



Customer Challenge Group (CCG) chairs meeting

Georgina Mills, Chair

11 April 2016

10.00 am	Welcome and introductions
10.10 am	Quick process updates on Water 2020 and the Household Review
10.30 am	<p>CCG governance and process at PR19</p> <p>a) How can the quality and environmental regulators effectively participate in the CCG process at PR19?</p> <p>b) CCGs have two potentially distinct roles going forward ((i) assuring 2015-2020 performance and ii) the more traditional independent challenge function for PR19). What implications could this have for CCG governance processes and how can these be addressed?</p>
11.45 am	Break
12.00 pm	Comparative information
12.40 pm	Summary and next steps

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CCG Governance

Alison Cullen

11 April 2016

## PR14

### Sector-wide level

Work with the UK and Welsh Governments, Ofwat and customer representatives (CCWater and others) to give guidance on implementing standards, including:

- integrating different timetables for legal consultation processes and price setting
- high-level outcomes and performance measures
- scope for innovative and sustainable solutions.

### Company level

- Identify socially, economically and environmentally sustainable approaches to deliver required quality standards and outcomes and respond to customers' views on how best to achieve these
- Ensure the company's business plan is consistent with other strategic plans, such as:
  - water resources management plans;
  - river basin management plans; and local flood risk management strategies)
- **Confirm through the customer challenge group to us (where appropriate) that the companies' plans are well placed to deliver the required legal outcomes**

We think this still works for PR19 .....

... so how best do we make this work in practice?



## PR14

To ensure that company's business plan reflects a sound understanding and reasonable balance of customers' views

Report to Ofwat on above



## Post PR14

Varied – but with most assuring delivery of business plan?

Has this affected terms of reference?



## PR19

Challenge the company and provide independent assurance to OFWAT on

- quality of company customer engagement
- extent to which results are driving decision making and are reflected in business plan

**What will companies and CCGs need to do to ensure that their governance aligns with the proposed role for PR19?**

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Comparative information

Jon Ashley

11 April 2016

In July 2015 we said:

“comparative information is extremely valuable information for customers and CCGs to understand the stretch of the proposed commitments and relative performance of their company”

(page 19, Towards Water 2020 – policy issues: customer engagement and outcomes)

In December 2015 we said:

“comparative information is extremely valuable for customers and CCGs to understand the relative performance of their company, and how stretching the proposed performance commitments are.”

(page 156, Water 2020: Regulatory framework for wholesale markets and the 2019 price review)

In December we asked the following consultation question:

Q50: What are your views on the proposed contents of our November 2016 consultation on outcomes (balance of bespoke versus comparative measures, and role of comparative information)?

Broadly agreed

11 Respondents

Broadly neutral

10 Respondents

Broadly disagreed

1 Respondent

Main comments made:

- There was general support for a separate consultation on outcomes.
- Support for the view that comparative information will help customers and CCGs to challenge company performance
- Care must be taken to ensure that measures are truly comparable.



## Companies

- Allows companies to benchmark their current performance and future commitments when developing PCs and ODIs
- Builds a more informed customer base
- Increases confidence in customer valuations

## Customers and CCGs

- Allows a comparison of relative performance and the degree of stretch in companies' proposals to obtain more informed customer preferences.
- Helps CCGs effectively challenge PC and ODI definitions and levels.

## Regulator

- Acts to encourage outcome performance competition, and excellence in service
- Encourages a deeper engagement between companies and customers / CCGs over proposals.
- Allows comparative assessment if necessary

## Issues

- Making comparative data easily and widely available
- Ensuring the data is comparable
- Understanding the reasons for variations in performance
- Bespoke measures remain important

There are various other work streams with which we need to co-ordinate.

Water UK  
sector  
strategic  
dashboard

DWI's data  
collection

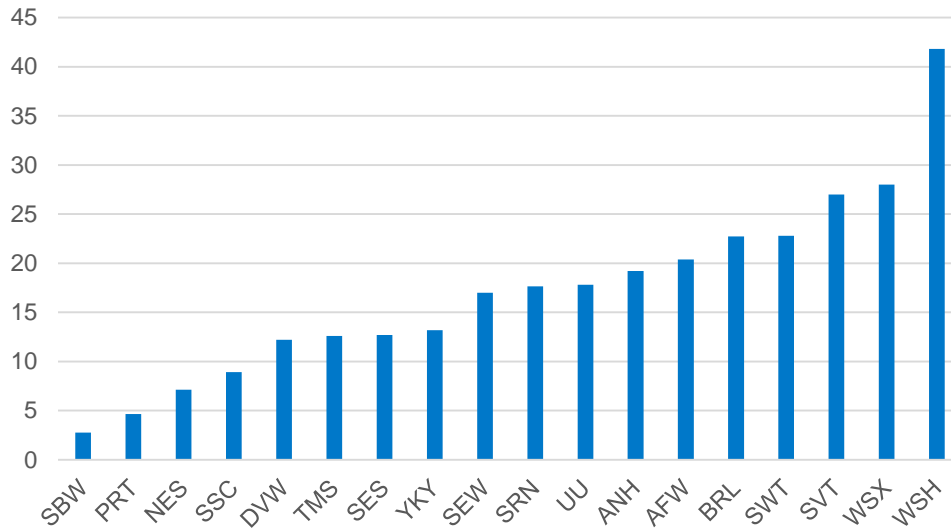
Our work on  
comparative  
information  
for the  
November  
consultation

CCWater's  
data  
collection

Environment  
Agency's  
data  
collection

# Comparative information – examples

Supply interruptions (in minutes per property) greater than 3 hours, annual average 2011-14 (financial years)



These examples are drawn from the comparative assessments we carried out at PR14. They are purely examples and do not imply these measures will be used for comparative assessments at PR19. We plan to consult on comparative information and comparative assessments in November.

Water quality contacts per 1,000 population, annual average 2011-13

