

**Dŵr Cymru Welsh Water Customer Challenge Group -
Chair's Update
Board Paper September 7th**

1. The Customer Challenge Group aims to ensure that the company effectively engages with customers and that this involvement is reflected in its business plans. The Customer Challenge Group paper to the May Board set out six strategic challenges where it wanted to ensure that there was evidence for an effective process for customer engagement. It is proposed that these will form the basis of the CCG challenge framework for the PR19 business planning process, with the aim of enabling a shift from passive consumers to active participants in shaping the future of the industry. The proposed CCG strategic challenges are:
 - Engagement with customers demonstrates a progression from listening and understanding customer needs to active participation of customers
 - Customer engagement and participation is embedded as a business imperative across all elements of the business
 - The company draws on all interactions with customers to inform decision making, giving particular attention to groups who find it more difficult to have their voices heard
 - The company demonstrates that it drives innovation through working with customers and stakeholders on collaborative projects that offer multiple benefits
 - There is a clear focus on supporting vulnerable customers and those who find it difficult to pay bills through their direct involvement and collaborations with other companies, the public and third sectors
 - The principles of the Wellbeing of Future Generations and Environment (Wales) Acts are applied by the company, demonstrating the ways of working and contribution to our national wellbeing goals.

2. The CCG has met once since the last Board to update on the progress of the customer research, customer consultations and the consider the triangulation report. The Chair has also received subsequent comment from members. Key points were:
 - The CCG welcomed the Board's commitment to customer involvement and is pleased to extend an invitation to Board members to attend future CCG meetings
 - Evidence that the not for profit message enables a stronger mandate from customers for supporting the environment and vulnerable customers. Demonstrating the validity of this evidence will be important as this difference in customer perspective would be a distinguishing factor in Welsh Water's business plan.

- There was a general view that vulnerability was not prominent enough as an issue in the DCWW2050 document, supporting the CCWater response that “affordability and ever-changing vulnerability of the population Dŵr Cymru services is one of the key challenges the company is facing in the future.”
 - Strong views from environmental stakeholders on the importance of catchment management and potential models of payment for eco system services
 - The importance of working with the frameworks being put in place under Welsh legislation for the sustainable management of natural resources and long term wellbeing such as area statements and public service boards
 - The development of the online community was recognised as being an important development for ongoing customer involvement, but the issue of digitally excluded customers and potential bias in the sample was stressed
 - The recognition of the work that has gone into the very comprehensive triangulation report which provides the basis for a strong, dynamic evidence base of customer priorities. The CCG will have a key role in reviewing the interpretation of these messages into the measures of success in the PR19 business plan.
3. The role of the CCG in PR19 is set out in the draft Ofwat methodology. It includes increased expectations on approaches to affordability, vulnerability and assessment of performance commitments. The CCG role also needs to take into account the Welsh Government’s strategic guidance and the emphasis on the Wellbeing of Future Generations (WFG) and Environment Acts. The CCG has a key role enabling the company to apply the ways of working set out in the acts – prevention, collaboration, involvement, integration and long term.
 4. The development of a “deep place” pilot project in Rhondda Fach in association with the zonal investment programme is a good example of applying these principles and working to add value to the local wellbeing plan being developed under the WFG Act. The company is also involved with a range of collaborations such as the water health partnership, catchment management, carbon reduction etc. It is important that these collaborations are effectively structured to maximise customer participation. Ofwat have reinforced to CCG chairs the framework of customer participation set out in the “Tapped in” report as a starting point for “what good looks like”.
 5. The Ofwat methodology sets out the requirement of CCG to **highlight in assurance reports areas of challenge and disagreement**, and how the company responded to each challenge. In order to improve the recording of the CCG meetings and to reinforce its independence, it is proposed to appoint an independent secretariat function reporting to the CCG Chair. A framework for the proposed challenge log will be agreed by the CCG in September . It will be important for the company to document responses, actions being taken following contributions and customer participation enabled through the CCG,
 6. In summary from my perspective as independent CCG Chair, Dwr Cymru Welsh Water:

- is well advanced in respect of the scale and scope of customer engagement with a range of innovative initiatives
- has made real progress in drawing on all sources of customer data
- has received some clear messages emerging on core service, affordability, environment, vulnerability and good citizenship
- will need to make judgements on the evidence of customer response balancing the different perspectives in establishing priorities against clear principles
- has potential to embed participation as a basis for improving service to customers.

The CCG will be considering the responses from the summer consultation and agreeing the PR19 challenge framework in our September meeting.