

Wednesday 16th May

09:00 – 11:45

The Pro Copy Room, SSE Swalec , Sofia Gardens, Cardiff, CF11 9XR

Attendees:

Peter Davies (Chair), Craig Anderson, Mari Arthur (Cynnal Cymru), Duncan McCombie (Yes Energy Solutions), Geraint Weber (Natural Resources Wales), Matthew Williams (FSB), Bethan Harvey (Cynnal Cymru: Secretariat), Richard Garner Williams, Szy Trelfa (Welsh Government), Lia Moutselo (CC Water), Lee Gonzalez (CC Water), Alun Shurmer (Dwr Cymru), Daniel Davies (Dwr Cymru), Mike Davis (Dwr Cymru), Anna Riddick (Dwr Cymru), Rachel Lewis-Davies (National Farmers Union)

Apologies:

Steve Ormerod, Jean-Francois Dulong, Nigel Draper

Opening from Chair:

PD welcomes all. Change to CCG agenda – second item moved to first item.

Headline points from PD's Meeting with Environment Minister

The Minister set out her priority concerns - vulnerable customer strategy and social tariffs; water efficiency and environmental outcomes through SMNR approach . She also stressed the importance of the Refill nation work which she had recently announced.

AS provided further details on discussions with Minister on Refill - Wales wants to be the first 'Refill Nation' and removing single-use plastics. AS has had meetings with the minister who would like to see a partnership between Dwr Cymru, Welsh Government and Refill to provide drinking water for free.

A full announcement is to be made at the Volvo Ocean Race's Ocean Summit.

Points Raised from AS's Response to PD letter

Key meeting between NRW and DC will take place on 4th June to discuss latest draft of National Environment Programme (NEP)

CCG asked for a time-scale on the vulnerable customers strategy and enquired whether the Blue Marble research could be re-visited

AS confirmed that all CCG comments had been submitted to Sam James and that the strategy is being amended accordingly. There will be an early autumn workshop on planned implementation and a public event to announce and publish.

Action - It was agreed that there would be a formal response to the CCG's submission

Copies of the research findings on environment and from non-household customers had been circulated as requested. PD has gone back to FSB and CBI asking for further comment on the latter. PD will be attending the DCWW Board meeting on June 6th and July 5th. The July 5th Board will consider a draft of the CCG report.

Action - PD– will write to the chair to summarise progress for June 5th. CCG conference call on June 4th to consider nature of draft report and to highlight any points for June Board

Options Testing Results

As noted in the previous CCG meeting and communicated in the follow up letter the CCG was clear that the options research had not provided a clear mandate for the company to proceed

However it was accepted that this research provided customers with an either / or choice on two packages. The company indicated that they had done further work on the financial modelling and this has provided with some further flexibility which could allow some elements of the enhanced package to be funded while keeping the bill reduction at the same level.

This compromise package would include elements where customers had indicated higher priority.

- **Customer service** – keeping up with other sectors i.e. appointment tracking
- **Lead pipe extra expenditure:** clear part of Welsh Water 2050 and Welsh government strategy. Lot of stakeholder support.
- **Water network resilience:** - Investment that would help build resilience in more populated areas, a requirement highlighted as a response to Storm Emma

If these options were not included there could be a further Bill reduction in the region of £5 per year

The CCG stressed that the options research on its own did not provide strong evidence as the percentage differences were small so it would be important to ensure that the 3 areas could be linked back to the main customer research programme.

Action – DCWW to provide wider evidence base to underpin areas for additional investment

The CCG agreed that, subject to this evidence base, that the additional investment areas should be included in the final plan for acceptability testing, while maintaining the bill level reduction already committed to – as opposed to a further reduction of £4/5 per annum in Bill.

The customer research had highlighted the importance of affordability but there was no strong message that bill reduction was the overriding priority over other aspects of service improvement.

The CCG raised a concern over whether the efficiency drive to deliver the bill reduction would lead to a squeeze on ambition especially in relation to improvements in environmental outcomes which were of high priority for customers. The company indicated that investment plans did not indicate that this would be the case and business efficiencies would deliver savings for customers without impacting on investment levels which would be higher than in the current AMP.

The CCG also raised the question as to whether future bills would be impacted adversely through a tightening in the next AMP and if not enough progress was being made against Welsh Water 2050 objectives

MD stressed that the company has reduced costs every 5 years since 1989. Efficiency is a fundamental part of business planning and this plan features the biggest investment programme ever.

Summary of Customer Engagement Results

[See slides](#)

AS presented slides which aimed to bring together 1500 pages of research and address the issue previously raised by the CCG of the need for a clearer overall narrative.

Action – presentation to be circulated to the CCG following the meeting

The CCG welcomes the clearer narrative provided by the presentation and suggested that the presentation should also give:

- greater clarity on the step change in customer engagement from PR14
- a sense of how DCWW will lock customer engagement into the future planning and operational functions

Measures of Success

The challenge from the most recent Board Meeting was on the 45 MOSs and whether each and every one were necessary. This had been previously raised as an issue by the CCG and the Board had asked for a further view on this point.

The CCG initial analysis was that 45 seemed to many measures. There were also questions as to whether the internal business indicators should be included.

However on further review the CCG accepted that the internal MOS's were important for business management and culture change, while all the other measures could be justified. The CCG did not feel that the measures put forward for possible omission e.g. customer debt levels should be dropped

Action: PD to confirm with the Board that the number of measures were acceptable to the CCG

MOS Targets Challenge

PD asked whether they were ambitious enough and whether they reflect changes that customers want to see.

The CCG raised that in some cases the targets do not give a good measure of the impact that the company is trying to achieve and the numbers are too blunt a tool when dealing with MOS in areas such as community, e-care and education.

The CCG needs to be focused on the evidence of impact in its future work in monitoring progress against customer priorities.

The CCG commentary on the Measures of Success would represent an important part of the CCG report and in the summary to be presented to the July Board. Discussion in the meeting highlighted following areas:

- **Water Efficiency**

This was a key issue in PD's meeting with the Minister and question as to whether the company was being ambitious enough with a target for consumption above the industry benchmark. DCWW agree

that water consumption should be a focus but there is an issue over uniformity of measurement across the industry. There are difficulties in distinguishing between leakage and consumption.

The role of metering was discussed with regards to its usefulness in making the water visible and measurable however the savings aren't worth behaviour changes from a financial basis to the customer so further work would be needed on behaviour change.

The Tap and Toilet campaign will have a key role in improving water efficiency. The Tap and Toilet campaign includes going to customer's homes so this could be an opportunity for customer engagement on reducing water use. This campaign will be piloted in the Rhondda Fach.

CC water suggested demand management options overall but a need to work more closely with customers on issues of water efficiency. DCWW made reference to their education programme that has been ongoing for many years but CCG challenged on evidence base for impact of water efficiency

Action: PD and CC water to look at company's track record on water efficiency

Kilometres of River Restored / Environmental Measures

The CCG questioned whether Kms of rivers restored represented the best measure and asked for greater clarification on methodology for calculation

Customers put a significant priority on environmental improvement so important that there is clarity including how the NEP is reported beyond the specific measures of success. This also applies to the impact of the catchment management approach and the benefits from the Brecon Beacons mega catchment.

The measures include the company response to climate change e.g. Rainscape and renewable energy but there is no overall figure for CO2 reduction over the period especially given the company's commitments in WW2050

It will also be important to demonstrate how the plan:

- meets the challenges set to the Blueprint for Water developed by environment NGOs as previously presented to the CCG.
- Focuses on customer engagement to change behaviour

The CCG will be briefed following the outcome of the meeting with NRW on the NEP on June 4th

Acceptability Testing Draft Survey and Materials for Comment

The draft acceptability testing survey had been previously circulated but subsequently it has been further reviewed by the company and the research agency and an updated version will be circulated following the meeting for comment.

The CCG highlighted –

- The importance of being clear on the impact of inflation on all slides testing the bill profiles
- The need to be clear as to what the improvements are being proposed beyond current service

- ODIs are a difficult concept to explain to participants especially through a piece of text. Customers could not understand them in previous research. However, CCG pointed out that they are an important discussion to have especially in regards to potential incomes from rewards.
- Previous research had shown that customers did not like volatility in bills
- The challenge of being transparent on bill comparisons while providing explanatory information which gives customers context without biasing the customer response at the outset
- The importance of recognising that we are testing the acceptability of the overall plan and associated bills against the operating base of the company

Social-Tariffs Research Results

Customers are not willing to see the level of their support increasing so any further investment would have to come from the company. DCWW are still an outlier in terms of the level of cross-subsidiary and customer support. However margins are tight and unable to predict if that the scale of intended increase in support can be delivered in future settlements.

Issues to address:

- It is important to look at the process of applying for help schemes and not just the numbers. It needs to be simple.
- Are the customers in the most vulnerable circumstances being reached or just the most switched-on to the application process?
- Assessment could be a follow-up action to application and those already signed up could be monitored and reviewed
- Scope for CCG to work on this post September with a workshop being planned
- DCWW will have to show transparency on their financial contribution
- Resources can be used to help customers in vulnerable circumstances leverage wider
- Rhondda Fach will provide important learning and inform models going forward

Dates of Future Meetings:

June 4th Conference call –

June - drafting of CCG report

July 9th CCG– Results of Acceptability Testing. Update on ODIs and Social tariffs research

August 14th - Finalising CCG Report

October 1st – PD to attend OFWAT meeting with company to review plans

Dates for October CCG meeting to be set