, CCWater would review and update relevant policy positions.

50P Board Forward Look

50.1 The Board considered and noted a paper that presented its Forward Look that set out a schedule of topics for discussion at its meetings throughout 2017/18. The document also included identified regions/Wales for its public meetings and dates for Board Committees. The Board noted that discussion topics were not fixed but would be adjusted as matters progressed and priorities became clearer.

50.2 The Board received a short update on the discussions topics planned at its next two public meetings in January and March 2017.

The Board approved the 2017/18 Board Forward Look including the locations for Board meetings in public and dates for Board Committees.

51P Staff Engagement Update

51.1 The Board considered and noted an update on work to implement actions arising from the 2016 staff survey, engagement activities with LCAs and plans for future internal engagement activities. The Board enquired about arrangements for the next staff survey, and noted that this was planned for January 2017.

52P Dee Valley Water - proposed acquisition by Severn Trent Water

52.1 The Board received a short update from CCWater on recent takeover bids for Dee Valley Water by Ancala Fornia, an infrastructure fund, and Severn Trent Water. Ancala Fornia had begun the bidding process in October. Ancala Fornia were subsequently outbid by Severn Trent and returned with a slightly higher bid but were outbid by Severn Trent again. The current offer by Severn Trent is £84m. The takeover would mean a merger of two water companies and so the matter was automatically referred to the Competition and Markets Authority (CMA). CCWater has set out its position in response to a request for its view on a number of points put to it by the CMA.

52.2 The Board briefly discussed the issue and emphasised that the key issue for CCWater should be to ensure that customers of Dee Valley did not experience deterioration in service as a result of any takeover.

52.3 The Board discussed the intention of Severn Trent to hold two licences, one in England and one in Wales, and noted that this approach had not been favoured by Ofwat in previous situations.

53P Chief Executive's Report on CCWater achievements and performance

53.1P The Board considered and noted a paper that outlined the key activities and achievements of CCWater since the Board last met in public in October 2016. The Chief Executive briefly highlighted aspects of the report including:-

- research activity underway in relation to affordability;
- the recently published 'Delving into Water' report that informed consumers about the performance of water companies in a number of service areas. The Board received an overview of the findings of the report;
- take up levels of the WATRS water redress scheme;

53.2 The Board went on to discuss aspects of the update particularly whether the actions of water companies were sufficiently focused on outcomes, and if there was an acceptable level of leakage. CCWater recognised that while water company performance levels were improving there was still work to do.

53.3 The Board noted that this year had seen a slight improvement in leakage levels after several years of rises. Recently CCWater had used the Delving into Water report and conference speeches to encourage water companies to reduce leakage beyond targets agreed with Ofwat. The view of CCWater was that if customers were asked to use water wisely then they should be able to expect water companies to find and fix leaks. The Board noted that unfortunately water companies have been reluctant to do this it would go beyond the Sustainable Economic Level of Leakage - where the cost of fixing leaks is perceived to be greater than the cost of obtaining water from another source. The Board noted that it was likely this would change as water resources were increasingly constrained due to population growth and climate change.

53.4 The Board pointed out that some comparisons between Performance Commitments and Outcome Delivery Incentives were difficult as there was limited commonality across measures. The Board was advised that Water UK had set up a working group to look at developing common definitions for leakage, sewer flooding and supply interruptions.

53.5 The Board noted that the WATRS independent panel was concerned about the low number of customers that had decided to approach the scheme in relation to their complaint. The Board briefly discussed this matter, and it was suggested that clearer signposting in CCWater's closure letters to differentiate its role from the WATRS scheme could help.

54P Minutes of the Board meeting in public held on 4 October 2016

54.1P The Board agreed the minutes of its meeting in public held on 4 October 2016 as a true record.

55P Advisory Committee - review of terms of reference

55.1P The Board considered a paper that presented proposed amendments to the terms of reference for the Advisory Committee. The Board had requested these be reviewed during its discussions on adjustments to the Code of Governance on 1 November 2016 (minute 54 refers).

The Board approved the terms of reference for the Advisory Committee as presented.

56P Wales/regional committee minutes

56.1P The Board considered and noted the minutes from the following Wales/Regional Committees:-

- Central and Eastern Committee meeting, 27 September 2016;
- Northern Committee meeting, 29 September 2016; and
- Welsh Committee meeting, 29 September 2016.

56.2 The Chairs of each Committee gave a brief overview of the key issues discussed at each meeting.

57P Monthly Finance Report and Forecast

57.1P The Board considered and noted a paper that summarised the financial performance of CCWater to end October 2016. The Board was advised that the forecast year end outturn was a £90k underspend. The reasons for this underspend were briefly outlined to the Board.

58P Wales/regional chairs' update

58.1P The Board considered and noted a paper that updated it on strategic matters in each of the English regions/Wales. Each Chair gave a brief supplementary verbal update and key points raised included:-

- the Ofwat Company Monitoring Framework that had recently been published. The Board noted that Severn Trent had moved to 'self assured' status;
- complaint figures for Hartlepool Water that were likely to increase as a result of two recent incidents in the area; and
- concerns about the mismatch between the five year price review period and water company long term investment plans.

59P Other business

59.1P Ian Plenderleith made reference to the proposed takeover of Dee Valley Water by Severn Trent Water and indicated that it was likely that this would be the last CCWater meeting in public he would attend. He thanked all present for the support they had given to Dee Valley Water and to him over the years. The Chair noted that the competitive bidding process for Dee Valley was a tribute to how far the company had progressed during Ian's tenor.

59.2P In accordance with the Public Bodies (Admissions to Meetings) Act 1960 the next meeting of the Board in Private Session would exclude members of the press and public on the grounds of confidentiality.

The meeting closed at 12:40

Consumer Council for Water Board
Agenda Item P3P
Paper 10 01 02

Date:

10 January 2016

Title:

Remuneration Committee - adjustment to title and Terms of Reference

Report by:

Alison Townsend, Board Secretary

Responsible Lead:

Phil Marshall, Deputy Chief Executive

Paper for decision

Annex: yes

Purpose

1. To present adjustments to the Remuneration Committee title and Terms of Reference to the Board for approval.

Recommendations

2. The Board is recommended to agree:-
 - (i) that the Remuneration Committee be renamed the “Human Resources and Remuneration Committee”; and
 - (ii) the adjustments to the terms of reference for the Human Resources and Remuneration Committee as set out at Annex A to this paper.

Background

3. At its meeting on 1 November the Board reviewed its Code of Governance including the Terms of Reference for the Remuneration Committee. The updated Terms of Reference were presented to the Remuneration Committee at its meeting on 6 December. The Committee requested that consideration be given to further minor adjustments to the title of the Committee and its terms of reference. The changes were suggested to reflect the Committee’s wider responsibility for the oversight of

Remuneration Committee - adjustment to Terms of Reference

human resources as a result of the removal of the former Finance and Resources Committee.

4. The updated Terms of Reference are included at Annex A to this paper with adjustments indicated by tracked changes and comments.

Annex list:-

Annex A - Remuneration Committee - annotated terms of reference

HUMAN RESOURCES AND REMUNERATION COMMITTEE: TERMS OF REFERENCE

Comment [TA1]: Adjustment to title to reflect wider remit

E1. Authority

- E1.1 To carry out its duties the Committee may seek such information as it requires and may call for the employment of legal and other professional advisers to inform its activities.
- E1.2 Advice from the Committee in respect of the appointment, performance objectives and remuneration of the Chief Executive on appointment and any subsequent material changes thereto are subject to Council decision and the Secretary of State's approval.

- E1.3 Decisions of the ~~Remuneration~~ Committee in respect of the annual evaluation of the Chief Executive's performance and determining the level of any related pay are made on behalf of the Council. The minutes of the ~~Remuneration~~ Committee setting out the outcome of the evaluation will be submitted for information to the next Council meeting.

Comment [TA2]: Adjusted for consistency of terminology throughout document

E2. Duties

- E2.1 Advise the Council on the initial appointment, remuneration terms and performance objectives of the Chief Executive.
- E2.2 Receive from the Chair, who is responsible for the monitoring and evaluation of the Chief Executive, recommendations with regard to performance objectives, any changes to the salary and performance bonus of the Chief Executive and then to determine on behalf of the Council the performance objectives and whether the Chief Executive should receive any increases in salary or performance bonus subsequent to his initial appointment and the amount of any such increases.
- E2.3 Act on the Council's behalf in relation to staff remuneration, including:
- staff pay
 - terms and conditions of staff (in addition to those relating directly to the Chief Executive)
 - redundancy and redeployment
 - job evaluation
- E2.4 Comment when appropriate to the Chief Executive on the performance of senior executives reporting to him/her in order to assist in his/her appraisal of them.

E2.5 Carry out monitoring and provide oversight of human resources matters at CCWater.

Comment [TA3]: To clarify responsibilities in this area

- E2.6 Consider and advise the Council on the following:-

Remuneration Committee - adjustment to Terms of Reference

- performance management
- recruitment and retention
- staff development and training
- staff communications
- organisational development
- high level policies relating to Health and Safety

E3. Membership

- E3.1 The Committee is appointed to by the Council and is made up of at least three Board members appointed by the Council. One of the members appointed shall be nominated by the Council to Chair the committee. The quorum is three members.
- E3.2 Membership of the Committee will be reviewed and confirmed by the Council annually at the end of each financial year.
- E3.3 The Board Secretary will normally be in attendance. Other individuals will attend by invitation as determined by the Committee.

E4. Meetings

- E4.1 The Committee shall meet at least twice a year and shall, if it thinks appropriate to do so, ask members of the Council's staff or specialists from outside the Council to attend meetings. The Board Secretary shall act as Secretary to the Committee.
- E4.2 No member of staff shall be present at any meeting when his or her own terms and conditions of service are discussed.

E5. Reporting procedures

- E5.1 The minutes of the Committee will be submitted to the next available meeting of the Council for receipt and the Chair of the Committee will draw the Council's attention to any significant items or recommendations.

Consumer Council for Water Board
Paper P4P
Agenda Item 10 01 03

Date:

10 January 2017

Title: Monthly Finance Report and Forecast

Report by:

Usha Nayyar, Marie Perry

Responsible Lead:

Marie Perry, Head of Finance & Procurement

Paper for noting

Purpose

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

Recommendations

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

Summary Financial Performance

3. In November, actual spend was £406k, a variance of £13k (3%) compared to a budget of £419k.
4. In the period April 2016 to November 2016 our expenditure is £64k (2%) less than budget. The main variances are on pay due to vacancies and the release of a provision for pay awards, and research and consultancy.
5. The forecast for the full year is £5.256m compared to the budget of £5.295m, an under spend of £39k (1%).
6. Our budget for 2016/17 is £5.295m including £165k which has been carried forwards from 2015/16. There is no approved capital budget and any capital expenditure is subject to Defra approval. As we are planning capital spend on the re-configuration of accommodation of our Birmingham offices, we are planning a budget transfer of £50k from revenue to capital. This is not expected to be challenged by Defra.

In Month Performance against budget

Finance report

7. In November, actual spend was £406k compared to a budget of £419k, mainly due to the following:
- Research Services under spending by £27k, £10k due to the Market Reform consultancy call off contract and £5k Review of CCW PR14 briefing notes has being re-profiled to later in the year, these contracts are expected to spend to budget.
 - Training budget is over spent in month by £6k due to £3.4k on handling challenging calls in telephony environment training in month.
 - Accommodation costs are over spent in month by £5k due to a number of small variances due to re-profiling of the budgets following the agreement of the new lease for our Birmingham offices. The full year forecast is to spend to budget.

Year to Date Performance against budget

8. The overall underspend is £64k. A detailed breakdown can be found in Annex one (by cost centre) and two (by activity). The summary explanations below focus on variances against budget of over £5k or 10%:

Table 1: Summary CCWater's financial performance 1 April 2016 to 30 November 2016

Expense Type	Actual to November £000s	Budget to November £000s	Variance £000s	% Variance	% Spend of the Budget	Total Budget 2016-2017 £000s
Staff Costs	2,187	2,229	42	2	63	3,446
Research & Consultancy	236	265	29	11	36	663
Personnel overheads	155	150	(5)	(4)	64	242
Other Administrative costs	617	615	(2)	0	66	929
Depreciation & Non Cash items	7	7	0	0	47	15
OVERALL TOTAL	3,202	3,266	64	2	60	5,295

Variances by Expense Type

- All year to date variances are taken into account within the full year forecast.
- Under spend on staff costs due to the release of a provision for the 2015 Performance Related Pay awards for staff of £18k and £24k due to customer caseworker vacancies in the Consumer Relations team.
- Under spend on research and contracts of £29k projects. However, the Policy team will continue to look for opportunities for further projects to reduce this under spend.
- Over spend on personnel overheads of £6k due to increased travel and subsistence claims for the policy teams. This has been reflected in the forecast.
- Overspend on training budget of £8k due to training plans being approved and courses being booked for staff. This is consistent with the approach of the Executive team, to encourage

Finance report

staff retention and development, an additional £9k has been transferred from other budgets to supplement the training budget.

14. Other variances are less than £5k or 10% against budget.

2016/17 Forecast and use of Carried Forward Budget

15. The forecast spend for the full year, prepared at Quarter 2, is £5.256m compared to the budget of £5.295m, an under spend of £39k.
16. Quarterly budget review meetings are planned in January with Principal Budget Holders to update this forecast.
17. The table below shows how the carried forward budget will be utilised through 2016/17, split between the projects rescheduled from 2015/16, budget pressures arising during 2016/17 and costs for accommodation changes at both sites.

Finance report

Team	Value £'000	Description
Budget Carried Forwards from 2015/16	165	
Less: Projects carried forwards from 2015/16		
Consumer Relations and Communications	25	Development of the CCW website, including improved layout and content specific to non household consumers
Subtotal Carried Forward projects	25	
Less: Projected Accommodation Expenditure		
Finance, Procurement and Facilities	10	Cardiff Office move in January 2017, including removal services, installation of any required network services and furniture / equipment
Finance, Procurement and Facilities	50	Estimate to reconfigure the layout of Birmingham office to create space for other government departments. Legal fees associated with lease renewal
Subtotal Accommodation	60	
Less: In year Virements Completed in previous Quarter		
Policy & LCAs	15	Additional costs for travel and meeting rooms for home based workers
Deputy CEO	45	30k additional recruitment costs, £7k additional temporary resource in HR and £8k for temporary cover for Board Support
Consumer Relations and Communications	29	£15k for additional QA post from October onwards, £2k for maternity leave cover and £12k for stakeholder and staff events
Finance, Procurement and Facilities	(78)	(£45k) relating to proposed buyout of incremental pay progression which will not go ahead, £8k of additional costs to provide temporary cover within Finance and Procurement posts. £23k Consultancy £18k Redundancy provision
Sub total In year pressures	11	
Less: Latest Forecast Variances		
Policy & LCAs	9	Additional costs for travel and meeting rooms for home based workers
Consumer Relations and Communications	10	Development of the TAP CRM system to accommodate market reform complaints handling
Deputy CEO	12	Board Effectiveness review
Policy & LCAs	(20)	Forecast underspend on Research & consultancy projects
Deputy CEO	10	New Laptops, Tablets, PCs, printers etc.
Deputy CEO	9	Media Training
Sub total In year pressures	30	
Total forecast spend	126	
Balance remaining (forecast under spend)	39	

Annex One

COST CENTRE TITLE	SPEND TO Nov 16	% OF OFFICE	PROFILE TO Nov 16	VAR Nov 16	VAR %	FULL YR BUDGET	OFFICE %
OFFICE OF CHIEF EXECUTIVE	148,125	5%	146,728	-1,397	(1%)	214,137	4%
BOARD (EXCLUDING WALES CHAIR)	183,679	6%	184,322	643	0%	279,740	5%
GOVERNANCE	183,403	6%	182,515	-888	(0%)	269,089	5%
ICT SERVICES	191,571	6%	199,699	8,128	4%	298,935	6%
HUMAN RESOURCES	147,434	5%	132,256	-15,178	(11%)	216,426	4%
TOTAL OFFICE OF DEPUTY CHIEF EXECUTIVE	854,212	27%	845,520	-8,692	(1%)	1,278,327	24%
POLICY	81,240	3%	80,377	-863	(1%)	119,431	2%
SOCIAL POLICY	127,219	4%	127,760	541	0%	191,318	4%
ENVIRONMENT	140,232	4%	136,318	-3,914	(3%)	201,951	4%
REGULATION	223,866	7%	236,053	12,187	5%	498,232	9%
MARKET INTELLIGENCE	300,687	9%	315,773	15,086	5%	569,990	11%
WALES POLICY AND CHAIR	75,348	2%	73,757	-1,591	(2%)	110,803	2%
CENTRAL AND EASTERN LCAs	14,581	0%	13,860	-721	(5%)	21,240	0%
NORTHERN LCAs	12,379	0%	13,015	636	5%	18,680	0%
WALES LCAs	19,158	1%	20,784	1,626	8%	29,000	1%
WESTERN LCAs	14,809	0%	17,410	2,601	15%	25,740	0%
LONDON & SOUTH EAST LCAs	23,762	1%	21,840	-1,922	(9%)	33,360	1%
TOTAL POLICY AND RESEARCH	1,033,281	32%	1,056,947	23,666	2%	1,819,745	34%
FACILITIES AND PROCUREMENT	342,450	11%	351,744	9,294	3%	542,896	10%
FINANCE AND RESOURCES	126,619	4%	128,139	1,520	1%	191,787	4%
TOTAL FINANCE AND PROCUREMENT	469,069	15%	479,883	10,814	2%	734,683	14%
CONSUMER RELATIONS	249,515	8%	245,741	-3,774	(2%)	364,228	7%
COMMUNICATIONS	189,179	6%	185,778	-3,401	(2%)	306,322	6%
BIRMINGHAM - CRM, SCC	115,250	4%	116,262	1,012	1%	177,850	3%
BIRMINGHAM - CRM, CC	167,649	5%	187,262	19,613	10%	272,178	5%
CARDIFF - CRM, SCC	135,141	4%	142,051	6,910	5%	215,079	4%
TOTAL CONSUMER RELATIONS AND COMMS	856,734	27%	877,094	20,360	2%	1,335,657	25%
CARRIED FORWARD (BALANCE)	-18,000	-1%	0	18,000	0%	111,588	2%
DEP'N & NON CASH ITEMS	7,001	0%	7,000	-1	(0%)	15,000	0%
CCWATER GRAND TOTAL	3,202,297	100	3,266,444	64,147	2%	5,295,000	100%

Finance report

Annex Two

	MONTH	YEAR TO DATE					BUDGET	
	Actual	Budget	Actual to	Budget to	Variance	Var %	Remaining	Total
	Nov 16	Nov 16	Nov 16	Nov 16				
TOTAL STAFF COSTS	275,577	276,003	2,186,607	2,228,554	41,947	2%	1,259,173	3,445,780
RESEARCH SERVICES	24,337	51,464	235,794	264,733	28,939	11%	427,206	663,000
TOTAL PERSONNEL OVERHEADS (Excluding Training)	19,841	15,587	155,410	149,625	-5,785	(4%)	87,050	242,460
TRAINING	9,931	3,750	38,034	30,000	-8,034	(27%)	6,966	45,000
PUBLICITY, LIBRARY & PARLIAMENT	6,731	6,884	54,042	53,972	-70	(0%)	30,758	84,800
COMPUTER SERVICES	17,703	18,700	144,685	149,600	4,915	3%	79,675	224,360
OFFICE SUPPORT COSTS	10,511	10,390	87,101	85,620	-1,481	(2%)	45,499	132,600
ACCOMMODATION	40,485	35,448	293,622	297,340	3,718	1%	148,378	442,000
SUB TOTAL	405,116	418,226	3,195,296	3,259,444	64,148	2%	2,084,704	5,280,000
DEPRECIATION & NON CASH ITEMS	875	875	7,001	7,000	-1	(0%)	7,999	15,000
OVERALL TOTAL	405,991	419,101	3,202,297	3,266,444	64,147	2%	2,092,703	5,295,000

Consumer Council for Water Board
Agenda Item P7P
Paper 10 01 04

Date:

10 January 2017

Title:

Chief Executive's Report

Report by:

Tony Smith, CEO

Responsible Lead:

Tony Smith, CEO

Paper for information

Appendix: Yes (1)

Purpose

1. The purpose of this paper is to provide consumers with an update on the Consumer Council for Water's (CCWater) activities and achievements since the Board last met in public on 6 December 2016.

Recommendation

2. The Board is recommended to discuss and note the update.
3. We have continued to deliver a range of benefits for customers by addressing the issues that matter most to them. This report covers the period from mid-November to mid-December 2016. A summary of our activity and achievements is as follows:

Affordability

Social tariffs to support low-income customers

4. In late November we held a workshop which provided water companies with an opportunity to share good practice and solutions to problems encountered while trying to deliver and promote social tariffs for customers struggling to pay. Almost every water company sent a representative and they were joined by representatives from UK and Welsh Government, Ofwat, The Money Advice Trust and other organisations partnering water companies in the delivery of these tariffs.

- Attendees were extremely positive about the workshop, with many organisations requesting that we hold a similar event each year. We will consider this as we plan our future work.

Benefits entitlement calculator

- Our online benefits calculator and grant search tool, which we launched in January 2016, continue to provide useful support to customers. Between April and the end of November nearly 2,500 customers had used the benefits calculator, identifying entitlement to annual benefits totaling more than £2.8 million. The grant search tool was used by 759 customers.

Water meter calculator

- We continued to promote our online water meter calculator and encouraged customers to consider whether switching to a meter might save them money. This helps consumers make an informed decision on switching to a water meter by comparing their current unmetered bill.
- In November more than 16,000 consumers used our calculator and recorded potential savings of almost £980,000. We promoted the tool through social media and high-profile exposure in national media, including the Daily Mirror where it featured as part of Martin Lewis's top money-saving tips for households.

Getting water companies to resolve customer problems: Right first time

Financial redress

- During November we secured £72,000 in compensation and rebates for customers who complained about their water or sewerage service. This brings the total amount secured since April to more than £850,000.

Speaking up for water consumers

Retail competition for non-household customers in England

- With the opening of the non-household water retail market in England less than three months away, we have been stepping up our engagement with business representative groups to help raise customers' awareness of competition and how they could benefit from it.
- Business groups have been very receptive to our messages and many have published our information on their websites and in magazines and newsletters for their members. Among the organisations to have published our material are local Chambers of Commerce, Local Enterprise Partnerships, the Horticultural Trades Association, National Farmers' Union and British Hospitality Association.
- As part of wider awareness raising efforts by the water sector, CCWater jointly hosted a stakeholder workshop with Ofwat, the water industry regulator, in London on 7 December. About 30 delegates from business representative groups attended the event at which our communications manager, Richard Emmett, spoke about CCWater's crucial role in supporting customers in the new market. Our role in

helping customers to resolve complaints about their water or sewerage service is likely to increase in importance after April as new issues emerge.

13. I chaired a panel session during which representatives from Ofwat and its 'Open Water' programme partners, Defra and MOSL (the market operator) answered a range of pertinent questions from the audience. Delegates were handed a 'toolkit' of materials, including customer case studies, and encouraged to spread the word about the new market to their members and affiliates.
14. CCWater is also backing a national campaign by the Open Water partners and Water UK (the industry trade body) to build awareness among customers. A marketing agency, Corporate Culture, has been brought in to develop and deliver the campaign which will run between January and the end of March. It will include online advertising activity aimed at customers in the business, public sector and charity sectors. Water companies will be provided with 'Open Water' branded materials which they can customise and send to their customers. CCWater will monitor the campaign's effectiveness and ensure it is complemented by co-ordinated public relations activity by the whole sector.

Helping Customer Challenge Groups prepare for the 2019 Price Review

15. Although Customer Challenge Groups (CCGs) were a feature of the 2014 Price Review, their membership has changed markedly over the past 18 months. As such, we held four training sessions for CCG members - in Birmingham, Cardiff, London and Manchester between mid and late November. These sessions were designed to provide an introduction to the 2019 Price Review (PR19), including the main issues, customer engagement strategies, key milestones and the CCGs' role in challenging companies' business planning processes. These sessions were well received and CCG members have told us they would welcome further insight into customer research and engagement. We are planning to hold a series of workshops on this topic during 2017.

A resilient sewerage system that works

16. Just before Christmas we published a press release urging consumers to stop and think about what they put down the sink over the festive period. The news release highlighted the dangers of pouring turkey fat and other greasy substances down the sink or drain, including the increased risk of sewer flooding. We also provided consumers with practical tips and advice on how to safely dispose of fat, oil and grease. Our messages complemented the efforts of other key stakeholders in raising awareness of the causes of sewer blockages. In Wales we collaborated on a joint press release with Dŵr Cymru Welsh Water to help raise awareness.

Speaking up for and Informing consumers

Consumer issues workshops

17. The views of stakeholders from across the water industry have helped to shape our draft Forward Work Programme which maps out our priorities for representing consumers in England and Wales from 2017 to 2020. On November 28 we published

our draft plan for consultation and we expect to receive feedback from a considerable number of stakeholders by the deadline of 11 January 2017.

Informing consumers

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

In the media and social networking

19. We featured in more than 60 individual pieces of media during November, giving consumers the opportunity to see or hear our messages through broadcast, online and print media with a total reach of more than 9 million people. Since April our messages have reached a potential audience of over 112 million people. We have already exceeded our annual target of 100 million.
20. Our call for the water industry to do more to reduce leakage levels featured in The Times newspaper, as well as a string of water trade publications including Utility Week and the Water Report.
21. The Daily Mirror featured our water meter calculator as part of an article by Money Saving Expert, Martin Lewis, providing advice to consumers on how to reduce household bills, including water.
22. We published an update in November on the performance of four water companies - Southern Water, Dŵr Cymru Welsh Water, Affinity Water and Bournemouth Water - whose poor complaint handling performance we had highlighted in our annual written complaints report back in September. This was reported by ITV Meridian, as well as a string of regional newspapers in Wales and Southern England.

CCWater website

23. A total of 43,045 people visited our website between November 1 and mid-December, and over 84% of these were new visitors. Money Saving Expert continues to be the top referring site.

Social media

24. We continued to keep consumers and stakeholders informed on key water industry issues through our social media channels on Facebook, Twitter and LinkedIn. During November our messages on Twitter reached more than 72,000 people.

Freedom of Information requests

25. We received one Freedom of Information (Fol) request in November, which we responded to within the 20 working day timescale. The request was about how CCWater is funded, staff diversity and staff affiliation with political parties and other organisations.

TONY SMITH
Chief Executive

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

Benefits for Customers

- During November 2016 we secured £72,000 in compensation and rebates for customers who had complained about their water or sewerage service, bringing the amount we have secured since April to over £850,000.
- Our water meter calculator has generated potential customer savings of more than £8.5 million since April 2016.

Our complaint handling performance and customer satisfaction:

Performance	Actioned within 5 days	Closed within 20 days	Closed within 40 days
<i>Target*</i>	99.5%	80%	91%
Q2 2016-17	99.8%	81.5%	92.9%
Q2 2015-16	99.8%	82.0%	92.8%
2016-17 YTD	99.8%	81.0%	92.4%

Customer satisfaction	Service	Outcome	Speed	Courtesy
<i>Target*</i>	75%	61%	80%	93%
Q2 2016-17	74.2%	61.6%	73.8%	94.0%
Q2 2015-16	74.2%	63.7%	84.6%	92.7%
2016-17 YTD	76.8%	63.4%	76.4%	93.6%

*Operational Business Plan target

Governance and Financial Performance

Financial

- CCWater costs 21p per water customer (down from 23p in 2010/11).
- We have a total budget of £5.13 million for 2016-17, with no increase in licence fee or in costs to water customers compared to last year.
- Between April and the end of November 2016 we had spent 60% of our budget for the year, broadly in line with expectations.

Governance

- CCWater complies fully with all Government spending restrictions.
- As part of our Board's focus on different regional issues and stakeholders in each part of England and in Wales, we held our October Board meeting in public in London and our December meeting in public in Cardiff to give consumers in our London and South East region and in Wales respectively an opportunity to raise issues of importance to them and learn about the work we do on their behalf.
- Future Board meetings in public during 2017 will be held in our Western Region, in Taunton, in March; Northern Region in May; London and South East Region in October and Wales in December.

Staff

- Absence due to sickness from 14 November to 14 December – 28.5 days for the period. Average 0.40 days per person for the period, compared to the public sector average of 8.7 days per annum (pro-rata 0.67 days).
- Ten permanent members of staff have left CCWater since April 2016. We had 71 staff during the period.
- We provided 9 training courses, using Civil Service Learning and other providers.

Reputation and External Activities

- During November 2016 consumers had the opportunity to hear or see our messages in the media with a total reach of more than 9 million people, bringing the total since April to over 112 million.
- Since April 2016 a total of 271,372 people have visited our website, with Money Saving Expert the top referring site.
- Our Twitter following grew by around 100 during November and early December to more than 4,650.

Consumer Council for Water Board
Agenda Item P8P
Paper 10 01 05

Date:

10 January 2017

Title:

Raising CCWater's Profile: Update on progress and plans for further work

Report by:

Richard Emmett, Communications Manager

Responsible Lead:

Carl Pegg, Head of Consumer Relations and Communications

Paper for discussion

Annex: No

Purpose

1. This paper updates the Board on progress with activities undertaken to raise CCWater's profile at both an England and Wales level and a local level since proposals were put forward in September 2016.

Recommendations

2. The Board is asked to note this update and provide comments and feedback.

Background

3. At its September 2016 meeting the Board considered and agreed an approach to raising CCWater's profile which included:
 - more regular targeting of poorer performing water companies;
 - helping Customer Challenge Groups prepare for the 2019 Price Review;
 - engaging with MPs and AMs;
 - engaging with other local stakeholders;
 - providing the local teams with stakeholder contact and mailing data;
 - setting up a stakeholder engagement activity grid; and
 - monitoring the impact of activity on resources.

Targeting poorer performing water companies

4. The Board agreed that one way of raising our profile would be to put pressure on poorer performing companies and/or praise the better performers on a more consistent and comparative basis - and to do this more frequently, based on our various reports and monitoring. Our objective in doing this would be to deliver additional benefits for customers rather than merely seek to get CCWater's name in the media.
5. One way we could do this would be to issue press releases about company complaints performance once a year (in September) and then follow this up with further releases to highlight whether the poorer performing companies had improved or not. In September we published our Written Complaints to the Industry Report and issued a press release for England and Wales, a press release for Wales and one for each of our regions in England. The releases criticised those companies who were failing their customers on complaints but also praised those that had performed well or had made improvements.
6. Our media activity resulted in one of CCWater's most successful months of media coverage, with 370 pieces of media across broadcast, online and print. Our messages had the potential to reach more than 53 million consumers and took us close to our annual media target of 100 million opportunities to see.
7. Our most high-profile coverage saw CCWater's Chief Executive Tony Smith interviewed by BBC One Breakfast and BBC 5Live, with articles also appearing in national newspapers including The Sun, The Times and the i.
8. Our Chairs and some senior policy managers were interviewed about water companies' complaints performance by regional broadcasters, including BBC South, BBC South East, BBC Radio Yorkshire, BBC Radio Cumbria, BBC Radio Sheffield, BBC Radio Lancashire, BBC Radio Kent, BBC Radio Sussex and BBC Radio Surrey.
9. Prior to the publication of the complaints report, the Regional and Wales Chairs wrote to Southern Water, Dŵr Cymru Welsh Water, Affinity Water and Bournemouth Water asking them to provide CCWater with an interim report to explain what actions they had undertaken to reduce written complaints over the first six months of the current year. The reports were received at the end of October.
10. In November we published our 'Delving into Water' report on water companies' performance across a range of key areas. This included updates on the four targeted companies. We issued regional press releases about these companies which resulted in further press and broadcast coverage, including by ITV Meridian on Southern Water.
11. Our media activity resulted in the companies, particularly Southern Water and Dŵr Cymru Welsh Water, explaining publicly to consumers how they were addressing the issues which had led to their poor performance on complaints. The work has

proved to be successful and we will consider issuing press releases again when these companies provide further updates on their performance at the end of January 2017.

Media interview training for LCAs

12. The Regional and Wales Chairs have expressed their desire for all our Local Consumer Advocates (LCAs) to undergo media interview training so that they can support our efforts in reaching more consumers with our messages at a local level. A training provider is now being procured and will be in place in early January. The Communications Team will propose some dates for training sessions to take place between the end of January and March. The optimum size for a training session is between six and eight people, so one or two of the sessions may involve LCAs from two regions. Arrangements for the training will be agreed with the Chairs and LCAs.

Helping Customer Challenge Groups prepare for the 2019 Price Review

13. Although Customer Challenge Groups (CCGs) were a feature of the 2014 Price Review, their membership has changed markedly over the past 18 months. As such, we held four training sessions for CCG members - in Birmingham, Cardiff, London and Manchester - in early to mid November. These sessions were designed to provide an introduction to the 2019 Price Review (PR19), including the main issues, customer engagement strategies, key milestones and the CCGs' role in challenging companies' business planning processes. These sessions were well received, and CCG members have told us they would welcome further insight into customer research and engagement. We are planning to hold a series of workshops on this topic during 2017.
14. We are also willing to share with CCG members many of the PR19 briefing notes we are about to commission, and we will also provide them with comparative analysis of company performance against a range of measures. Together, this will help CCGs better understand industry-wide issues and how their company fits into the overall picture. In turn, this should help CCGs challenge companies that propose performance commitments/Outcome Delivery Incentives that are neither stretching nor stand comparison with those proposed by their peers.

Engaging with MPs and AMs

15. We are aiming to position CCWater as the 'go-to' organisation for comment on water-related issues which affect consumers. One way for us to do this is to raise our profile among key influencers, such as MPs. Our Chairs wrote to all MPs in England and Wales between the end of October and early January¹ to introduce themselves and offer their support in helping to resolve any complaints which their constituents may have. This activity has led to responses from several MPs, including leading figures such as Priti Patel (the International Development Secretary) and John Redwood. Some MPs have also promoted CCWater's services on social media, including tweeting copies of the letters to their constituents. Other MPs have requested information about the types of complaints CCWater has

¹ This includes new MPs who were elected in by-elections during November and December.

resolved for their constituents, which we have provided. The Regional and Wales Chairs have been provided with contact details for all the MPs in their region, including new MPs who were elected during November and December.

16. Following the local elections in May, our Wales Chair, Tom Taylor, wrote to all 60 members of the National Assembly for Wales (AMs) to introduce them to CCWater and the work we do to support their constituents, including household and business customers of Dŵr Cymru Welsh Water, Dee Valley Water and Severn Trent Water (for parts of mid-Wales). This activity resulted in a number of responses from AMs and an introductory meeting between our Wales Chair and Lesley Griffiths, the Welsh Government's Cabinet Secretary for Environment and Rural Affairs.
17. In addition to this, and as part of our public affairs activity, CCWater's Chair and Chief Executive held an introductory meeting with Dr Thérèse Coffey MP, Minister for the Environment and Rural Life Opportunities, in October. They discussed what CCWater had achieved for consumers and some of the key issues which may impact on customers, such as water retail competition. A briefing meeting has also been arranged with Neil Parrish, Chair of the Environmental, Food & Rural Affairs Committee, for 2 March.
18. Plans are progressing for drop-in sessions for MPs to be held at Portcullis House, Westminster, in the Spring and proposed dates will be put to the Regional/Wales Chairs in January for agreement.

Contact database and engaging with other local stakeholders

19. The Board is keen that we should extend our engagement to a wider range of local stakeholders such as leaders of local authorities, chief executives of Chambers of Commerce and other business representative groups, NGOs and consumer groups etc. In order to facilitate this, the Communications Team has been working to refresh our stakeholder database which has more than doubled in size over the past 18 months and now contains over 900 contacts, plus contact details for all MPs in England and Wales and Welsh Assembly Members.
20. A new online stakeholder form has been developed which will be available on the CCWater intranet by the end of 2016. This will enable contact owners to submit quickly details for new contacts for the database or request an out-of-date contact to be deleted. The form includes check boxes so contact owners can identify the categories to which a contact belongs. This will make the process of segmenting stakeholders for communication purposes much simpler.
21. Our work on engaging with business representatives to help raise customers' awareness of the opening of the new non-household retail market in April has also resulted in dozens of national and local contacts being added to our stakeholder database. These contacts will be made available to the regional teams.

Raising CCWater's Profile: update on progress and plans for future work

22. An information services supplier is now being procured to provide contact details for a range of local stakeholders. This information will be made available to the regional teams in January 2017.
23. Throughout the year we have held our Board meetings in public at regional locations to give local stakeholders an opportunity to raise issues of importance to them, and to learn about the work CCWater does on their behalf. Since September we have held meetings in London and in Cardiff. Future Board meetings in public during 2017 will be held in Taunton (Western Region) in March; Northern Region in May; London and South East Region in October, and in Wales in December.
24. In September and October we hosted a series of four regional and two national consumer issues workshops in England and Wales to enable stakeholders to share their views with us on some of the big issues and challenges facing the water industry over the next few years. Issues included the introduction of non-household water retail competition in April 2017, the possibility of household customers being given a choice of retailer by 2020, improving customer service and supporting customers struggling to pay their water bills. We are reviewing these workshops, looking at how we should run them during 2017 and considering whether there is scope to engage more local stakeholders through our regional committee meetings.

Stakeholder activity grid

25. To help manage and coordinate engagement activities at both a national and a local level, a stakeholder activity grid (in Excel format) has been created. The grid will capture opportunities for engaging with stakeholders and the media. This is now available in CCWater's shared folders and will be provided on the intranet early in the New Year to enable the Communications Team and the regional/Wales team to share information and agree on activity. The grid will be updated continually by the Communications Team with the help of Policy Managers.

Communications strategy for 2017-18

26. The Communications Team has started work on developing CCWater's communications strategy for 2017-18, which will have a strong focus on stakeholder engagement and increased local media and social media activity. The strategy and underlying delivery plan will be developed on consultation with staff from across the organisation and will be presented to the Board for approval in April 2017.

Resources

27. The impact of the additional work required to increase our engagement with stakeholders on our Communications Team is being monitored. The team's workload has increased over the past four months. However, an additional communications officer post is earmarked for 2017-18 and a business case will be taken to the Executive Team in January detailing how this post can be configured to enable the team to support future activities in a more efficient and timely way.

Conclusion

28. Progress has been made in increasing CCWater's profile for the benefit of consumers, but there is more work to be done in the last quarter of 2016-17 to put in place solid foundations for activity in 2017-18. The effectiveness of this approach will be measured and quarterly reports given to the Board.



Consumer Council for Water Board
Agenda Item P9P
Paper 10 01 06

Date:

10 January 2017

Title:

Regional/Wales Round up

Report by:

Alison Townsend, Board Secretary on behalf of the Regional/Wales Chairs

Responsible Lead:

Phil Marshall, Deputy CEO

Paper for information/discussion

Appendix: No

Purpose

1. To update the Board on strategic matters arising in each Chair's area of responsibility

Recommendations

2. The Board is recommended to note the update and discuss any issues arising from it.

Wales

Dee Valley Water (DVW)

3. The takeover process continues with Ancala Holdings seeking to Shareholder support to reject the Severn Trent Valley (SVT) offer valued at £84 million. There has been conflicting statement regarding support for the bid all of which is very unsettling for the staff. By the time of the original deadline I understand Ancala had not achieved the required support with only 41% of shareholders committing to reject the bid. Their deadline for achieving the required support has been extended.
4. On the 22 December the Competition & Markets Authority (CMA) published its decision to clear the takeover by Severn Trent having taken evidence from Ofwat

and a number of third parties including CCWater. In reaching their decision CMA took into account the following Ofwat opinion.

“In the case of the Pennon/Bournemouth merger the CMA concluded that the adverse impacts that they had identified were not significant enough, either individually or in combination, to amount to prejudice to our ability to make comparisons between water enterprises. We have similarly concluded that the Severn Trent/Dee Valley merger is not likely to prejudice our ability to make comparisons between water enterprises”.

5. The SVT target date for completion of the takeover is the end of January 2017. If successful SVT will then have discussion with Welsh Government regarding the mechanics of how the service would be operated under the Welsh Licence.
6. Clearly this whole process has been a significant distraction for the small management team at DVW. We have still been able to clear the Assurance Statement process with them and will conclude the Scheme of Charges work in the first week of 2017 but from the work we have already undertaken we understand price rises will be in line with inflation.
7. Dee Valley announced their half year results on the 23 December reporting that income was £0.7m higher at £12.2m to 30 September 2016 with Profit before Tax at £2.2m which is £0.3m higher than the same period in 2015. Capital expenditure at £4.3m was double the 2015 level as they gear up for their AMP6 capital programme. The report specifically mentioned that CCWater had positively recognised the further reduction in complaints.

Dwr Cymru Welsh Water (DCWW)

8. The discussion regarding the Scheme of Charges for 2017/18 is almost complete with the final sign off meeting arranged for the 3 January so I will give a verbal update at the January Board meeting. As with DVW increases for Household customers are in line with inflation. There is a 0.4% increase for Non Household customers who use less than 50 mega litres. We have asked the company to increase there to demonstrate how they can add value to this group of customers.
9. From an affordability perspective for Household customers the company has made significant and positive changes to transition customers from the previously available Welsh Water Assist tariff. We have also asked DCWW to consider how they could demonstrate active encouragement of meter option trials for customers.
10. Following our previous discussion with DCWW the number of written complaints each month continues to fall from 913 in March to 340 in November. It was also pleasing for our Communication team to reach agreement on a joint campaign with DCWW on our Festive Fats release which gained a lot of traction in the Welsh media.

Other issues

11. Phil Marshall and I attended the Welsh Water Forum on the 5th December when we reviewed the Water UK Discover Water website, there was further discussion on Brexit and how it may affect the Water Industry and a review of Sustainable Drainage systems. Phil was also able to update the meeting on our Delving into Water Report. There was the successful Public Board meeting in Cardiff where debt and affordability issues were discussed and I attended the Stronger Together Affordability Conference organised by Warm Wales Chaired by the DCWW CCG Chair Peter Davies where all the utility companies, Local Authorities, Welsh Government, Customer Support organisations, Ofwat and ourselves came together to share best practice.
12. Finally, as previously reported we will be leaving Caradog House and moving to our new accommodation on the 9th January 2017. Our new address is:-

3rd Floor East
General Building
31-33 Newport Road
Cardiff CF24 0AB
13. As part of our programme to raise our profile Richard Emmett and I have agreed that we will use the move as an opportunity to write to all 60 Assembly Members and 40 members of Parliament who represent Wales, to tell them about the move and remind them of what we do for customers and to offer them briefings on the Water Industry.

Northern

14. I visited Hartlepool to see construction of Hartlepool Water's new pumping station and pipeline which will improve service to the Wynard area of the town when it is commissioned in April. I also viewed their plans for further projects to improve water quality.
15. I met with the Chairman of Yorkshire Water where we discussed the company's performance and plans and I offer CC Waters assistance in supporting new company NEDs.
16. I met with the Chief Executive of Yorkshire Water where we discussed the company's capital investment programme, personnel changes and I shared my plans for the next CC Water Board in Hull.
17. I met with Jim Dixon, Chair of the Northumbrian Water/ Essex and Suffolk Water, Water Forum to discuss the development of the forum and how it contributes to Companies PR19 proposals.
18. I joined other members of the United Utilities Your Voice Panel to interview candidates for the new Your Voice Chair.

Regional/Wales round up - December 2016

19. United Utilities issued a Boiled Water Notice which impacted on 17000 customers in Tameside and Saddleworth for up to three days. After seeking our advice UU paid £20 compensation to customers.
20. Quarter three Sim scores resulted in Northumbrian Water/Essex & Suffolk Water becoming overall number one performing company as well as Northumbrian water being number one for waste water. Yorkshire topped the table as top company for water.

Western

21. There has been very little company activity on which to report over the last few weeks. I am pleased to say that there were no reported significant service failures over the holiday period in the region.

Bristol Water

22. Two developments at Bristol Water to mention. Firstly, they have announced the appointment of Mel Karam as the new CEO to replace Luis Garcia. Mr Karam is currently a partner and global head of asset management at KPMG International, and has a background in the energy industry. He will take office with effect from 1st April. The acting CEO until then will be Mick Axtell, the Chief Finance Officer.
23. I had a preliminary meeting with Bristol shortly before Christmas to clarify with them their late adjustment to water charges for 2017/18. They are now seeking an increase in customer bills in excess of 5% (about £9.50 pa on an average bill of £175), based on a revenue correction for 2015/16, a forecast under-recovery of 2016/17 revenues and correction of under-recovery for future years. The underlying revenue increase remains at 2.9%, but when under-recovery adjustments are taken into account the increase in revenues rises to 4.8%, with an overall expected change to bills of between 5.3% and 5.8%. In mitigation, Bristol drew attention to the deferring of revenue correction into the last two years of PR14 rather than taking all allowed revenue in 2017/18, the significant reduction in dividend payments to shareholders which will remain unchanged, and an increase in support for vulnerable customers.

South West Water

24. It was widely reported shortly before Christmas that South West Water is working with Exeter University to test the use of drones fitted with thermal imaging equipment to detect leaks. Field-scale trials are planned for this year.

Cholderton and District

25. A meeting with Cholderton is planned for Friday 6th January to discuss how we can entrench Guaranteed Standards of Service in the event of de-regulation of the company, and how an independent customer challenge group can maintain a customer interest in the context of the future trust arrangements.

London and South East

Southern Water

26. Matthew Wright, CEO of Southern Water has been succeeded by Ian McAnley with effect from 1 January 2017. This follows the recent appointment of Simon Oates as Customer Services Director.

Regional Meeting in Public

27. The next event will be in March 2017 and will focus on Non-Household Retail. These six companies in the region plus Castle and Business Stream will be asked to participate in a panel discussion on relating to the preparations for the new market in April 2017.

Portsmouth Water

28. The outsourced NH Retail service delivered by Castle Water has gone well but there was noticeable impact on performance after Castle Water commenced its work in respect of the Thames Water contract, leading to some increase in complaints. The company is also keen to emphasise the NH Wholesale Customer Service facility that is in place to ensure there is direct point of contact for any enquiries or complaints.

Sutton and East Surrey

29. From February 2017 Sutton and East Surrey will be rebranded as SES Water. The company sees the imminent opening of the competitive market as an opportunity to update and refresh its trading name. The legal name will not change; nor will the existing governance arrangements.

Thames Water

30. Three bursts took place in the London area within the first week of December. In Blackheath the burst was the result of accidental damage by a contractor and the other two, in Stoke Newington and Islington, occurred where the mains were relatively old, 1860s and 1850s. Hotel accommodation was provided, as appropriate, for families whose homes were flooded and the company has subsequently paid £1000 to more than 60 families who have been displaced over the Christmas period. A further eight families have each been paid £2000 as they have been flooded twice in separate incidents. These are goodwill payments and will not affect any insurance claims. A full investigation is underway and a team of experts has been engaged to carry out a review of recent main bursts and to look at ways of improving Thames Water's monitoring, analysis and prevention of such events. The company is also reviewing its mains replacement investment programme.

Central and Eastern

31. The Region experienced a relatively quiet Christmas and New Year period with no significant operational issues.
32. With all companies, following the announcement of the RPI figure for November in mid December, we have been in discussion about final bill incident effects for next year. In general these discussions are becoming more reassuring about any

customers in the Region being faced with a bill increase of greater than 5% between 2016 and 2017.

Severn Trent

33. On 15th December Ofwat issued their final determination on SVT's claim for in-period ODIs for their performance in 2015/16. Ofwat confirmed that they supported the claim made by SVT in full and have implemented the changes by adjusting the "K" factors from the original FD made in 2014. This generates an increase in chargeable income for the company for one year of £18.787 M (at 2012-13 prices, net of tax). More recent iterations of the company's wholesale charges scheme mean that the bill impacts from this level of net reward have reduced somewhat to approximately £4.50 on the average combined bill (from the £6.00 modelled previously, though both of these figures are rounded to the nearest £0.50p). This changed modelling means that very few, if any customers will see a bill increase of > 5%.

34. The Competition & Markets Authority published its conclusion on 22nd December concerning a decision on a reference of the proposed SVT/Dee Valley acquisition under the Water Industries Act (1991, as amended by the Water Act 2014). It concluded that a reference of the proposed acquisition was not deemed necessary. In its evidence to the CMA, Ofwat commented on the SVT proposal that it would want to operate under two licenses; one for its Welsh customers and one for its English customers. Ofwat stated that it "sees benefits in the clarity this might bring generally". Ofwat did, however, recognise that comparator analysis arising from one company with two licenses "has less value" than that arising from separate ownership structures.