

AffinityWater

ICG Meeting Minutes 28 November 2023



Minutes of the Meeting of the Independent Challenge Group

Tuesday 28th November 2023, 14:00 – 17:00 (Teams)

ICG members in attendance		
Caroline Warner	<i>Chair</i>	CW
Ana Maria Millan	<i>CCW</i>	AM
Unette Spencer	<i>Independent</i>	US
David Holden	<i>Independent</i>	DH
Anthony Smith	<i>Independent</i>	AS
Todd Holden	<i>Independent</i>	TH
Affinity Water members		
LW	<i>Director of Regulation and Strategy</i>	LW
RF	<i>Interim Director of Customer Experience</i>	RF
CC	<i>WRMP Community & Stakeholder lead</i>	CC
NS	<i>Customer Engagement Lead</i>	NS
AM	<i>PA (Minutes)</i>	AKM
FR	<i>PR24 Stakeholder Engagement Manager</i>	FW
JT	<i>Head of Financial Support & Service Delivery</i>	JT
LH	<i>PR24 Project Manager</i>	LH
DH	<i>Head of WRMP</i>	DH
MVD	<i>Asset Specialist WRMP</i>	MVD
CC	<i>Head of Business Planning</i>	CC
Apologies		
Bob Winnington	<i>Independent</i>	BW
Jonathan Sellars	<i>Environment Agency</i>	JS

Agenda Item	Minute	Action
1.0	Welcome and Introduction	
	Welcome from Caroline.	
2.0	PR24 - Reflections; PR24 Business Plan Discussion	
	<p>LW provided an overview. Plan submitted in early October ahead of schedule. Assurance sessions took place with the Affinity Board over the summer for them to endorse the plan. Since submission there has been an opportunity to review other companies' proposals.</p> <p>Affinity has a good level of ambition within the plan. It has the lowest bill increase within the industry and has the tariff trial. Performance Commitments proposals look like being in the upper quartile, with the exception of Mains Repairs levels. ODI rates (methodology) could have been better, Affinity did adopt the rates suggested and the way Affinity presented the collaborative customer research demonstrated all the hard work e.g. line of sight, which had taken place. Volume of people engaged is a little lower but hopefully the quality will stand out.</p> <p>Ofwat queries, now up to eighty-one received. Queries are around data queries with a few asking for more detail or new information not available at the time of submission. The query process will continue after Christmas and will likely move on to ambition questions.</p> <p>No clear timeline on when Ofwat will publish draft determination, following which there will be a small window of opportunity to make representations, with final determination being published at the end of 2024.</p> <p>The ICG asked if they had a role in the BP process going forward. LW confirmed that there may be a role if anything relates to customer views but, that it will be important for the ICG to be aware of the draft determination and this be shared when available.</p> <p>The ICG agreed that everyone had done a really good job, with the personnel changes within Affinity/tight timelines etc. LW felt that this was due to early planning and preparation and general support across the business and from the ICG.</p>	
3.0	Ways of Working for 2024	

	LW/RF/CW to Create agendas for next year.	LW/RF/CW
4.0	Affinity Water Plan - Key environmental commitments from the WRMP (circulated in advance)	
	<p>DH/MVD joined the meeting.</p> <p>Every 5 years a statutory Water Resources Management Plan is produced that looks at planning water resources in the future – Affinity produced their draft plan for consultation in November 2022 with the consultation closing February 2023 and produced their revised draft plan on 31 August 2023. Key Drivers in the plan are to reduce abstraction, growth in demand and climate change impacts on resources.</p> <p>ICG asked how climate changes is modelled. DH confirmed that it is modelled on best practice and that the majority of climate change impact will be on surface water availability more than ground water so largely speaking it would take two dry winters before any impact, there relatively low risk.</p> <p>One of the main drivers is the need to stop unsustainable abstraction from Chalk groundwater.</p> <p>The ICG asked if abstraction reduction is the single most effective thing to help protect the Chalk Streams? DH confirmed that you have to have supporting flows before any other measures would be effective. Regarding the target to reduce water consumption by 2050, the range of abstraction is 35-75%, in that range is it assumed that the 110 litres will be achieved? DH confirmed that the 35-75% is the percentage of Affinity's current resource capabilities (how much can be taken), irrespective of demand.</p> <p>The plan to address the deficit at a high level is separated into three areas 2025-2030 which is about connecting up existing resources and doing things such as licence transfer which involves adding pipes and have already commenced with the smart metering programme. In 2030 – 2040 it is about first strategic resource being delivered at the Grand Union Canal which also provides strategic resource schemes and environment destination. 2040 and beyond looks at additional new sources and transfers and to achieve 50% leakage reduction.</p> <p>The ICG will be kept updated as to the final WRMP outcome.</p> <p>Smart Metering presentation requested for a future ICG meeting in 2024.</p>	LWRF

5.0	Contact Centre Performance 2023	
	<p>JT joined the meeting to present the contact centre improvement plan previously circulated.</p> <p>The challenges from 2022 included high customer call demand, high attrition, difficult recruitment environment and the free/thaw incident. This resulted in long call wait times, lower skill and competency in the contact centre, low engagement score and an impact on customer satisfaction. The improvement plan focused on four key areas – attract and retain team members, training, and competency, optimise performance and environment.</p> <p>Success measures - In 2023 attrition is running at <12%, engagement latest score is 7.2 and contact centre salaries have been benchmarked. KPI's have been reviewed and aligned to company measures and customer experience metrics. These KPI's were rolled out in April 2023 and a dashboard is produced weekly to share with the teams.</p> <p>ICG asked if there has been an improvement in customer satisfaction, JT confirmed that due to there no longer being long call waiting times this has resulted in improved customer sentiment. CMex scores have also improved.</p> <p>The plan is to move beyond stabilisation to next steps, including more digital contact and use of better tools to move into the next AMP.</p> <p>ICG welcomed the remarkable change/improvements and would like to see data every 6 months.</p>	RF/JT
6.0	Tariff Trail - update, next steps, way forward	
	<p>LH joined the meeting to provide an update.</p> <p>WaterSave launched in October 2023. Two year trial to gather sufficient evidence. Trial group + control group, each with c. 1,500 customers in SG1 postcode area. Starting read of trial meters in October to get start point data.</p> <p>From Jan 2024 (quarterly meter reads). From April 2024 (first bills on WaterSave) - Half yearly.</p> <p>The trail will assess demand and usage, affordability, customer contact and customer sentiment.</p>	

	<p>Ofwat and CCW are aware of the trial.</p> <p>ICG asked if customers' bills are unlimited. LH confirmed that customers will pay for the water that they use. However, if there are huge spikes the customer will be contacted if a leak etc is suspected.</p> <p>The majority of customer base should pay less (3 out of 4). The top 10% are forecast to fall into premium block (usage of over 245ml per year) e.g., users of swimming pool, irrigation systems etc.</p> <p>Looking ahead there will be surveys, a virtual customer event and three monthly updates to customers on their usage.</p> <p>ICG would be interested in seeing the Qualtrics learning from the trial.</p>	LH
7.0	AOB	

I confirm that the Minutes of the ICG November 2023 Meeting are a true and accurate record of the business discussed and agreed.

ICG Chair

Signature:



Date:

22/12/2023

AWL Director of Regulation and Strategy

Signature



Date: 22/12/2023