



CUSTOMER ENGAGEMENT FORUM

Meeting: Customer Engagement Forum – CEF only session
Date: 16 January 2018
Time: 10–10.30 and 14.30–15.30
Location: Lancaster House, Ermine Business Park, Huntingdon, PE29 6XU

- Present:**
- . Jeff Halliwell – Independent Chair (M)
 - . Beth Corbould – Economist, Civil Aviation Authority (M)
 - . Bernard Crump – CCWater (M)
 - . John Giles – Environment Agency (M)
 - . Joanne Lancaster – MD, Huntingdonshire District Council (M)
 - . Paul Metcalfe – MD, PJM Economics (M)
 - . Peter Olsen – Chair, Hartlepool Panel (M)
 - . Anne Ramsay – Natural England (on behalf of J. Torlesse (M))
 - . Nathan Richardson – RSPB/Blueprint for Water (M)
 - . Daniel Storey – Director, High Point Economics (M)
 - . Richard Tunnicliffe – CBI (M)
 - . Graham Hindley – ch2m (O)
 - . Vicky Anning – CEF Report Author (O)

Item	Action
<p>i CEF-only discussion</p> <p>CEF discussed expectations from meeting and flagged concerns that trade-offs in business plan are not yet visible to CEF members. Anglian Water thinking on potential ODIs is also not yet clear.</p> <p>CEF noted that lower WACC set out by Ofwat in final methodology will put additional financial emphasis for company on delivering performance against ODIs.</p> <p>CEF also noted that 3 May is submission date for schemes eligible for cost exclusion. Customer engagement bar will be high so will require intensive and rapid consumer engagement once any such schemes are revealed.</p>	

Item	Action
<p>ii. Afternoon session</p> <p>Discussion:</p> <p>CEF members noted from looking at trends in company performance that there seemed to be a step change in performance as soon as ODIs came into effect. Some of the trends are quite startling.</p> <p>One CEF members reported he had seen a step change in response to supply interruptions.</p> <p>CEF members were reminded that interruptions to supply measurements only kick in after three hours and one minute. The register of low pressure only has 400 customers on it so this CEF member felt there may be more customer centric ways of looking at this measure.</p> <p>Graham Hindley from ch2m gave CEF members a useful presentation on assurance</p> <p>Graham is a chartered engineer. He started out with the National Rivers Authority and has been working in engineering consultancy for 21 years. At ch2m, he heads up the technical assurance team for Anglian Water and South West Water. He has a team of 15 specialists working on Anglian Water.</p> <p>He specialises in water interruptions, supply demand and leakage. He assures and audits this. He has a duty of care to both Anglian Water and CEF. He is available for CEF members to investigate anything they have concerns about and he can report back independently.</p> <p>He can also help the CEF in its analysis of the business plan, checking calculations and looking at trends.</p> <p>One of the main focuses for his work is to look at whether there is a clear link between customer engagement and the AW business plan.</p> <p>In his presentation, he guided CEF members through the main elements Ofwat are looking for in a business plan, which needs to be underpinned by four main themes:</p> <ul style="list-style-type: none"> • Great customer service • Resilience in the round 	

Item	Action
<ul style="list-style-type: none"> • Affordable bills • Innovation <p>Ofwat wants to see a step change from PR14 and will test the business plan in nine key areas and look for three key characteristics to find areas for further scrutiny.</p> <p>What's needed is:</p> <ul style="list-style-type: none"> • Great customer service • Challenged by CEF • Must build trust and confidence of Ofwat <p>Ofwat will also be looking at assurance that's been carried out for the business plan.</p> <p>In terms of customer engagement, Graham reported:</p> <ul style="list-style-type: none"> • AW is primarily relying on the CEF to challenge the engagement process and results • Some components are more extensive than PR14 or are new approaches (e.g. co-creation work, which is innovative and hasn't been seen with other companies) • SDS mentions areas where customer views have shaped & revised AW's outcomes • There is evidence of customer engagement being incorporated into business as usual • Robustness of the bridge between the engagement work and the portfolios is critical (ch2m haven't seen a link between portfolio holders and engagement work – although portfolio holders have been given synthesis report) • Willingness to pay work is complete and ch2m are happy with this • For PR19 investment cases: it's early days and not much is documented. This is at peer review stage rather than technical assurance. Assurance will take place once AW have fully documented their business cases • ch2m have found it difficult to see evidence of challenge from CEF. <p>In response: Vicky has been keeping a challenge log for inclusion in the CEF report. This will be shared with CEF members in future.</p>	<p>Action: Vicky to share challenge log</p>

Item	Action
<p>Graham asked what the CEF would like to see in terms of assurance?</p> <p>CEF members suggested the following</p> <ul style="list-style-type: none"> - investments associated with cost exclusion and data on cases for ODI - technical assurance summary on different business cases (Graham confirmed he was working on that issue currently) - financeability issues - during PR14, CEF engaged a consultant on regulatory assurance to make sure they weren't missing anything. It would be difficult for CEF to scrutinise/oversee RCV and other financial issues without expertise - CEF should ask the company for their financeability options. <p>Other areas of interest included:</p> <ul style="list-style-type: none"> - Cost adjustment claims - WISER plans <p>Any feedback from CEF members on assurance should be given through Vicky/Graham.</p> <p>Meeting closed at 15.30.</p>	