

Notes from CCWater's Customer Matters Workshop 2019 (London)

11 June 2019

This workshop was our third annual Customer Matters workshop held in London. The workshop consisted of three presentations by CCWater, the Customer Forum in Scotland, Ofwat and the Environment Agency. After a panel question and answer session, the attendees participated in two discussion groups on accessible services and involving consumers in the future of regulation. After some more thought provoking discussion, the key ideas and thinking that emerged from the workshop are outlined below.

Repeat the message of 'every contact counts'	Co design services with customers so they work in the way that customers need them to	Consider how CCGs role could change in response to ongoing consumer engagement culture
Should any price review specific research be nationally co-ordinated? and are we asking customers the right questions?	Share the view that consumers' views should be seen through out company documents, such as their corporate strategies	Consider if learns learnt, such as from freeze thaw need long term monitoring
Increase awareness of help when needed via third party organisations, such as housing associations, landlords and community groups.	CCWater should lead talks with Government on having water efficient housing.	Raise awareness of effects of climate change on water environment

Notes from the Workshop

These are not verbatim comments and may contain inaccuracies.

Presentations

Tony Smith, CEO, CCWater

Tony welcomed attendees to the event and spoke about CCW's research into consumers' expectations of CCWater. The research results can be found on CCW's [website here](#). Tony wanted to know how we can build on that work, saying that if the workshop gave us a couple of good ideas on how we can do better for consumers, then it would be successful.

Peter Peacock, Chair, Customer Forum, Scotland

Peter contrasted two different price control situations in Scotland from SR15 process and the current 2021-27 period, saying there is a major difference in how those have been handled. The price control work is a year behind England and Wales. There are other differences too: the Scottish Government is shareholder of Scottish Water; there are very few metered households; privatisation is a political no go; (This view dates back to a referendum on the issue.); water bills are part of the council tax bill; the non-household (NHH) market has been open for a while, and water is free from political discussion regarding investment, dividends or offshore investments.

Peter gave some background to the creation of the Customer Forum. The first customer forum ran in 2011. Scotland was then catching up on England. In 2011, the regulator introduced a customer dynamic. Formed by cooperation between regulator, company and Citizens Advice Scotland (CAS). A conduit for customer views into the process. The Forum had a wide remit, and if the company and forum agreed then the regulator would be minded to accept it. This was an empowering process. The Forum got chance to agree something. The Forum became principle focus of Scottish Water rather than regulator, under broad parameters set by regulator. The Regulator gave feedback on ideas behind the scenes.

The question we, the Forum, asked was why the idea of a Forum is in the interests of customers. We felt its legitimacy came from being part of a statutory process, and that we were accountable to parliament.

The Forum consisted of ten people, from wide backgrounds, Scottish Water's CEO was at every monthly meeting. We worked through all elements of the company's business plan. We got agreement on most elements. The Regulator did tweak one leakage element.

Now, as part of the latest process, the Forum is now half formed of new members. The process has evolved. The Regulator is following the principles of ethical business regulation. The idea is to cut out gaming, and encourage dialogue. The Regulator has convened a stakeholder group, which included the Forum. There is a long term focus. The company see big asset replacement challenges coming. Ministers want the industry to be financially sustainable, with no bills shocks. Cpi- x

Scottish Water will create a business plan via a co creation process. The stakeholder group meet monthly to co create the plan. There are working groups beneath that on investment needs and flourishing needs. We are considering issues; such as How do we help to make Scotland a more flourishing place? There are social contract ideas here.

There is research built into the process. A key difference is that the Forum is one voice of many, rather than single voice. It is a very demanding process, but also dynamic and the ground does move. Customers are represented at all discussions, but by only one voice. Whereas the Forum had Scottish Water's sole focus last time, we are now one voice. The Jury is out on process. We question if the extra input will deliver sufficient value.

Carl Pheasey, Director of Strategy, Ofwat

Customers are at the heart of what we do, we approach everything through that lens. So when thinking about our new strategy, the role of customers was central. Customer engagement has evolved. We have moved to an outcomes focus, with companies having a reputational and financial focus. Our core themes for the Price Review is great customer services, and idea that customers should sign up to the plan and that it should be a two-way thing. Corporate resilience, and affordability are key issues. The amount of affordability help is something we have flagged. We also talk about innovation; great service needs to come by doing something different. The role of the CCGs, they assure the quality of the customer engagement, they inform our view. We are thinking about the role of CCGs outside of the price reviews in the future.

Our draft strategy will help agree our Vision, and the scope for us building a better future; taking a longer term approach; and having more certainty on our long term approach. We are talking about driving transformational approaches, and creating the conditions so that private enterprises can deliver public services. There is an opportunity for us to be better at listening to customers. However, we don't want to get in the way of companies' conversation with customers.

There should be more collaboration with CCWater and other organisations in this room. Research on the Beast from East was really important and influential in delivering a compensation paid to companies. How we worked with CCWater was important and helped us get a good sense of who had been well served and who was less well served.

Our Vision discussion document response could be informed by today's discussions.

Richard Thompson, Environment agency

The water supply system is under strain. We have a problem if demand out strips supply. The Government is clear the water industry must raise its game. The legitimacy of the industry is under scrutiny. And it is for regulators to ask what we are doing to prepare for a challenging future. There have been some successes, pollution has reduced, abstraction has stayed same despite population increase. But problems remain. Only 14 % of water sources are in their natural state water source versus a 75 % target.

Fixing the problems for the future will cost money, and customers want to know it is a good use of their money. Increased resilience needed in face of climate change, which has been a factor in our thinking for some years. We have built a new national framework for national resources.

We are pleased with today's theme about the role of customers involving the discussion. Our flood risk strategy is out for consultation. River Basin Management Plans (RBMP) will be set over several years. These plans will affect what water companies spent their moneys on. It is important customers have a chance to have a say.

Panel discussion (Panel members, Tony Smith, Peter Peacock, Carl Pheasey, Richard Thompson) - Answers to questions from the audience

Questions	Answers
<p>Learning from Scotland. The Regulator is a co-creator. Ofgem are writing business plans, and are hands off and won't comment on developing ideas. How is the 'mark your own homework' issue squared?</p>	<p>PP This is attempted is genuine attempt to get better dialogue and do the right thing. We need different voices to get different perspectives.</p> <p>Ultimately it is a critical question of how regulators do their statutory duty? There are tensions. Regulator has to make sure they don't compromise their later discretion.</p> <p>TS Feels difficult to do both roles. I think they could shape the process and then step away, and judge later. We are way of that, and step away to avoid capture.</p> <p>CP We trying to set ideas. Can we be clearer at start to shape thinking? then yes.</p>
<p>Like all organisations round table, we want to argue for common goals. Investment needs to increase, rather than pushing prices down. Customers are worried lowering of prices means that investment wasn't happening.</p> <p>In Scotland, is the strength of the customer voice its source of legitimacy through parliamentary accountability?</p>	<p>PP It is an internal discipline. Having that scrutiny is important. We must be prepared to defend our decisions in parliament.</p> <p>CP We do have difficult trade-offs, and there are significant investment increases achievable with prices falling, this is due to financing costs.</p>
<p>With the jury out on the process, how long until it is in?</p>	<p>PP It remains to be seen if the stakeholder group can find agreement; and whether it adds value; and whether it secures long term investment. There are a whole series of tests. The OECD have been asked to judge that and if regulatory process was compromised. OECD have been involved from start and will write up report on the process.</p> <p>CP CCGs have impacted on the way we run the price review process. They have increased our insight into business plans. The interactions with Chairs has been helpful in forming our views. Increasingly CCGs chairs are part of an internal dialogue. That check on companies can be helpful.</p>

Key points from breakout groups

Accessible services

1. Improving inclusive services happens more effectively if the message comes from the CEO down. Get them on board, and you are on track to making it something everyone think about.
2. Repeat the message that 'every contact counts', any time, on the phone or in person. Make mundane 'moving house' contacts, a chance to raise awareness of the PSR registers.
3. Co design services with customers so they work in the way that customers need them to.

Future of involving customers in regulation.

1. There has been a change during this price review in how companies engage with customers. It is an ongoing process, not a ramp up at the price review engagement push. This could have consequences, and lead to questions, such as - will the CCGs role change in response to this?
2. How much research would there need to be any Price Review? If there is some, does it need to be nationally coordinated, so it can be used more effectively by the EA, CCWater and Ofwat. This could apply to WTP research. Some level of national coordination on research, including on cross-utilities could be helpful. In Scotland there is collaboration between stakeholders when planning customer research. There are common methodologies and language.
3. We need to critically review the research needed. How much added value does WTP research add? Are we asking customers the right questions? Should small companies have to spend the same as large companies?
4. There was a sense that consumers' views should be seen in companies' corporate strategies, not just their business plans. There are also differences between what younger and older customers perceive as priorities, especially around environmental issues. It is important to understand what generation is the plan being pitched to.
5. How to engage 'hard to reach customers' who are difficult to engage. Most companies only engage with their companies when they pay their bill. This will be a challenge for companies in the future - they need to be more creative about who (and where) they talk to. Suggestions centred on engaging with places of worship or 'community hubs'.

Other breakout discussion points

How can temporarily vulnerable consumers be recognised?

- There needs to be on going customer engagement.
- Make sure customers know how to access the service when they need it
- Increase awareness of help when needed via third party organisations, such as housing associations, landlords and community groups. There needs to be more innovative partnerships.
- Companies should do more 'what if' planning scenarios. Who gets priority in different situations.

Industry lessons learnt should be shared and acted upon. Monitored long term maybe, like in the electricity following 2013 incident. Some Pitt Review recommendations still haven't been acted upon.

Queries about our Workshops to Jenny Suggate jennnifer.suggate@ccwater.org.uk

Slido Discussion



What is missing in the top 4 list of priorities identified by customers?

- CCWater raising awareness of where customers should go if they need help
- CCWater raising awareness of customer expectation that companies have a social duty beyond the day job.
- CCWater should lead talks with Government on having water efficient housing.
- Raise awareness of effects of climate change on water environment and therefore customers with Ofwat and EA.
- CCWater should have an emphasis on vulnerable consumers
- CCWater has an important role in complaint handling.
- CCWater should drive consistency around a social tariff cross subsidy, as there are differences in different regions.
- CCWater should be mindful of emerging issues.