

Wednesday 17th April 2019

10:00-13:00



Linea Board Room, Dwr Cymru Linea Offices, Fortran Road, St. Mellons, CF3 0LT

Attendees:

Present: Peter Davies (chair), Mari Arthur, Richard Garner Williams

Dwr Cymru Welsh Water Representatives: Alun Shurmer, Anna Riddick, Daniel Davies

Secretariat: Bethan Harvey (Cynnal Cymru)

On conference call: Lia Moutselou, Lee Gonzales, Phil Marshall, Geraint Weber

Apologies:

Bill Darbyshire, Dimitrios Xenias, Rachel Lewis-Davies

The purpose of the meeting was to review the findings and company response to the additional research commissioned to meet gaps identified in Ofwat's initial assessment of the business plan. A summary of the research findings and the company response had been circulated in slides prior to the meeting.

The company presented the research outcomes and the proposed implications for company action. The CCG made the following points on the detail of the presentation:

- There was discussion as to whether it was misleading to say that over half found the ODI range acceptable, when the figure was 51% and within the approx. 3% margin of error. It was agreed that this was not an appropriate headline finding but that the key point to be highlighted was that only 21% found the range unacceptable.
- **NB** The final report from Accent has now confirmed the final figure (based on 1000 responses rather than the initial 900 responses discussed at CCG) was 55% of respondents finding the ODI range acceptable – within the margin of error. In the final figures 18% found the range unacceptable. In response to the updated results one of the CCG members still does not think that 55% is a conclusive majority in support of a specific proposal. However as the support is mostly for a reduction in the range of rewards and penalties, this seems in line with the limited support by customers on the principle of ODIs as evidence in other customer research.
- While the majority of respondents found the range acceptable – a significant minority, with a high percentage of those who found the bill less affordable, preferred a lower range. This is consistent with earlier research and comments in the CCG report that customers who are financially vulnerable do not want to see volatility in their bills. The CCG agrees with the recommendation that the company should keep to the lower end of rates, consistent with industry standards and reflecting needs of vulnerable customers
- The research indicates customer priorities for service and asset health, which are largely consistent with previous research and triangulated data. The CCG asked for the more detailed breakdown of the research responses to be clear on the breakdown of the responses between 4-7. (NB In a response following the meeting the top priorities for customers are indicated drinking water and environmental water regulations – these have high median values over 8/10.) The average scoring gives an indication of relative priority. The CCG accepts the proposed actions in re weighting the rewards and penalties to be consistent with the results.
- There is customer support for the planned caps and collars

- The CCG accepts that the research indicates that customers do not feel that there should be rewards and penalties on the 3 measures that the company proposes to exclude from rewards and penalties – although the high level of the “do not know” response indicates that this is difficult area for customer comment. The CCG discussed the specific measure of per capita consumption which has been a priority for the CCG but accepts that there is no customer evidence to support rewards and penalties on this measure.
- The CCG noted the response to the bill profile 2020-2030, recognising that the question was stand alone and not set in the wider context of the company plan. The Group commented on the importance of the long term planning and the work already undertaken on Welsh Water 2050. The Group requested the breakdown of the read across between those who found the bill unaffordable and unacceptable. [NB The company’s response showed that 19% of participants stated that the proposed 10 year bill was both unacceptable and unaffordable, assuming no changes in their financial circumstances. The CCG are keen for the company to take this finding into account and demonstrate how they are going to factor this into their future financial planning.
- The Environment Agency raised concern in advance of the meeting over the proposed removal of the number of “look up” table fails as they felt this was a useful performance metric. (NB The company responded directly following the meeting as follows: Please note that we will still report on that as part of our regulatory reporting under MD109, it just will not be one of our price review measures that we report to Ofwat as part of our suite of performance commitments. Hence there will be no Ofwat-type rewards and penalties attached to it. This is no change from the current situation in AMP6.)
- The Consumer Council for Water requested some time to review before submitting further feedback which is due in advance of the Board meeting. A subsequent set of queries on the detail of the research were submitted by CCWater to the company. The company response and feedback from CCWater has been circulated to the CCG following the meeting.

The research and proposed actions are to be presented to the DCWW Board along with the CCG comments. The company will be submitting the final report to Ofwat at the end of the month.