



CUSTOMER ENGAGEMENT FORUM

Meeting: Customer Engagement Forum
Date: 8 December 2017
Time: 11.30 – 15.30
Location: Lancaster House, Ermine Business Park, Huntingdon, PE29 6XU

- Present:**
- . Jeff Halliwell – Independent Chair (M)
 - . Craig Bennett, Chair, Sustainability & Resilience Panel (M)
 - . Beth Corbould, Economist, Civil Aviation Authority (M)
 - . Bernard Crump, CCWater (M)
 - . John Giles, Environment Agency (M)
 - . Gill Holmes, CCWater (M)
 - . Martin Lord, Northampton CAB, Chair, Vulnerability & Affordability Panel (M)
 - . Paul Metcalfe, Managing Director, PJM Economics (M)
 - . Peter Olsen, Chair, Hartlepool Panel (M)
 - . Nathan Richardson, RSPB/Blueprint for Water (M)
 - . Daniel Storey, Director, High Point Economics (M)
 - . John Torlesse, Natural England (M)
 - . Richard Tunnicliffe, CBI (M)
 - . Peter Simpson, Anglian Water (O)
 - . Carolyn Cooksey, Anglian Water (O)
 - . Helen Dunn, Anglian Water
 - . Kevin Ensell, Anglian Water (O)
 - . Graham Hindley, ch2m (O)
 - . Natalie Jones, Anglian Water (O)
 - . Alex Plant, Anglian Water (O)
 - . Chris Royce, Anglian Water
 - . Ian Rule, Anglian Water (O)
 - . Andrew Snelson, Anglian Water (O)
 - . Jane Taylor, Anglian Water (O)
 - . Vicky Anning, CEF Report Author (O)

Apologies: Darren Rice, Anglian Water
 Helen Briggs, Rutland County Council

Item		Action
i	<p>Minutes</p> <p>The minutes of the 5 October CEF meeting were approved. Three new CEF members with economic expertise were welcomed: Beth Corbould, Paul Metcalfe and Daniel Storey.</p>	

Item	Action
<p>Helen Briggs has stood down due to work commitments. Jo Lancaster, MD of Huntingdonshire Council, will be joining the CEF as a local authority representative.</p>	
<p>1 Update on investment plan</p> <p>Chris Royce, Head of Strategic Investment at Anglian Water, updated CEF members on Anglian Water’s Totex Expenditure Plan Development for PR19 – giving a detailed oversight of the internal due diligence process and timetable.</p> <p>He explained that the investment planning team draws together business needs to help develop an integrated plan, taking customer engagement into account. The cost estimation team is independent of the business. Plans are developed by running multiple different scenarios. The process is designed to help identify priority investment areas and trade-offs within the PR19 portfolio.</p> <p>There is a level of uncertainty in the process until Ofwat issues its final methodology. The aim is to reduce this uncertainty through an iterative process, with three key touch points:</p> <ol style="list-style-type: none"> 1) Synthesis report (a key document for the team to make sure customer views are taken into account) 2) Collaborative planning (drawing together customer needs and business needs e.g. through use of online community) 3) Totex Sponsors Group Challenge Plan – this cross-portfolio group forms part of the overall assurance for the business plan, taking nine Ofwat tests into account (with a strong focus on iv, v & vi). <p>These tests are:</p> <ol style="list-style-type: none"> i. Engaging with customers ii. Addressing affordability and vulnerability iii. Delivering outcomes for customers iv. Securing long-term resilience v. Targeted controls, markets and innovation vi. Securing cost efficiency vii. Aligning risk and return viii. Accounting for past delivery ix. Securing confidence and assurance <p>The Totex Sponsors group are scheduled to look at the whole plan in February.</p>	

Item	Action
<p>Willingness to pay work is being carried out in parallel, helping the team to carry out cost-benefit analyses.</p> <p>Chris assured CEF members that the internal challenge process for the plan is robust and asked CEF members what further detail and level of involvement they would like to see.</p> <p>Bernard Crump expressed concern about the timetable and when the investment decisions and necessary trade-offs would be available for scrutiny. He felt that customers and the CEF would not have enough time to drill down into the level of detail needed and to see how this process had influenced the company's thinking (e.g. for leakage).</p> <p>Craig Bennett also asked that CEF members could be included in the flow of information as the trade-offs are firmed up.</p> <p>John Giles asked how the WRMP that went to Defra on 1 December fits into the overall plan.</p> <p>Daniel Storey asked if the company would be in the position to show impact of trade-offs on customer bills by January.</p> <p>Alex Plant reaffirmed that this was an iterative process (engagement with customers and CEF would be ongoing during the consultation period) and not all data would be available for all ODIs by January. But the company would bring a proposal to the January CEF meeting to give a sense of key trade-offs and enhancement elements of the plan. He reiterated there would need to be some tough choices made to make sure the overall business plan was affordable.</p> <p>There was also discussion about the use of the online community to ask customers specific questions, for example, regarding sewer rehabilitation. Chris said there was good customer engagement around this issue, which gave the company insights into how to minimise traffic disruption. This could lead to an ODI in this area (using techniques such as directional drilling to improve productivity and reduce disruption on site).</p> <p>Peter Simpson suggested it would be good to take CEF members to Thorpe Wood to look at traffic management (the company is inspiring Highways England to do similar work).</p>	<p>Agenda item for March CEF</p> <p>Agenda item for 16 Jan CEF meeting</p> <p>Potential location for future CEF meeting</p>

Item	Action
Section A: The national and regional picture	
<p>3 Roundtable updates</p> <p>a. Nathan Richardson reported that there is a national policy statement for water resources out for consultation by Defra. Blueprint for Water was quite positive about this and would be putting in comments over the next few weeks.</p> <p>b. Bernard Crump reported that CCWater had published a report on water efficiency that showed low customer understanding about challenges of potential deficits in water. CCWater also held an event on financial vulnerability – with the message it’s time for a step change. Every company has a social tariff but what’s next?</p> <p>There was some discussion about Anglian Water’s Water Sure/AquaCare tariffs – and CCWater’s belief that all companies are a long way from meeting the estimated need (Ofwat estimate 9% of customers living in water poverty). CCWater is working with companies to challenge some of the current policies on this.</p> <p>CCWater was also engaging with Ofwat in the run up to 13 December (when the final methodology was due to be published) – with a focus on C-Mex and direct procurement. They have also recently held a regional committee meeting that focused on drinking water quality. DWI has introduced a new measure for drinking water quality – although this was welcomed, there were concerns about its comprehensibility for customers.</p> <p>Jeff Halliwell suggested that head of DWI Susan Pennison should be invited to a future CEF meeting.</p> <p>c. John Torlesse said Natural England had been focusing on WINEP schemes and investigations, working with Environment Agency colleagues. They were also due to look at company-wide plans over invasive species and were keen to get involved in some of the environmental ODIs.</p> <p>d. John Giles said that the Environment Agency currently had a consultation of charges out for review. He reported that charges were likely to go up significantly for water companies from April 2018. He also reported that all</p>	<p>Jeff to follow up with DWI</p>

Item		Action
	<p>water companies have now submitted draft WRMPs and the EA’s role is to highlight any issues with Defra and to assess each plan in detail to make sure companies are considering resilience. The final WINEP will be released end of March.</p> <p>e. Graham Hindley has been giving technical assurance on WRMP with supply and demand forecasts – including Hartlepool. He is also looking at water resource RCV allocation and, for the Anglian Water business plan, is looking at assessment of business decisions. He is using four Ofwat measures and nine tests to inform audits, with the first tranche looking at resilience. He is also looking for evidence of whether customer views are helping to inform the business plan. He will feed this into a future CEF meeting (under the assurance agenda item). He has also been asked to review the customer engagement strategy.</p>	<p>For discussion as part of CEF only session</p>
<p>Section B: Anglian Water approach for PR19</p>		
<p>4</p>	<p>Sustainability and Resilience Panel updates</p> <p>Craig Bennett reported that the S&R Panel had engaged with Anglian Water over the Strategic Direction Statement (SDS) and submitted a panel report, proposing a fourth long-term goal. The panel would be very pleased with the company’s response to their suggestion and this will be fed back to the next panel meeting.</p>	
<p>5</p>	<p>Vulnerability and Affordability Panel updates</p> <p>Martin Lord had met with a range of organisations – including CAB, AgeUK, CCWater and others. He said V&A Panel members were impressed with the range of initiatives at Anglian Water – and there was some confidence that the approach to understanding vulnerability was nuanced. However, Martin was less confident that the panel was ready to take an informed view on this information. He proposed keeping broad membership of the panel, including housing associations – as well as creating a smaller subgroup to scrutinise the company’s plans. The panel was about to adopt Terms of Reference.</p>	
<p>6</p>	<p>Hartlepool Panel updates</p> <p>Peter Olsen reported that there had been a focus group meeting in Hartlepool the previous week followed by a</p>	

Item	Action
<p>Hartlepool Panel meeting focusing on resilience. He will have a more up to date report in January.</p> <p>Peter said that meetings had been held with various organisations that are interested in hard-to-reach customers and those who have difficulty paying, opening up good lines of communication. He reported that the bulk of customers in Hartlepool were happy with their bills.</p> <p>Peter would like to include a section on Hartlepool in the CEF report.</p>	<p>Action: Peter to discuss with Vicky</p>
<p>7 Strategic Direction Statement update</p> <p>Alex Plant reported back on the final version of the SDS, which had just been published. The new SDS refreshes Anglian Water thinking for the next 25 years, with the issues of resilience and environmental enhancement at the core.</p> <p>After consultation with customers and stakeholders, the fourth long-term objective was revised to reflect long-term ecological quality – taking into account suggestions from the S&R Panel. The new ambition now reads: <i>Work with others to achieve significant improvement in ecological quality across our catchments</i>. Customers felt that the previous fourth ambition (around digital thinking) should be Anglian Water’s business as usual rather than forming a separate ambition.</p> <p>Alex said that the SDS was far better as a result of the stakeholder and customer consultations. He acknowledged it was an important document at this stage in the cycle, as it provided a framework that will set the company’s long-term position.</p>	
<p>8 Customer Engagement Strategy update</p> <p>Carolyn Cooksey updated CEF members on Anglian Water’s Customer Engagement Strategy, giving an overview of progress since the last meeting and forward planning.</p> <p>Customer engagement work carried out until end December 2017 will feed into the draft/outline business plan, which is due to be published 9 April. In April & May, the draft plan will go out to consultation to inform the regulatory submission for Ofwat (due end of August). The synthesis report forms an audit trail on customer engagement that will feed into the plan.</p>	

Item	Action
<p>On 31 January, Ofwat is due to meet with Anglian Water to talk about customer engagement.</p> <p>Caroline reported on the success of the online community, which started out with 300 people giving feedback on the SDS and now has 500 people responding to a range of issues. 100 of these people are in Newmarket, where smart meters are being trialled and other innovations are planned. There is a portal planned to help reduce water consumption.</p> <p>One area where results have been different from expectations is on hard water – which customers are now looking upon more favourably. Customers are also now more concerned about pollution and are willing to pay more to address these concerns.</p> <p>Have also been looking at vulnerability, trade-offs and willingness to pay and will look at ODIs in Jan/Feb.</p> <p>The online community will be a key platform for feedback on the draft business plan, since customers can drop comments into text, start discussions and vote on issues.</p> <p>Although Ofwat is not allowing submissions to be made digitally, Anglian Water will present the draft plan in digital format to encourage interactivity with customers.</p> <p>Other areas discussed included:</p> <ul style="list-style-type: none"> - Focus groups (some flexible and ad hoc groups on topics such as smart meters and cyber security) - Community ambassadors (50 staff talking to community groups) - Customer Board (8 members of online community appointed with first meeting due in January). Will meet four times per year. Peter suggested CEF should be offered scrutiny of recruitment process. - Social media work (trailing polls via Facebook has proved successful with 1,000 people engaging on issue of green water) <p>Questions:</p> <p>Jeff asked how business as usual contacts/issues raised are converted into customer engagement feedback</p>	<p>CC to follow up</p> <p>CC to report back</p>

Item	Action
<p>Bernard wanted to make sure that WTP data is framed correctly for customers to be able to make an informed decision. He said there will need to be some trade off research.</p> <p>Nathan asked how the synthesis report will feed into the business plan (Alex responded that it would be CEF's role to audit this).</p>	
<p>9 Willingness to pay</p> <p>Helen Dunn reported on Anglian Water's Willingness to Pay research, which builds on the process for PR14 but includes a more robust process for triangulation. This is a work in progress with values due to be delivered in December followed by a period of testing.</p> <p>Helen reported on social valuation work to date, which measures customers' preferences by estimating economic value given to water and waste water services. This feeds into cost benefit analyses and helps inform investment decisions.</p> <p>PR19 studies included a well-being study – one of the first to look at relationship between roadworks and flooding.</p> <p>Lisa Gahan from ICS Consulting gave an update on the main stage survey, which aims to work out WTP values for 11 anchor values on the Social Valuation Framework (including leakage, flooding, bathing water quality, customer service etc.) Analysis is ongoing of 900 household and online respondents.</p> <p>The majority of customers think the priority is for Anglian Water to maintain current levels of service. Leakage, river water quality, sewer flooding and pollution incidents were top five areas for improvement among households and businesses.</p> <p>Preliminary results have given scaled linear values. This is benchmarked against other studies and peer reviewed – tying together quantitative and qualitative evidence.</p>	

Item	Action
<p>Questions</p> <p>Bernard challenged the figures presented and said that the process risks distorting customer priorities, which drives changes to customer bills.</p> <p>Alex reassured the CEF that the figures would be tested. This was a work in progress.</p>	
Section C: Current performance/matters	
<p>10 Company Performance</p> <p>Andrew Snelson provided an update on company performance.</p> <p>In terms of Ofwat’s reporting, the company retained annual position in the middle band – deemed to have met expectations in all but one area. May attract penalties on water quality contacts but interruptions to supply, flooding and bathing water all good. Service Incentive Mechanism (SIM) is at the top of the league table with 4.5/5.</p> <p>Craig said it would be useful to look at in-period trends in the spring.</p>	AS to report on this in Jan
<p>11 AOB</p> <p>a. None</p> <p>Next CEF meetings:</p> <ul style="list-style-type: none"> - Tuesday, 6 March 2018 - Tuesday, 5 June 2018 - Tuesday, 31 July 2018 - Tuesday, 13 November 2018 	