

Meeting note

Monday 9 October 2017
 Centre City Tower, 7 Hill Street, Birmingham
 10.00 am to 1.00 pm

D-MeX working group 2a – Developer services customers

Attendees	
Angela Love	Energetics
Martyn Speight	Fair Water Connections (FWC)
Patrick Daly	Fair Water Connections (FWC)
Steve Wielebski	House Builders' Federation (HBF)
Jon Ashley	Ofwat
Jas Oberoi	Ofwat
Dave Roberts	Ofwat

Meeting purpose

Ofwat communicated that the aim of the Developer Measure of Experience (D-MeX) Working Group is to aid the design and implementation of D-MeX, and facilitate the development of the detailed pilot, and final guidance that water companies will apply from 2020-2025. This will involve discussing the design of the incentive mechanism, and helping to resolve practical issues, such as data provision. Ofwat remains the decision maker.

This customer sub-group of the D-MeX working group was set up specifically to capture the views of the different types of developer services customers.

Introductory discussion

- There was discussion around how water companies are performing noticeably worse (i.e. with longer, less reliable timescales) than the other critical utilities needed for construction. This may stem from the fact that there are no guaranteed standards of service in place.
- There was broad agreement amongst the group that D-MeX could be an opportunity to incentivise a behavioural shift in water and sewerage companies to address at least some of these issues.
- The group provided context on the government's drive to accelerate housing provision and to reduce construction timescales.

Topic 1 – Understanding customer segments and priorities

- Ofwat explained that in order to ensure D-MeX meets the specific needs of different developer services customer types, 5 customer segments were under consideration: Self-lay Providers (SLPs), New Appointments and Variations (NAV's), large developers, small developers and one-off connections/private pipework.
- The group pointed out how there are no standard definitions for what constitute 'small' or 'large' developers, and discussed options for identifying these segments, for example using Department for Communities and Local Government (DCLG) definitions for sizes of connection (in terms of pipe diameters).
- The group acknowledged that segmentation will need to be handled carefully to avoid specific segments being 'neglected' if their impact in the overall D-MeX score is seen as less material than another segment. Solutions discussed included enforcing 'minimum standards' or having a 'gate' built into D-MeX to make any performance payments conditional on providing good services to all segments.
- The group felt that the key thing that all customers segments would want from their water companies was reliable timescales for new connections.

Topic 2 – Selection of existing quantitative criteria

- Ofwat discussed whether the existing suite of Water UK developer services metrics could usefully be incorporated into the design of D-MeX.

- The group discussed which of the Water UK metrics were most relevant and appropriate to the aims of D-MeX.
- Some group members argued that in their current form the Water UK metrics are too reflective of large volumes of small jobs each water company carries out which makes the reported performance results look very high.

Topic 3 - Capturing qualitative feedback from customers

- Ofwat outlined two possible survey approaches for the group to discuss:
 - i) gathering company details twice a year from the previous month's interactions;
 - ii) the research company performing a random digit dial survey of developer services customers.
- Some members thought that any satisfaction measure would benefit from being underpinned by an indicator of whether there was sufficient competition in the company's operating area. Ofwat suggested that satisfaction scores should, at least theoretically, reflect levels of competition to some extent.
- In terms of how to treat the different segments, the group discussed that a survey approach would work well for one-offs and small developers, whereas large developers might be better served by in-depth interviews relating to a number of companies and quantitative metrics.
- Some attendees were concerned that because, in their view, water companies do not provide information about the levels of service that developer services customers should expect it was difficult for the developer to answer a question about whether it was satisfied or not.