

**South Staffordshire Water
Customer Challenge Group (CCG)
3rd Full Meeting**

**Minutes
Tuesday 13th September 2012
Walsall**

Attendees:

Yve Buckland	Independent Chair
Colin Greatorex	Deputy Chair and Lichfield Councillor
Liz Swarbrick	Managing Director, South Staffs Water
Matthew Lewis	Finance and Regulation Director South Staffs Water
Rachel Barber	Customer Operations Director, South Staffs Water
Barbara Julye	Head of Customer Engagement, South Staffs Water
John Thompson	Chair of the South Staffs Water Charitable Trust
Tom Marshall	Lichfield Council
David Wurr	Consumer Council for Water
Christina Blackwell	Consumer Council for Water
Gemma Domican	Consumer Council for Water
Jacky Atkinson	Drinking Water Inspectorate (DWI)
Philip Hulme	Environment Agency
Ralph Tennant	Federation of Small Businesses
Ian Butterfield	Natural England
Catherine Lund	Spirit Pub Company
Andy Baxter	Coors Brewery
Ahmadul Haque	Tipton Councillor

Apologies:

Ray White	Walsall CAB
Peter Davies	Staffordshire County Council
Adam Lines	Environment Agency
Graham Blair	Kerry Foods

Resignation

Rachel Barber reported that Alison Cotton from Black Country Housing Association had resigned from the Group, for personal reasons.

1. Welcome and Introductions

The Chair opened the meeting and reconfirmed the purpose of the CCG and welcomed new members. Each member introduced themselves.

2. Disclosure of any Conflicts of Interest

Non raised

3. CCG Membership

The Group discussed current membership. SSW identified that Faith Groups, Help agencies and the local Council Offices were not represented. The Chair suggested that members think about the possibility of holding periodical meetings, those groups identified by SSW including housing associations and local authorities could be invited

ACTION: SSW to compile a proposal for wider engagement

4. Review of Minutes and Matters Arising from 24th April meeting

The minutes were accepted as an accurate record of the April meeting. A minor amendment was suggested by John Thompson.

An update on the Matters Arising was provided with the papers and a further update as follows:

Item1 – Terms of Reference had been updated and circulated to members in advance of the meeting

Item 2 – Rachel Barber informed the Committee that following consultation with members there was no consistent preferred time or day for CCG meetings, therefore she suggested that meetings would be held bi-monthly from February 2013 with a rotating start time of 10am and 4pm, Tuesdays would be avoided.

Item 3 – Further information and assurance regarding the levels of mains replacement was circulated to members in advance of the meeting.

Item 4 – The comparative assessment of CCW Research with SSW research is carried forward to the December meeting to allow for the SSW Customer Priorities and indicative Willingness to Pay Research to be undertaken.

ACTION: Findings of the SSW Customer priorities and indicative willingness to pay research to be shared at the next meeting alongside a comparison with CCW Research.

Item 5 - Matthew Lewis reported on the Company's 2011/12 financial position: income and volumes are down by 4% due to the economic downturn. The third largest customer had closed down, plus new house building had dropped from the usual 4,000 to 4,500 per year to around 2,000 a year. However, operating costs are down by £1 million due to the mild winter leading to fewer bursts and a

fixed price electricity contract, and will mean customer bills will benefit in the next price review. In addition, the £15 million wage bill has been uplifted by 2% this year despite inflation running at 5%. The level of profit is now £21 million, out of which £3 million will be paid in tax and around £10 million will be for the financing of the capital programme. The remainder will go to SSW shareholder in the form of dividends and is in line with predictions.

Tom Marshall commented that he was aware of a proliferation in the number of large users sinking their own boreholes in order to access their own relatively cheap water.

The Chair commented that customers are deeply suspicious of privatised water companies and there needed to be a balance between customers and shareholders.

Item 6 – Barbara Julye explained that SIM looks at abandoned calls, unwanted contact and complaint numbers as well as surveying 800 customers per year who have had some contact with the company. In 2011/12 the cumulative figure of 83.65 ranked the company fifth and in the year to date, the qualitative score ranks the company in first place.

Matthew Lewis said that Ofwat has not so far revealed whether they will use ranking or scores as a measure to decide the price review figures. In answer to a question by Catherine Lund, he explained that if there is a penalty imposed, this would affect shareholders and not customers. The Chair added that there is much debate at the moment about what constitutes “contact” and what “complaints” as there are a number of very unhappy water companies, particularly those ranking near the bottom

Item 7 – Presentation material delivered at the July meeting was circulated to members prior to the meeting.

Item 8 - Matthew Lewis referred to the supporting note and timeline circulated to the members and explained the high level timeline of Ofwat; following submission of the company’s business plan in January 2014, Ofwat will issue a draft, and later a final, price review. The Company has currently commissioned customer research on customers’ priorities, perceptions and indicative willingness to pay, which will be followed early 2013 by Willingness to Pay research, both of which will be managed through the Task Group. Next year with the CCG the Company will consider the necessity for Acceptability Testing. Christina Blackwell asked whether the Company will be commissioning an independent peer review, Rachel Barber said the company is considering having a “peer” review of the research.

ACTION: SSW to consider the utilisation of a Peer Review for customer research

Matthew Lewis also explained that the company's investment plan considers four scenarios; from minimum through to premium spend.

The timeline was accepted by the group.

The Chair asked if members had any other issues at this stage. David Wurr asked for papers to be circulated in the time agreed – 5 working days in advance of the meeting. Also that minutes of the Task Group were circulated following each Task group meeting and made available to all members of CCG.

ACTION: SSW to circulate all papers 5 working days before the meeting

ACTION: SSW to provide minutes from Task Group meetings for all meetings and to all CCG members

5. Overview from CCW

Christina Blackwell gave a short presentation outlining the organisation's role in relation to the Customer Challenge Group. CCW wishes to see SSW's plan reflect customers' long and short term expectations.

Christina Blackwell offered to share with the Company all the research undertaken by Consumer Council for Water.

6. Customer Service Priorities and Willingness to Pay

SSW staff members then left the meeting. The remaining members split into two groups, in order to hold a focus group meeting with representatives from the market research company, MVA Consultancy. The intention of the activity was to seek the members' views on SSW Customer Service Priorities and willingness to pay.

ACTION: Draft report compiled by MVA to be shared with Group.

7. Draft Water Resources Plan

Matthew Lewis referred to the note circulated with the papers and explained that the Draft Water Resources Plan is a 25 year plan looking at future supply and demand levels, what actions might be taken to manage any predicted deficit in meeting likely demand, as well as whether water trading with neighbouring companies might be considered in the event of a surplus. The Company had made proposals regarding its approach for Customer Engagement which were accepted by the CCG.

A workshop is planned for November, to which all CCG members will be invited to provide back ground to the Water Resources Plan in advance of the December CCG where the Group will be consulted upon the main components of the Plan. Members who confirmed to participate in this workshop were Ian Butterfield, Philip Hulme, Tom Marshall, David Wurr and Colin Greatorex.

ACTION: SSW to arrange workshop to provide background to the Water Resources Plan.

The Chair suggested it would be beneficial for Phillip Hulme to provide the CCG a background note regarding the Environment Agency's assessment of National Environment Programme (NEP).

ACTION: A background note regarding the Environment Agency's assessment of National Environment Programme (NEP) to be provided

8. Assurance

The Chair explained that the CCG must be able to assure Ofwat that the group is able to challenge the company on issues; also members will be asked to consider some technical issues and therefore, some assistance may be needed. Some CCG groups use a "Reporter", but others are not comfortable with this idea.

Rachel Barber suggested that the Reporter for Cambridge Water could be used to assist SSW's CCG and vice versa.

Ian Butterfield questioned whether a Reporter properly reflects the messages that customers give and said the issue was not only about independence, but being seen to be independent.

Colin Greatorex said he felt the Reporter would be both an expert and independent and Liz Swarbrick suggested that by using another company's Reporter, that person would not know enough detail about SSW to be partial.

ACTION: SSW to propose a method of assurance

9. Review of meeting

Colin Greatorex said he felt the focus group sessions were extremely useful. Tom Marshall agreed, and suggested more time could have been given to this. Rachel Barber confirmed that a summary of this focus group session would be provided to the Group

ACTION: SSW to circulate a summary for the focus group held with CCG

12 AOB

Rachel Barber reported that new CCG pages on the SSW website will go live within the next few weeks, and in order to ensure further dialogue, there will also be a newsletter for members

Date of next meeting:

Due to an Ofwat workshop being arranged on 11th December it was agreed to rearrange the next CCG to December 17th, time to be confirmed (likely to be 3pm or 4pm).

13. Closed item

A discussion excluding SSW members then followed.

Meeting closed at 5pm.