

## South Staffs Water Customer Challenge Group – Outcomes Task Group

Conference Call, 3pm, November 4th<sup>th</sup>, 2013

### Taking part:

Rachel Barber	South Staffs Water, Customer Services Director
Steve Morley	South Staffs Water, Compliance Director
Matt Lewis	South Staffs Water, Regulation Director
Annalise Lister	South Staffs Water, Customer Communications Manager (Cambridge region)
Steve Grebby	Consumer Council for Water/Cambridge Local Water Forum
Bernard Crump	Consumer Council for Water/ SSW Customer Challenge Group
John Thompson	Chairman of the South Staffs Water Charitable Trust
Greg Marshall	Environment Agency/South Staffs Water Customer Challenge Group
Dr David Wurr	Consumer Council for Water/ SSW Customer Challenge Group
Christina Blackwell	Consumer Council for Water/ SSW Customer Challenge Group
Colin Greatorex	Lichfield District Council/SSW Customer Challenge Group
Tom Marshall	Lichfield District Council/SSW Customer Challenge Group
Sir James Perowne	Non-executive Director, South Staffs Water
Ian Butterfield	Environment Agency/ SSW Customer Challenge Group
Richard Franceys	Cambridge Local Water Forum
Julian Denney	JD Associates

The purpose of the conference call was to review the outcomes and measures following the views at the last CCG and Board discussion.

### *Changes made to measures*

Steve Morley outlined the outcomes and their measures and listed the following changes:

- Water quality penalty of 50p per customer at 99.94% MZC and £1 per customer at 99.92% MZC (originally set at 99.90%).
- Negative water quality contact is no longer regionalised (and definition reworded to align with DWI).
- Supply interruptions penalty at 25 minutes (not 30 minutes)
- No reward for asset serviceability. Measure now split into infrastructure and non-infrastructure
- Hosepipe bans now reputational (not a penalty)
- Values of leakage triggers revised. Main change is Cambridge region reward at 12.0 MI/d (not 12.5 MI/d).
- Investment grade rating dropped as a measure.

The likelihood of the Company paying out penalties is greater than that of charging a reward, said Steve. In addition, the SIM measure will be set by Ofwat, and is currently being consulted upon.

Matt Lewis confirmed that any rewards or penalties would be applied to bills from the start of the year following the end of the AMP period (April 2020) and would be per year e.g if water quality failed three times during the five year period, the penalty payment would be made for

three years during the following AMP period. There is discretion for the board to direct the Company to pay out penalties at an earlier stage.

**Challenge:** The reward and the penalty for leakage is the same amount (50p for both). Has the idea of increasing the penalty to make it more than the reward been considered?

*Response:* The cost of leakage to the Company's reputation is high in addition to the actual cost of recovering performance. These figures are based upon results from the Willingness to Pay research.

**Challenge:** Once the leakage level has failed, there is no incentive to improve.

*Response:* This is not the case it is a rolling 3 year average and therefore would impact on future performance.

**Action:** To add in industry average figures to the various performance measures in order to show how the company is performing in relation to others.

**Challenge:** Can the Company give the number of customers who are in debt?

*Response:* There needs to be a clearer definition of what is a customer in debt. This could be discussed at the full CCG/LWF meeting on November 15<sup>th</sup>.

**Challenge:** Could definitions be provided for each of the measures?.

*Response:* The Company will provide this.

**Challenge:** Would the Company consider tracking or returning regulatory equity?

**Challenge:** To be clearer on the biodiversity activities the company is prepared to carry out.

**Action:** To give more details on biodiversity activities at the November 15<sup>th</sup> meeting.

**Challenge:** Where the document references Action Plans, how is the Company going to progress these.

*Response:* The Company will discuss the action plans with the CCG, likely to be after submission of the Business Plan.

Rachel Barber thanked everyone for taking part and confirmed papers for the November 15<sup>th</sup> meeting will be sent out no later than this Friday.