

**MEETING OF THE CONSUMER CHALLENGE PANEL
HELD ON 13 JULY 2012 AT THE OFFICES OF
DEE VALLEY WATER plc**

Present: Customer Challenge Panel:

Diane McCrea	Chair
Paul Roberts	CCWater
Milo Purcell	Drinking Water Inspectorate
Steve Mayall	Environment Agency
Councillor Brian Crowe	Cheshire West & Chester Council
Councillor Bob Dutton	Wrexham County Borough Council
Richard Littler	Sustainable Blacon
Colin Brew (part)	Chamber of Commerce
Andrew Ellis	Kelloggs

Advisers/observers:

Norman Holladay	Dee Valley Water
Chris Smith	Dee Valley Water
Mark Billing (part)	Dee Valley Water
Yvonne Owen	Dee Valley Water
Lia Moutselou	CCWater

WELCOME

1. The Chair welcomed everyone to the first meeting of the Dee Valley Water Customer Challenge Panel.

OVERVIEW

2. The Chair gave an overview of what the meeting was about. She advised that everyone had an important role to play on the Panel.

INTRODUCTIONS

3. The Chair asked each representative to give a brief summary of who they were representing.

INTRODUCTION TO DEE VALLEY WATER

4. Chris Smith gave a brief explanation on the background of Dee Valley Water, Regulation in the Water Industry, and set the scene for the Panel.

CUSTOMER ENGAGEMENT/MARKET RESEARCH

5. Chris Smith outlined the Company's plans for the research. The Chair asked if the Company had carried out market research before and this was confirmed. The results had shown fairly high scores which indicated confidence in the Company.

CURRENT FOCUS

6. Current focus was based around the rebuilding of Llwyn Onn treatment works, customer service with the review of current bills and leaflets, a new telephone system which was more effective, a unique and personal approach to debt and operational savings.
7. One other area of focus was that of problems that the Company was currently facing with regards to discolouration. Although occasional, it was still not acceptable to customers. To be able to deal with this, an additional stage of treatment was needed to remove manganese, which was the source of the discolouration, and that in the interim the Company was cleaning pipes and optimising sources of raw water.

PERIODIC REVIEW

8. Chris Smith stated that they were formulating the Business Plan, a process which would incorporate the input from the Customer Challenge Panel. The next Periodic Review would be in 2014 for the five years from 2015-2020 and a list of the items that would be considered was given. Ofwat would challenge the Company's plans and then determine how much they could charge.

REGULATION 2014

9. Chris Smith explained the background as to what had changed at Ofwat and the reason for the establishment of the Panel.
10. The Chair stated that the Panel would have to decide whether the Company had delivered on its responsibilities.

CUSTOMER CHALLENGE PANEL

11. The Chair affirmed that Chris Smith had detailed some of the main responsibilities for the Panel and that there were some important issues that needed to be acknowledged.
12. Chris Smith confirmed that the Panel should be able to challenge the timescales of the Business Plan, review the Company's engagement process with its customers and to ensure that their views are considered and input into the business plan. There would be an obligation for the Panel to formulate a report to advise Ofwat as to the effectiveness of the Company's engagement and acceptability of the Plan to its customers.
13. Milo Purcell suggested that the Terms of Reference needed to deal with matters of confidentiality as some of the information provided by the Company would be price sensitive.
14. The Chair mentioned about freedom of information, confidentiality, openness of meetings and access to the press.
15. Colin Brew left the meeting.

CUSTOMER ENGAGEMENT/MARKET RESEARCH

16. Chris Smith stated that the Company had produced a specification and this had gone out to tender. A copy of this was circulated to the Panel. He advised that they appointed MVA Consultancy and had been working with them to produce a topic guide. The Company has sorted out a prompt for the moderator and that this was where the Company required the Panel's feedback to ensure that the correct and appropriate questions were being asked.
17. Chris Smith stated that the emphasis was for issues that were important to its customers and that its overall aim was to start asking in depth questions.
18. The Chair confirmed that the market research would be carried out for both domestic and commercial customers, although the latter could be carried out by telephone or individually. However, an appropriate sample would be required.
19. Milo Purcell raised concerns that he had a real sense of us diving in without consideration of what customer engagement was last done last time round. Milo requested that DVW prepare a Strategic Plan for Customer Engagement that:
 - sets out the aims of Customer Engagement in its widest sense and of the disparate elements.
 - drives all means of customer contact and engagement, including the qualitative/quantitative research;
 - incorporates a review of how 'Customer Engagement' was previously undertaken and the information available from all existing sources (SIM, historic data, complaints etc). Look at other research projects commissioned at a higher level (CCW, Ofwat etc). Use the findings of the review to establish where we are currently, and to inform the design of the qualitative/ quantitative research;
 - encompasses engagement with all customers and stakeholders – we have domestic and non-domestic, but also need Local Authorities, vulnerable customers, OAPs, Health Authorities, urban/rural split etc. Require a series of engagements with each, and a review to identify the priorities for each group and to confirm that all groups' opinions are represented.
20. The Chair requested that the executive summary from the last available research together with the methodology was circulated to the Panel which would assist in assessing the scope and background of what was done the last time, together with a copy of the Strategic Direction Statement which sets out the long term strategy for the next 25 years; this information would also be used to develop the 5 yearly business plans. Also, the Chair suggested that it may be useful if Panel members decided what they needed as well as what might be useful.
21. Norman Holladay advised that DVW would investigate a suitable 'communication route' where there would be a central 'in and out' for information.
22. The Chair suggested another meeting at the beginning of September.
23. Milo Purcell requested that an item on the next agenda should be based around what evidence the Panel would require to produce the report to Ofwat. They needed to ensure

that the research was done correctly, what information was needed and how it would be assessed and assured.

24. Milo Purcell suggested that the Panel could perhaps have access to the Reporter to give some re-assurances. The Panel could tap into some of the processes which would be helpful.
25. Norman Holladay advised that there would need to be some caution in what was published as there may be some sensitive information regarding pricing.
26. The Chair closed the meeting and advised that if any member of the Panel required any information to please ask.

ACTION POINTS

1. Produce a time plan, schedule of key events and expected input and output required from Panel. **Action: DVW.**
2. Plan a schedule of meetings. **Action: DVW.**
3. Review and agree Terms of Reference – timescales to be confirmed. **Action: CCP.**
4. Investigate a suitable “communication route”. **Action: DVW.**
5. Circulate PR09 executive summary to CCP. **Action: DVW.**
6. Circulate PR09 Strategic Direction Statement to CCP. **Action: DVW.**
7. Circulate Strategic Plan for Customer Engagement. **Action: DVW.**