

**South Staffordshire Water  
Customer Challenge Group (CCG)  
4<sup>th</sup> Full Meeting**

**Minutes  
Monday, 17<sup>th</sup> December, 2012  
Village Hotel, Walsall**

**Attendees:**

Yve Buckland	Independent Chair
Colin Greateorex	Deputy Chair and Lichfield District Councillor
John Thompson	Chair of the South Staffs Water Charitable Trust
Tom Marshall	Lichfield District Council
David Wurr	Consumer Council for Water
Gemma Domican	Consumer Council for Water
Greg Marshall	Environment Agency
Adam Lines	Environment Agency
Ralph Tennant	Black Country Federation of Small Businesses
Ian Butterfield	Natural England
Catherine Lund	Spirit Pub Company
Ray White	Walsall Citizens Advice Bureau
Matthew Lewis	Finance and Regulation Director, South Staffs Water
Rachel Barber	Customer Operations Director, South Staffs Water
Colin Wayper	Network Director, South Staffs Water
Alex Martin	Head of Water Strategy, South Staffs Water
Barbara Julye	Head of Customer Engagement, South Staffs Water

**Apologies:**

Liz Swarbrick	Managing Director, South Staffs Water
Graham Blair	Kerry Foods
Andy Baxter	Coors Brewery
Ahmadul Haque	Sandwell Metropolitan Borough Councillor
Jacky Atkinson	DWI

**1. Review of minutes of meeting on September 13<sup>th</sup> and actions from last meeting.**

The minutes were agreed as a true record. Matters arising:

*Item 1:* SSW to compile a proposal for wider engagement, incorporating faith groups, help agencies, council offices etc. - Rachel Barber reported that SSW is currently reviewing online panels and focus groups results on willingness to pay and will bring them to the February CCG meeting. It was also noted that this would include Housing Associations.

**ACTION:** SSW to compile a proposal for wider customer engagement

*Item 2:* Findings of the SSW Customer priorities and indicative willingness to pay research to be shared at the December meeting alongside a comparison with CCW Research. - Rachel Barber reported that this summary was circulated prior to the meeting. Gemma Domican said

that CCWater had noted the differences between these research results and those of similar research by CCWater and is now going to compare them with those of other water companies to see if there are differences elsewhere. Adam Lines noted that the research for SSW was focused on the service levels to customers and not necessarily a wider remit. SSW confirmed that further research would address the wider remit.

*Item 3:* SSW to consider the utilisation of a Peer Review for customer research - SSW reported that this would be considered and proposed at the February meeting.

**ACTION:** SSW proposal for Peer Review of Customer Research

*Item 4:* To provide minutes from Task Group meetings for all meetings and to all CCG members - The task group meeting minutes are to be put on to the CCG page on the SSW website. The Chair asked for the minutes to also be circulated to the group once signed off.

**ACTION:** Task group minutes to be placed onto website and circulated to all members of the Group.

*Item 5:* Draft report compiled by MVA to be shared with Group –The draft report of the MVA Consultancy research was circulated prior to the meeting. John Thompson asked how the research was going to be used and said the report suggested that SSW does less through its Charitable Trust than other water companies. However, he said that he had always been told there were no restrictions and this year the Trust had used its budget in six months and more money had then been made available. In addition, the Trust gives greater benefits to customers with amounts of around 60% of their bill; he felt the research did not properly reflect what was going on. The Chair noted that he felt the Trust had been slightly misrepresented. The Chair also asked if there was an opportunity to work with Severn Trent on the issue of affordability, as this would both benefit customers and create a model for other water companies; SSW and ST should discuss how to frame questions about the combined bill. David Wurr felt it very important that people realise that SSW charges cover only a part of the bill and that those taking part in research should understand what they were being asked about. Rachel Barber said a joint meeting is being held between the two companies on 20<sup>th</sup> December and willingness to pay research will be carried out early next year, which will help inform the company's business plan which will be submitted to Ofwat early in 2014.

**ACTION:** SSW to update the CCG of the meeting with ST at the next meeting

*Item 6 and 7:* SSW to arrange workshop to provide background to the Water Resources Plan. A background note regarding the Environment Agency's assessment of National Environment Programme (NEP) is to be provided - The Water Resources Management Plan workshop was held on November 14<sup>th</sup> and attended by a number of CCG members. Briefing notes made available at the workshop, including one on the Environment Agency's assessment of the National Environment Programme, have also since been circulated to those members who were not able to attend.

*Item 8:* SSW to propose a method of assurance. SSW reported that an update would be available at the February meeting.

**ACTION:** SSW to propose a method of assurance

## **2. Merger with Cambridge Water**

A brief summary had been circulated to members with the papers for the meeting. Matt Lewis summarised the paper confirming that the merger had been cleared unconditionally, although South Staffs had offered £500k savings as a result of the merger. The Company was currently going through a process to unify licences and expect that the merger will take place in April 2013, meaning that Cambridge Water will cease to exist as a legal entity, although the name will remain. The merger is expected to result in £500k in corporate savings and CCG members were asked to consider what was the best way customers could benefit from this sum.

The Chair suggested that the two companies' CCG groups could use it to help with bills for those struggling to pay. Alternatively that it could be used as a 'fund' to help common functions. Also that customers could be asked their preference, what would they want, could be beneficial to help a certain group of customers. John Thompson expressed concern that the initial willingness to pay research suggested only 3% of people supported the idea of paying an extra £1 a year in order to support those unable to pay. But David Wurr pointed out that the question actually asked if people would prefer extra costs or more services and the Chair said that nationally much work had been done on the issue and people were only willing to pay for the most deserving cases – research for Wessex Water had found customers were prepared to pay an extra 50p per year to pay struggling customers. Tom Marshall suggested that a charitable trust was more palatable to customers, as the money to fund its payments came from the company, rather than direct from customers.

There was general support for the savings to be used as a fund.

**ACTIONS:** To seek views from Cambridge Water's CCG group. In addition to set up a future joint CCG meeting between both SSW's and Cambridge Water's CCG groups. Also to ask customers what they would want.

## **3. Draft Water Resources Management Plan**

Alex Martin gave a presentation, with Colin Wayper presenting an animation to explain the Sustainable Economic Level of Leakage principle. Alex confirmed that over the next 25 years SSW was not forecasting a deficit and that a surplus would be maintained throughout the period. She explained the forecasted population and metering growth in the SSW area. Alex also referenced the recent research on customer priorities undertaken by MVA

Ian Butterfield suggested that the rate of reducing water consumption would increase if SSW was more vigorous in forcing customers to have meters installed, rather than relying on meter optants, who may already be being careful about their water use. Alex Martin said it may be more valuable to focus efforts on customers who move from unmetered into metered properties, as meter optants are generally already using low volumes of water. David Wurr said he felt the figures for meter growth (about 2% a year) were very good considering the low base at which the company started and Tom Marshall said industry was to be congratulated on how much it is doing to design more efficient appliances and consumers were doing their bit by choosing these models.

Tom Marshall felt it would become anachronistic in future years to suggest that customers could use as much water as they wished without it altering their bill – no one would suggest that method of paying for gas now. Colin Wayper pointed out that the metering position reflected the company's resource availability. The Chair acknowledged the pro-metering position in Cambridge and suggested that this should be an area of discussion at a future joint CCG meeting.

Alex confirmed that Change of Occupier metering is the only discretionary element to the metering position. In the sense of affordability both SSW and Ofwat may still challenge this policy but continuation of Change of Occupier metering at modest levels during AMP6 is the Company's preferred position.

There was general support of slow growth in meters as proposed, although there were opinions that growth should be faster.

In response to a question from Adam Lines, Alex Martin said the MVA research suggested that 15% of respondents would be willing to accept a reduction to water restrictions of once in 20 years (from once in 40 years), but Catherine Lund pointed out that water restrictions could be problematic for businesses.

Colin Wayper asked for feedback on the ELL/SELL animation and the general feedback was that Colin's presentation at the workshop was more interactive as it allowed members to ask questions. The Chair suggested that many people would not agree with the ELL/SELL principle, since they would not expect to be asked to save water themselves if the water companies were not also doing that. Colin Wayper added that there was really no new innovations in leakage technology, and, in answer to a question from Tom Marshall, said that the plastic pipes used in the 1960s as an innovation had not all lasted as long as the much older cast iron mains, but mains pipes were now made from a more flexible plastic and were expected to have a much longer life. Since the 1990s, SSW's leakage rate had fallen from 95MI per day to a current target of 74MI and was likely to fall to 71MI – and it could go lower if people were willing to pay the repair and infrastructure costs. A joint Defra/Ofwat/EA working group is also currently looking at alternative ways of setting leakage targets, he added.

In answer to a question from David Wurr, Alex Martin said that SSW has carried out water saving audits within industry when requested – but companies often then said they are doing enough to save water. Rachel Barber added that the company is currently working with a major business customer to identify water efficiencies and Catherine Lund later added that Spirit Pub Company is working with a third party company to do so.

David Wurr commented that regarding the National Environment Programme, customers should not have to pay for issues they had not caused and the CCG had a duty to ask if this was the case. Adam Lines confirmed that the schemes identified are ones that in the EA's view are caused by SSW and not other abstractors. Alex challenged this and stated that not all were just SSW contributions such as Rising Brook. It was suggested that David Wurr and Gemma Domican were to follow up the challenge that SSW were responsible. Greg Marshall challenged the Company to be more ambitious regarding progressing schemes within AMP6

rather than delaying implementation until AMP7. This was with particular regard to the Fish Pass at Nethertown which was a scheme added to the NEP only recently. Alex Martin responded that until the potential impact of a fish pass on the operation of the Company's Nethertown pumpback scheme supporting Blithfield deployable output could be determined then the Company would not be in a position to agree to implement a scheme. Alex reminded members that only 'likely' or 'confirmed' NEP schemes should be included in company water resource management plans and that until the impact of the fish pass proposals could be assessed this scheme is still 'unknown'. Greg and Alex agreed to continue this discussion at a meeting between EA and SSW planned for 17<sup>th</sup> January and to try and find a way forward that was mutually acceptable to both parties and consistent with the regulatory guidelines. Catherine Lund asked specifically about water efficiency in businesses, bill validation and company repair activity suggesting that small businesses need more information to understand how they can reduce their bills and also how the Company can help those multi site businesses manage their consumption as a whole.

There was support for the proposals made by Alex and Colin including the methodology to consult customers.

**ACTION:** Alex Martin and Greg Marshall to discuss the way forward for the Nethertown Fish Pass at the meeting on 17th January between SSW and the EA

**ACTION::** When joint meeting takes place with Cambridge CCG, Companies policies on metering to be part of the agenda,

**ACTION:** David Wurr and Gemma Domican to follow up SSW responsibility in NEP schemes

#### **4. Customer service priorities and initial willingness to pay**

Colin Greatorex, as Chair of the Customer Research task group, gave a presentation outlining the results of the MVA Consultancy research. He also asked for more volunteers to join the task group, and Adam Lines and Catherine Lund offered to do so.

Rachel Barber pointed out that the percentage of customers who are dissatisfied (with services/costs) is very small, which makes it difficult to align with what the CCG hopes to achieve.

In answer to a question from David Wurr about water hardness, Rachel Barber said she did not believe the company is likely to take any steps to reduce hardness levels, since the costs were so high, plus there are health benefits in hard water.

#### **5. Update from the Chair of the Ofwat meeting**

The Chair attended a meeting of all independent Chairs. The Chair summarised key elements of the meeting:

- CCG's are part of the picture to replace the bureaucracy of price reviews (consistent with Ofwat's risk-based focus)

- CCG's will need to show they have indeed challenged and understood the wide diversity in opinions regarding the balanced package
- Ofwat may give them a template with Chapter heading for their assurance report
- A new announcement was Ofwat's intention to call in the CCG Chairs at the Draft Determination stage
- The use of CCGs at price reviews is regarded by Ofwat as an experiment
- Ofwat did warn the Chairs of the dangers of being captured by companies and their presentation of data (Ofwat are deciding whether to issue to CCGs their data and the Chairs did request more comparative data from Ofwat)

The Chair said that Ofwat had today published a notice that their methodology for setting 2015-20 price limits, which should have been available in September, will now be out early next year. Ofwat has also called upon the Chairs of CCG groups to feedback on further efficiencies that could be made.

## 6 Overview from Natural England

Ian Butterfield said SSW had missed an opportunity for making clear its environmental impact; for example in the "core values" section of the CCG induction document, the environment is mentioned only once. He also noted that there were no questions on the environment in the MVA research and that one of the Nature Improvement Areas – central to the Government's longer term environment strategy – runs across the SSW area. He suggested this was an opportunity for the company to think about issues around improvements to health and well-being, as well as flood prevention. The research was also a chance to say that most of the water coming out of taps ends up going into Severn Trent's sewers, and therefore customers are paying for it again through sewerage treatment charges.

**ACTION:** SSW to review Ian Butterfield's comments and that Ian's comments re research would be incorporated into future research

Rachel Barber suggested that the Charitable Trust and CAB be asked to give a presentation on affordability, and also that some of the large business customer stakeholders also be invited to present on the issues of customer service priorities and willingness to pay.

**ACTION:** SSW to hold a workshop on affordability inviting key stakeholders

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There was no other business. SSW staff members then left for CCG members to meet in private. There were no issues arising from this closed session for SSW. The meeting closed at 5.50pm.

Next meeting 13<sup>th</sup> February, time and venue to be confirmed.