

Minutes

- Meeting:** Customer Engagement Forum
- Date:** 15 January 2015
- Time:** 09:00 - 13:00
- Location:** Rooms 1 & 2, Thorpe Wood House, Peterborough
- Present:**
- . Bernard Crump - Chair (M)
 - . Dame Yve Buckland – Chair (M)
 - . Richard Thompson, Environment Agency (M)
 - . Craig Bennett, Chair Environment & Climate Change Panel (M)
 - . Gareth Dalglish, Natural England (M)
 - . Richard Powell OBE, Chair Customer and Communities panel (M)
 - . Cllr. Davie, Lincolnshire County Council (M)
 - . Judith Mashiter, CCWater (M)
 - . Peter Olsen, chair Hartlepool Panel (M)
 - . Steve Grebby, CCWater (M)
 - . Richard Tunnicliffe, CBI (M)
 - . Jean Spencer, Anglian Water (O)
 - . Martyn Oakley, Anglian Water (O)
 - . Susan Fennah, Anglian Water (O)
 - . Clive Harward, Anglian Water (O)
 - . Christopher Hayton – Secretariat
 - . Jeremy Hawkins, Halcrow (Technical Assurer)
- Apologies:**
- . Jez Cutler, Travis Perkins (M)
 - . Jacky Atkinson, Drinking Water Inspectorate (M)
 - . Peter Simpson, Anglian Water (O)
 - . Kevin Ensel, Hartlepool Water (O)

M = member O = observer

Item

Actions

Welcome and introductions

1. Bernard welcomed the group and explained that as the last meeting was a joint CEF/Panel meeting there were no minutes to review
2. He explained that two new members are being introduced to the group; Richard Tunnicliffe from the CBI and Martin Lord from the CAB
3. Finally, Bernard explained that Dame Yve is leaving CCW and so he will be chairing the group

Final Determination Update

4. The group reviewed the final determination and what it means for Anglian, as well as carrying out a comparison against other companies in the industry
5. Richard Powell asked about the inclusion of restoring sustainable abstraction & eels regulations. Jean explained that obligations for these elements are covered by the plan and that, although the company had looked to seek more investment for these areas, they had not been allowed. As such, there is a list of named schemes that the company will be investing in but adding new schemes would be challenging.
6. Dame Yve asked about the implications of the lower rate of WACC. Jean explained that the impact of this change should be negligible as the cost of new debt should also now be lower and company ratings have been unaffected.
7. Bernard asked if there have been any implications of the company's hedging strategy. Jean explained that when the plan was being developed interest rates has been rising and so the decision was taken to lock in the cost of our interest payments at circa 50% of new debt. Interest rates have continued to fall but we are now locked in at these slightly higher rates. There is a similar situation with the costs of energy, which were also hedged in the plan.
8. Dame Yve asked why the industry WACC assumptions were higher than that of the regulator. Jean stated that companies had looked at a long-term picture when building their plans and that costs were anticipated to be higher as a result. This approach was taken as it mirrors the approach taken by investors. The regulator took the view that the current lower rates of interest are here to stay and so locked in lower rates in their calculations.
9. Jean also noted that it is worth noting that when bills are announced, the level of reduction will be slightly different as CPI has changed giving customers some savings already.
10. The group heard that as Anglian introduces the social tariff for vulnerable customers, the existing SoLow tariff, which has been operating for circa 15yrs, will be removed. This tariff is for low consumption customers and is paid for using a cross subsidy methodology. This will be phased out over three years. There are around 300k customers on the tariff. Those who are currently on this tariff will be carried over to the social tariff but the remaining customers will see an increase in bills.
11. Jean explained that the reason Anglian had been able to reduce the costs to customers more than others is because of the efficiencies which have been made over the last AMP. The company's good performance is being shared with customers.

12. The group heard that any 'reward' seen for the leakage ODI will be used to fund the enhanced leakage programme and will not be taken as a financial reward for the company.
13. Assurance categories will be announced on 9th February so companies will fall into green, amber or red for self-regulation and assurance. Anglian is hoping to be green.
14. Craig suggested that there is a good opportunity to talk publically about the rewards of the company's efficiency on bills. He suggested that bill reductions could provide a hook to talk to customers about wider behavior change messages and how efficient water use could help to save them even more money in their home too. Anglian Water
15. Dame Yve shared that she felt Severn Trent were very good at sharing messages using their billing envelopes and perhaps this is a mechanism Anglian could look at to further get the bill reduction message across. Anglian water
16. In summary, the group heard that Anglian have not taken anything out of the plan from draft to final determination, which is really positive for customers and is rare in the industry.

Customer Update

17. Susan outlined the communications plan for sharing the final plan with customers and stakeholders. As part of this plan, Susan shared an updated brochure with the group for review.
18. The impact of ODI's on customer bills was discussed and the group heard that there could be a possible reduction in bills of £20 or a possible increase of £10, depending on ODI performance. Judith suggested that this impact needed to be made very clear to customers. Bernard suggested talking about the potential impact on future bills to make the point clear but not to cause undue worry.
19. Dame Yve asked if there would be a way the company could benchmark against others so customers could see how their company is doing. Susan explained that this could be looked at as part of the perception studies. Anglian Water
20. Cllr Colin Davie highlighted the importance of utilizing the local media to get the message across to customers and stakeholders.

UKWIR Study

21. Bernard gave the group an overview of UKWIR and Water UK research into customer engagement throughout the PR14 process, looking at standards for engagement research and customers engagement. The group heard that Anglian was mentioned positively at the meeting and the report will be published soon.
22. It was explained that the review took into account websites,

social media, print documents and print media coverage. References to Anglian were very positive, especially around the continuity of the campaign. The report also tackles some of the difficult issues such as dealing with how inflation related bill changes are communicated and the use of willingness to pay terminology.

Bernard
Crump/
Anglian
Water

23. The report will be shared with members once available.

CEF Evolution

24. The group reviewed a presentation outlining the planned evolution of the forum. It was explained that Bernard would represent the group in the review of possible bodies to carry out ongoing assurance.

25. Craig asked if the SDS being reviewed in 2017 leaves enough time for it to be fully considered and included in PR19. He also highlighted the importance of the CEF/ECC Panel engaging in the SDS development in 2015/16. This will be looked at.

Anglian
Water

26. It was agreed that the CEF would appoint a new CEF engagement champion to take over from Judith.

Bernard
Crump

27. The group were asked to give any additional nominations for an economic expert to join the CEF. No names were given and it was agreed that Anglian would approach [REDACTED].

Anglian
Water

28. It was agreed that the September regional meeting and CEF meeting would take place on the same day. It was also agreed that the SDS would be added to the timeline.

Anglian
Water

29. The group discussed the involvement of DWI in the CEF and agreed that the regulator needed to be involved. However, it was felt that this could perhaps be done on a more ad-hoc basis to discuss topics of direct relevance.

30. Bernard raised concerns around the availability of audited data for a meeting in May. Jeremy confirmed that audit data should be able to be completed by then but it would be helpful to hold meetings later in May where possible to give maximum time. It was agreed that the May meeting would be planned later in the month and would avoid half term.

Anglian
Water

31. Jeremy suggested that the CEF might want to set some assurance areas, which can then be looked at before the full year audit.

Bernard
Crump

32. Judith asked about the transition from DDD to AW website and how the 'discuss' element would continue. Susan explained that this would take place across the company's social media platforms as there are already well-established communities here.

33. Bernard explained the review of independent CCG chairs and that he would continue in the position until a decision was made.

Ofwat Consultation

34. Andrew McGeoghan, Associate Director at Ofwat presented to the group on Ofwat's consultation on future regulatory reporting requirements. The group heard that the aim of the regulator is to create one standardized form of regulatory annual performance reporting.
35. Dame Yve explained that customers like to understand how their company is performing, and asked whether this could lend itself to giving a consistent measure for people to use. Andrew responded that this is a difficult position and they will start with a high level of prescription to ensure the approach is right. However, Ofwat are aware that there needs to be a balance and that the aim is not to create a large rulebook for companies. The relativities of measures will not be robust, but the financial implications of these will be.
36. Jean asked how this new requirement will work with Anglian's integrated annual reporting. Andrew explained that in order to get the same level of information from all companies, reporting needs to take place in a separate document. Ofwat will prescribe templates and tables, which will need to be populated with links to where the data is held in the ARA and other reports.
37. Dame Yve outlined the importance of Ofwat's ongoing engagement with CCGs. She explained that there is a difference in Ofwat being involved with CCGs to help monitoring and initially being involved throughout the planning stage.

AOB

38. Bernard asked what impact have the changes to SIM had. Martyn explained that SIM is made up of qualitative and quantitative assessments. This used to be 50:50 split however there is now 75% focus on qual and 25% on quant. The qual element of SIM has also changed in the way it is measured and companies now find out on a Monday that the previous week was a SIM week and have 24hrs to share customer contact data. It is also now the case that people will be surveyed mid-job, making VSAT very hard. Three surveys were done between September and November (usually once a quarter) as a trial to test company reporting. Anglian had not done as well as hoped but are confident that scores will pick up going forward. Martyn also wanted to highlight that although Anglian have dropped some points, the company is only 0.2% behind the top SIM score in the industry. All data has been shared on time and in full. It has been a learning curve but we are confident that we are in a good position for AMP6.

Next meeting to be scheduled for May/June 2015