

Notes from meeting on Thursday 2nd June 2016

9.30am Malmaison, Piccadilly, Manchester

Attendees:

<p>YourVoice members: Andrea Cook: Independent Chair Tayo Adebowale: North West Flooding and Coastal Committee Keith Ashcroft: Environment Agency Allen Creedy: Federation of Small Businesses Robert Light: Consumer Council for Water Alistair Maltby: The Rivers Trust Alice Richards: National Farmers Union Damian Waters: Confederation of British Industry Andrew White: Consumer Council for Water</p> <p>Apologies: Bernice Law: Independent Deputy Chair Shelley Hewitson: Citizens Advice Bureau Paul Glading: Natural England Richard Jarvis: Public Health England</p>	<p>United Utilities: Mark Abbott: Regulatory Contracts Manager Louise Beardmore: Customer Services Director James Bullock: Director of Economic Regulation (part) Jose Davila: Commercial Director – Business Retail Jo Harrison: Asset Management Director Anne Hobson: Head of Customer Communication Ken Dillon: Secretariat, Customer Research & Reporting Manager</p> <p>Apologies: Gaynor Kenyon: Corporate Affairs Director</p>
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1. Opening remarks and comments

Members were welcomed to the June YourVoice panel meeting.

2. Notes and actions of the last meeting held on 3rd March 2016, and matters arising:

The minutes from the previous meeting were noted and accepted as accurate. The list of outstanding actions was reviewed, with updates being provided where items did not appear on the agenda.

Action M3/018 – Members asked that PDF copies of the example Board Assurance template documents be re-sent.

3. ODI review and update of performance against commitments

The company presented explanatory slides covering details of Year 1 performance and outturn, and the view for the subsequent years (NB some measures cover a calendar year and some a financial year).

3.1 Wastewater performance commitments summary

The company gave an update on performance against performance commitments, noting that flooding had been a key concern. There had also been a focus on maintaining wastewater treatment works and although the company had not met its target, performance was within the deadband and no penalty will be incurred.

3.2 Water performance commitments summary

In terms of water performance, the members heard that there were three areas of significant impact; Reliable water service index (penalty will apply); Water quality events (penalty will apply); and Average

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minutes supply lost per property, which along with Reliable water service index has been affected by the Sweetloves water treatment works incident in Bolton.

Water quality is the key focus – in the year there have been 35 water quality events against a target of 12. The target for the coming year is 11 events with the focus very much upon improvement.

3.3 Household Retail performance commitment summary:

The company advised that the final outturn of the qualitative aspects of the Service Incentive Mechanism (SIM) has not yet been published, and it is awaiting confirmation.

‘Satisfaction with value for money’ outperformed the target for Year 1.

The ‘number of meters installed’ target has not been achieved and the company carried out focus group research to understand the reduction. This showed a significant level of scepticism about why the company should be promoting water meters and people feel more confident with an unmetered bill. The company is working on activities to improve the position. All other measures are on track.

Members debated and commented on the performance summary:

- There is some curiosity to understand what the customer experience impact of performance is (if any). Would customers notice a difference? Is there a risk of the business being criticised for poor performance when customers by-and-large are happy with service?
- Members noted that there is a transformation plan for drinking water quality and asked if this could be brought to a future meeting
- The current focus on making service more resilient to extreme weather events will continue to be important
- The panel noted the work being done with customers with vulnerabilities and asked what is being done to help customers to reduce the amount of water they use. The company was asked to provide an update on the wider water efficiency work at a future meeting.

Action – water efficiency activity update to be reviewed at a future meeting.

4.0 Drought Plan

The company provided a presentation on its review of its Drought Plan process which was noted by YourVoice members. Discussion centred on the process of consultation, and members were reminded that the process of drought communications is a tried and tested format. The panel asked to review the communication approach to establish whether there may be opportunities to comment and the company agreed to share this.

Action – company to share drought consultation and engagement approach.

5.0 Abstraction Incentive Mechanism

The company provided an overview of the requirements of the Abstraction Incentive Mechanism (AIM), reminding members that it had already adopted AIM through its outcome deliver incentives (ODIs). Only two companies had done this (United Utilities and Wessex Water). The recent guidance published by Ofwat suggesting engagement between companies and their CCGs in relation to AIM does not apply as the company already has AIM incorporated into its AMP6 commitments.

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After some discussion, the company highlighted that it is also looking at the opportunity to assess the role of reservoirs for flood water management and is working with the Environment Agency in this regard.

6.0 PR19 Briefing

A presentation was given by the company to highlight the approach for the next price review process, based on Ofwat's Water 2020 publication, issued on 25th May. The update covered key messages from May Water 2020 publications including:

- Expectations for CCGs and customer engagement
- Transition to CPI-based controls
- Domestic competition
- Customer engagement approach and YourVoice involvement
- Timetable of future Wholesale topics for discussion
- Outline of UU activities/governance for PR19
- PR19 timeline and key events

An item covering Water Framework Directive and catchment based approach was deferred to a future meeting owing to time issues.

Members recognised the key changes for PR19 such as the difference in price control structure – water resources, sludge, water network plus and wastewater network plus. Household retail and non-household retail controls were still expected, but little referred to in the documentation

Members were advised that Ofwat has appointed a staff member to manage relationships with CCGs (Alison Cullen), making sure that CCG chairs were kept up to date and were able to share good practice.

Members discussed how best to engage with regulators that are not part of YourVoice membership, such as the DWI, and noted that attendance should be requested at strategic points in the journey.

Action – company to provide a paper to document the strategic requirements from the DWI.

The panel discussed how best to enable customers understand the role they could play and how to educate them about company activity. The company was requested to work on the website to make YourVoice papers more readily available. These may need to be redacted to remove any commercially sensitive material.

Action – chair to work with the secretariat to improve visibility of YourVoice documents on the company website.

The issue of CPI versus RPI was discussed. The panel agreed that it was important to make clear to customers in any engagement, what is the basis for any pricing values, and to ensure that any associated messaging is appropriate and at the right level.

Members requested a view of the forward plan for customer research with target customer samples overlaid. This could help member organisations to contribute and engage with the individual activity, for example, how can small businesses get involved?

Action – company to update customer research summary.

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Members noted that CCW had offered to train new members of CCGs to bring them up to date with requirements and the panel were asked if there were any volunteers for this training.

7.0 Subgroup reports

Non-household Retail

The panel was provided with an update on the work on the Price Control re-opener. The subgroup commented that the process had been very thorough and inclusive, and that the engagement had benefitted from the subgroup's involvement and contribution.

The panel noted that the subgroup report on the company's engagement is currently being produced by the subgroup chair, supported by the company where relevant.

It was also noted that the report is to be sent to Ofwat at the same time as the company's submission and should be available for review and approval at the next main YourVoice group meeting on 6th July.

Action – subgroup chair to provide report in good time for sign-off at meeting on 6th July.

Customer Reporting – Annual Performance Report

The members were informed that the subgroup had met to look at regulatory reporting and in particular the proposed content and format of the company's first Annual Performance Report (APR) which is due to be published in July. A draft summary format was given to members for their review and comments, with a timetable for reply via the subgroup chair of 13th June.

Sign-off of the APR and publication will be mid-July, after the company's Board had approved the final document. The chair recognised that an independent assessment of the APR and reporting process by the YourVoice panel would be required for publication alongside the main report and summary, and that she would coordinate this on behalf of the group.

8.0 Any other business

Reset of ODI – the panel was requested to work with the company on the possibility of re-working the detail supporting the 'Rivers Improved ODI' for submission to Ofwat as part of a proposed revision process introduced by Ofwat to allow companies to correct unexpected issues or errors.

Dr Tayo Adebawale and Alistair Maltby agreed to act as a subgroup on behalf of the group.

Action – company to provide subgroup members with a briefing paper so that they can consider the proposal

Date of next meeting – Wednesday 6th July 2016.