

7 February 2018

Dear Peter

Thank you for attending the Glas Cymru Board in May and September in order to update us on your work as Chair of the Dwr Cymru Welsh Water Customer Challenge Group (CCG) and the issues and challenges raised by the group during this period.

Thank you also for the two written reports that were circulated in advance of these meetings and were well received. We're grateful for your ongoing challenge and scrutiny of the quality of customer engagement, and its reflection in business planning and decision making.

You raise a number of points in your reports to Board which I respond to individually below.

Report to May Board

- In outlining "the current position", I welcome that you felt that there was a "good process of engagement with the CCG on the early stages of the design and delivery of the first phase of customer research."
- I support your decision to undertake an independent analysis of the effectiveness of the communication customer research and we will support the analysis in whichever way needed. Whilst we are confident that the research is sound in approach, methodology and findings, further independent analysis of what key messages we have taken from the research and how it is influencing our decision-making and planning is welcome.
- I agree that our not-for-profit model provides a strong basis for ongoing customer engagement as we have seen in both the 2016 and 2017 Have your Say consultations. Our challenge is to maintain this level of engagement and we're confident that using tools such as the Online Community and building on innovative platforms such as the Facebook Messenger Chatbot will support this
- I agree that triangulation is a "vital building block" for our business plan and also believe it to be a positive evolution of our approach to customer involvement – drawing on numerous data, research and other sources to help inform our decision making and planning. This is a new and emerging approach to customer involvement, but we're confident that our principle-based approach, looking for consistent themes and issues from the variety of sources will place us in good stead for the development of our Measures of Success, Targets and longer term plans. As you are aware, we are "triangulating" at the end of three main phases of work: Phase 1) To inform the development of the measures of success; Phase 2) to develop the targets informed on the values that customers are willing to pay for the service; Phase 3) for the overall acceptability of the plan.
- I also agree that Welsh Water 2050 is a "critical document" and with over 20,000 customers giving us their feedback and over 100 stakeholders participating in workshops or 1-to-1 meetings, we are confident that our final plan will have been strengthened by the level of customer involvement and will set strong context for our PR19 Business Plan. We have triangulated the numerous sources of responses to the Welsh Water 2050 consultation which were shared with CCG in September. The exercise took into account the "have your Say" summer consultation, commissioned qualitative research, online community discussions, the stakeholder workshop, and individual consultation responses. We used the same triangulation principles agreed with the CCG for the Phase 1

triangulation. These consider the consistency information source, whether it's fit for purpose, how reliable the data is and how recent the data is.

- We share your view that the legislative Framework of the Wellbeing of Future Generations Act is an opportunity to develop a “distinctive and innovative” approach – one that we think we’re making good progress towards with WW2050 and also with our Rhondda Fach Water Resilient Community Pilot.
- We will continue to develop our plans to tackle lead in water and we will report to the CCG in due course.
- Catchment Management is central to WW2050 and we will build on the success of our first Catchment Management Conference held early in 2017 with key stakeholders, by hosting a second conference in March 2018.
- As you are aware, we have developed a Water Resilient Community Pilot in the Rhondda Fach to run alongside our Zonal Studies work. The project is still in the early stages, but the support and feedback from local organisations has already been very positive and we are looking forward to developing this pilot further in the coming weeks and months. You’ll be pleased to hear that we have now appointed a full-time Project Manager to develop and deliver the pilot working alongside Alun Shurmer, our Director of Customer Strategy and Communications
- You also state that the key test for the CCG will be “degree to which customer engagement is embedded across the core operations of the business” and how proxy measures are used to measure this, how such an approach and support for vulnerable customers is embedded in the culture and recognised within wider corporate systems. As you are aware, our vision is “to earn the trust of customers every day” and that we have a “customer-led success” strategy to deliver this vision. This strategy includes ongoing customer engagement, improving our system so that they provide a better experience for customers, new customer-led success training for our teams and improved customer-focused induction for new starters. We would be happy to update you on progress on this approach in the coming months, but the results of the 2017 employee engagement survey shows that we already have strong customer-focus scores, significantly above the benchmark at 93%.

You conclude your May Board report by summarising the evidence that the CCG will be looking for over coming months and years. I agree with your summary and am confident that we will be – and currently are – able to respond positively to the challenge that you’ve set.

September Board Report

- You note the Board’s commitment to customer involvement and I’m grateful for your open invitation for Board members to attend future CCG meetings. I’m pleased to say that Jo Kenrick and Menna Richards have already attended meetings of the CCG.
- Clearly evidencing and demonstrating our decisions based on sound customer insight is crucial for the successful submission of our PR19 business plan. You rightly note that there is a growing evidence base that our not for profit message “enables a stronger mandate for supporting the environment and vulnerable customers”. As we develop the clear narrative for our Business Plan submission over the coming months, the CCG will play a crucial role in ensuring that the narrative is clear and based on sound evidence to achieve our goals. We have a strong evidence base (e.g. trust tracker research from Accent and YouGov; the WW2050 research and Performance Measure Research from Blue Marble; and the two Have your Say Consultations in 2016 and 2017)
- We outlined the findings of the WW2050 consultation to the September CCG and have taken on board the feedback in our final WW2050 document which will be published in March.

- As noted in my response to your May Board paper – above – we recognise the importance of the Wellbeing of Future Generations Act and have aligned our WW2050 strategy document with the Act’s goals. We also intend to align our PR19 Business Plan with the Act.
- You also note the importance of co-creation and working with groups such as the Public Service Boards. I’m very excited about our approach to the Rhondda Fach Water Resilient Communities project and how that will work in line with the principles of the “Tapped In” report. We have already held a number of positive meetings with local groups and organisations and are building our action plan to support the objectives outlined in the local wellbeing action plan designed by the Public Service Board. I’m keen that you and the CCG continue to play an active role in this project to ensure that we maximise the impact and customer involvement from the local community. This is a key project for our Business Plan and – if the pilot is successful - our ambition is that we can role out a number of similar projects over the course of the next AMP.
- You rightly raise concerns about digitally excluding customers through the development of the online community. I can reassure you that we have no intention of relying solely on the online community for our customer research and engagement. For the foreseeable future, this will be an additional resource to provide a platform for ongoing engagement with our customers. We will continue to commission statistically robust qualitative and quantitative research as well as a commitment to continued face-to-face public and community engagement.
- I welcome your positive comments on our approach to triangulation. A lot of work has gone into developing the approach and the analysis of all the data and research which provides the evidence base required for the development of our Business Plan.
- I’m also pleased to read your final summary which is generally supportive of our approach to customer involvement to date.

Attached is also a more detailed response to the issues raised by the CCG in recent months.

We are now entering into the key phase of developing our Business Plan. I’m very aware, that to date, much of the discussion at the CCG has centred around the design of the customer research and the interpretation of the results. The main focus of future CCG meetings will need to be on challenging the company’s measures of success, targets and business plan development and ensuring that the customer views have been reflected adequately and appropriately in our decision making.

I would like to thank you once again for your ongoing constructive challenge of our work and would like to extend my gratitude to the whole CCG for their significant contribution over the past 18 months.

Yours sincerely

Chris Jones

Chief Executive

Annex - Welsh Water Customer Challenge Group - Summary of Key Responses April 16 – March 17

The Customer Challenge Group’s remit is to provide independent advice scrutiny and challenge on the quality of the company’s customer involvement and extent to which the results of this engagement are reflected in the company’s business planning, decision making and operational performance. Over the past year the CCG has submitted specific commentaries related to:

1. The operations of the company including the annual performance report
2. The quality of customer research plans in the business planning for PR19

<p>Key points raised by CCG in commentary on operational reporting</p>	<p>Welsh Water response</p>
<p>The CCG were delighted with the excellent reach of the “return of value” consultation and in particular the numbers who indicated they would be happy to have further opportunity for engagement. This can provide the building block for ongoing conversations that will reduce the emphasis on expensive bespoke research.</p>	<ul style="list-style-type: none"> • Over 12,000 customers responded to our Return of Value Consultation in the summer of 2016 • Over 2000 customers left us their details and were happy for us to contact them again following on from the research. • These customers were invited to sign up to our Online Community. This forum will continue to engage with these customers with detailed pop up discussion groups, quick polls and other survey techniques. • We currently have 392 members (December 2017)
<p>We were obviously concerned by the increase in complaints although we recognise the underlying causes of the new billing system, more rigorous bad debt chasing and the increase use of social media counted as written complaints. However, these increased levels of complaint with associated media coverage can soon undermine the level of trust that is central to the success of the business model.</p>	<ul style="list-style-type: none"> • Social media contacts are not currently reported in our written complaints, but the proposal from Ofwat and CCWater is to amend the process from 2020 so complaints from all contact channels are reported including social media. • Our written complaints have fallen by over half (58%) in the first half of this year (2017/18) compared to the first half of last year (1,764 compared to 4,191). We were expecting to end the year at around 4,000 written complaints (from 6,582 last year) – which would get us almost back to our performance in 2014/15 (3,314). I’m pleased to report that we are now (December 2017) tracking to around 3,800 complaints at year end.
<p>The CCG was keen to understand whether there were hotspots of overlapping issues that would be addressed and in particular the opportunity to engage such</p>	<ul style="list-style-type: none"> - We are currently working on a segmentation of our customers based on internal and a number of external sources of data to form cluster groups with similar characteristics. We’ve also

<p>communities in the solutions to the issues.</p>	<p>completed a base segmentation report which uses the groups identified in qualitative research to date. Our data driven segmentation has the information available to segment geographical areas. We are awaiting outputs from this to be able to derive useful insights from the findings.</p> <ul style="list-style-type: none"> - We are also developing our Sentiment Dashboard. This allows us to overlay feedback from customers in a geographical representation to give an overall 'sentiment' from customers by postcode area.
<p>It was recognised that the level of complaints related to the more rigorous chasing of bad debt was the result of the essential compact with customers who are willing to contribute to those who find difficulty paying bills, as long as those who were able but refused to pay were followed up. We are conscious that the cost of customer bad debt adds significantly to bills so support this more rigorous approach, but the CCG did want to be assured as to the manner of the process, given that it is often difficult to distinguish between those who can pay (but don't) and those who cannot.</p>	<ul style="list-style-type: none"> • There are a number of different routes by which a customer can get into debt with us. Our debt team take each case on an individual basis to determine the best way forward for the individual customer. This will involve further investigation into customer's situation to determine if they choose not to pay or are unable to pay.
<p>The CCG workshop on vulnerable customers highlighted the value of working across business sectors and building partnerships with the voluntary sector. The contribution of Legal and General was particularly informative with their classification of drivers of vulnerability as:</p> <ul style="list-style-type: none"> ○ Crisis e.g. Death/ Divorce/ Redundancy/ Major Health Life Conditions ○ Capability e.g. Physical or Mental Health Conditions, Learning and Language ○ Connectivity e.g. Messaging difficulties, Hard to Reach, Digitally Excluded <p>The Legal and General example also highlighted the value of working with</p>	<ul style="list-style-type: none"> • We work with a large number of companies and organisations to train staff to be able to sign up eligible customers to our social tariffs on our behalf. We also attend a number of community events in targeted areas to educate customers on the services available to help them. • We are also working on ways to enhance our Priority Services Register by collaborating with other utilities to share information. • We have participated in a number of workshops and conferences on this matter over the past 12 months, including the Warm Wales conference in December 2016 and the CCWater conference in spring 2017.

<p>voluntary and community groups to both provide employees with direct experience of the issues faced by customers and in connecting with hard to reach groups. The CCG is very keen to continue to build this cross sector collaboration, such as through the Vulnerable Customers conference with other utility companies.</p>	
<p>The workshop also highlighted the importance of drawing data on customer preferences from across the business, as the nature of organisations is such that silos are at risk of operating their own information sets. The Welsh Water Leadership Conference set out means by which you are addressing this issue and will contribute to the process of “triangulation” of customer data in the business plan.</p>	<ul style="list-style-type: none"> • We have set out a framework for triangulation which sets out 3 phases of work and a number of principals to apply. <ul style="list-style-type: none"> ○ Phase 1: Attitudes and preferences. The objective of this phase is to determine which areas of service customers see as priorities and to understand customers’ views on important topics of interest through the sources (listed below). This will help us to shape our business plan proposals, including our list of performance measures and investment priorities. ○ Phase 2: Key Options and trade-offs. The objective of this phase is to gather more specific, quantitative, data on the value customers place on service improvements and to test customers’ views on big decisions or trade-offs. This will allow us to weigh up the costs and benefits of various service improvement options. ○ Phase 3: Holistic choices and calibration: The objective of this phase is to validate our business plans as a whole in light of affordability constraints and and other important business requirements such as statutory / regulatory requirements.
<p>The role of employees in the field was particularly highlighted given their face to face contact with customers. The importance of the “team charters” was highlighted as a powerful mechanism for ensuring customer focused teams across the business.</p>	<p>As part of our Customer Led Success strategy we have a number of feedback mechanisms which help us improve our service, involving ‘frontline’ staff.</p> <ul style="list-style-type: none"> • Customer Feedback App – We survey customers at the point of that work (at the doorstep), to help us understand if the issue has been resolved to the customer’s

	<p>satisfaction. Poor scores trigger alerts to give us the opportunity to act on the feedback. The app also gives customers the opportunity to show interest in our many social tariffs – to date we have over 88,000 customers registered on our social tariffs and the app provides leads which we may not have been able to get through other means</p> <ul style="list-style-type: none"> • ‘Close the loop’ calls – We contact customers by phone to ensure that work has been completed to their satisfaction and there is no outstanding work. • Executive call review sessions – Once a month, the executive team review a number of customer cases, selected at random, to see whether the case was handled effectively. Mitigating actions are put in place where it is identified that the service we provided was not the expected standard. • Team Charters – We ask every team to undertake an exercise on an annual basis to help them understand who their customers are, what they value, and what each team needs to do to better meet the needs of their customers.
<p>Although the CCG did not consider in detail, members were impressed with the work being developed around catchment management under the Water Source label. It is very important that customers understand the importance of long term investment in catchment management as a means of delivering multiple benefits in respect of water quality, climate change and biodiversity. The importance of catchment management was also highlighted in DWI’s presentation to CCG Chairs. Following the principle of involving customers not just engaging, it will be important to work with farmers and land managers in developing models of providing ecosystem services.</p>	<ul style="list-style-type: none"> • As we do not generally own a great deal of the land around our rivers, reservoirs and groundwaters, partnerships and collaborative working is at the heart of our WaterSource approach. • Working with land managers on initiatives such as our PestSmart campaign raises their awareness of how land management practices can impact not only on water quality, but also on biodiversity and the wider environment. • Welsh Water 2050 identifies how we will continue our proactive stakeholder engagement approach to catchment management. As well as improving water quality and enhancing resilience in our drinking water sources, this work will have multiple benefits for biodiversity and contribute to the well-being of ecosystems.

<p>The CCG stressed the distinctive roles of the Wellbeing of Future Generations Act and Environment Act in providing a new legislative framework. The involvement of customers in co-creation is at the heart of this legislation which also requires public bodies to plan for the long term. This provides opportunity and responsibility for the company to collaborate in local wellbeing plans to build resilient communities. The CCG hopes the company will report against its contribution to the achievement of the national Wellbeing Goals and associated indicators.</p>	<ul style="list-style-type: none"> • We are currently piloting a project in the Rhondda Fach that looks to collaborate with the local community and stakeholders to create a water resilient Rhondda Fach. The project will look at the big challenges facing the area as well as some of the known Welsh Water issues. By working with the community we will co-create solutions to start addressing some of the challenges in the area. We have already engaged with several stakeholders including the Cwm Taf Public Service Board (PSB) to understand the challenges that these communities face and the current partnerships and initiatives already in the area. We have agreed to align the objectives of the project to the objectives of the Cwm Taf Well-being Plan – health, wealth and asset and the project will be undertaken in line with the Future Generations Act’s ‘five ways of working’ (Long term; Integration; Involvement; Collaboration; Prevention). The ambition of the project is to create a blueprint for a way of working with communities, understanding the challenges they face and adding value. We will then look to use the blueprint in other parts of our operating area. • Welsh Water 2050 was drafted in the context of the Wellbeing of Future Generation Act and the 14 Strategic Response align with the Wellbeing Goals.
<p>The CCG recognises the importance of engaging with non-household customers and intends to build on the business breakfast session which contributed to the PR16 review. The CCG also noted the weakness in account manager process highlighted in the first stage consumer research.</p>	<ul style="list-style-type: none"> • We have made a number of business changes following market opening in April which we hope has helped our account managed customers. • This feedback has been passed onto the internal team at the time of the research so they are aware of the issues expressed as ongoing needs or expectations by their customers and are able to make appropriate adjustments to day to day services and plan any longer term issues into their planning.

	<ul style="list-style-type: none"> We also continue to carry out our NHH satisfaction survey which is reported in our performance report. The most research shows [88%] customer satisfaction with the services we provide (Accent, December 2017) and 65% of businesses say they have no appetite for changing their water company retailer if they had the opportunity to do so
--	--

Annual Performance Report Commentary

The CCG welcomed the very positive annual performance report and the performance data related to customer service and operational performance. The areas of focus for business improvement - interruptions to supply, customer acceptability of colour/taste, level of complaints and bad debt – were considered by the CCG with specific points raised in relation to:

Annual Performance Report Commentary	Welsh Water response
<ul style="list-style-type: none"> Expectation that there would be a reduction in levels of complaints as the impact of the new billing system is worked through 	<ul style="list-style-type: none"> As mentioned above our written complaints have fallen by over half (58%) in the first half of this year compared to the first half of last year (1,764 compared to 4,191). We were expecting to end the year at around 4,000 written complaints (from 6,582 last year) – which would get us almost back to our performance in 2014/15 (3,314). We are currently tracking to around 3,800 complaints at year end. We will continue to drive this performance in 2018/19 and our aim will be to get to a top quartile position.
<ul style="list-style-type: none"> Encouragement to maintain and increase opportunities for customer interaction even though this may generate more responses which have to be classified as complaints. 	<ul style="list-style-type: none"> We continue to offer a number of contact channels for customers and will continue to do so in future. We are looking at ways to expand the means for customer to interact with us such as through Facebook, Chabots and the new Online community.
<ul style="list-style-type: none"> The need for Ofwat to consider the definition of complaints given the changing nature of customer engagement and approaches taken in other sectors to the issue of complaint performance measurement. 	<ul style="list-style-type: none"> We agree this is something that needs focus. CCWater have already commenced holding workshops to discuss reporting complaints from all contact channels from 2020. Consistency is a key issue to be resolved to prevent different interpretations of meaning. We also feel it's unfair that water companies are penalised for "private issues" complaints (i.e. matters that are the

	responsibility of the customer not the company).
<ul style="list-style-type: none"> - The CCG would like to see the level of reports escalated to CCWater benchmarked against other water companies 	<ul style="list-style-type: none"> - CCWater publish an annual report which includes this information.
<ul style="list-style-type: none"> - The nature of the approach to addressing bad debt, welcoming the focus on the importance of reducing bad debt as part of the “customer compact” but also recognising the need to distinguish between “can’t pay” and “won’t pay”. The CCG needs to understand whether there are bands of vulnerability in pursuing bad debt – and if the support is appropriate. The highest UK debt levels merit special focus – linking this to the reasons for it and whether the remedies are realistic. 	<ul style="list-style-type: none"> - We use Experian to help us segment our customers in debt. This give us a breakdown by a number of different factors including postcode and level of deprivation in the assigned postcode. - This helps us target the type of route we take with a customer i.e. a customer in a high deprivation area is more likely to be in a situation where they can’t pay and so establishing contact to offer assistance is a main priority. - We want to ensure we establish a good ongoing relationship, build trust and make ongoing charges appropriate and affordable. This may involve schemes such as the Customer Assistance Fund where debt is written off after a customer has continued to make contributions to their bill over a number on months.
<ul style="list-style-type: none"> - The importance of ensuring that the feedback from customer dialogue around complaints is fed back into the business improvement and planning process. This is an area where the CCG would like to receive more detail of the root cause analysis process. 	<ul style="list-style-type: none"> - DCWW have a formal process for assessing root causes of our complaints. We assess at what point the interaction went wrong and what could have been done differently. We look at whether there is a knowledge gap / poor communication amongst other markers and identify any constraints such as policies, systems etc. This process can be shared if CCG would like further information. - Complaints and other customer feedback/performance is widely reported to employees in the company through our Team brief every month. - We also hold specific scrutiny sessions to look at complaints and contacts in all business areas with members of our exec team.

<ul style="list-style-type: none"> - The potential of adopting social accounting processes and models of integrated reporting, which could link to the national indicator framework as set out in the Wellbeing of Future Generations Act. 	<ul style="list-style-type: none"> - Further work is needed to fully understand the approach and how it could align with and support our work
---	--

2. Commentary on the Customer Research proposals

The CCG welcomed the fact that the recommendations from the consultation with the group had informed the research briefs and that the company were committed to signing up to the National Principles of Participation.

The CCG raised specific points in relation to the research proposals presented:

Commentary on the Customer Research proposals	Welsh Water response
Willingness to Pay	
<ul style="list-style-type: none"> - Willingness to Pay research – a simpler more accessible approach was recognised as being important, building on the feedback from PR14. However, the group also recognised the importance of comparative trend data, so would recommend that an option of a parallel exercise based on the PR14 model is considered, depending on the scale of the additional costs. It was also stressed that this research needed to triangulate with a range of other data sources from customer contact. The company was encouraged to apply innovative approaches to this issue and not simply to repeat the PR14 process 	<ul style="list-style-type: none"> - The overall objective of Phase 2 is to gather quantitative data on the value customers’ place on various service priorities, and to test customers’ views on big decisions or trade-offs. This will allow us to weigh up the costs and benefits of various service improvement options, and to confirm the service and investment proposals we should include in our PR19 business plan. - We are drawing on a breadth of customer valuation data and information in line with the approach set out in the DCWW Customer Engagement Framework. This includes both information sourced directly from DCWW customers (for example, stated preference willingness to pay (WTP) surveys), as well as broader DCWW and industry customer valuation information (for example, PR14 Industry WTP and River Water Quality NWEBS). - As identified by Ofwat following PR14, WTP surveys are an important source of evidence but have limitations. Individual studies and methods can be influenced by different types of bias and hence it is important to cross-check and validate the results of stated preference WTP surveys. By

	<p>considering a broader set of surveys and information, we are moving away from sole reliance on a single survey to set the customer valuations used to inform our business plan. While we consider that this is a better, more robust, approach, it requires making judgements in terms of how each source of evidence is used.</p> <ul style="list-style-type: none"> - Our Performance Targets research and Bills research in Phase 2 also uses comparative trend data to enable customers to be able to make informed decisions about their bills and level of service when comparing us to other WASCs and other utilities.
--	--

Rhondda Fach Water Resilient Community pilot project

<ul style="list-style-type: none"> - The CCG emphasised the potential of mapping customer debt hotspots to inform social tariffs and was supportive of the idea of “deep dives in target communities” relating the work of DCWW to the wider wellbeing goals for that community. 	<ul style="list-style-type: none"> - As mentioned above we are currently piloting a project in the Rhondda Fach that looks to collaborate with the local community and stakeholders to create a water resilient Rhondda Fach. The project will look at the big challenges facing the area as well as some of the known Welsh Water issues. By working with the community we will co-create solutions to start addressing some of the challenges in the area and align the objectives of the project to the objectives of the Cwm Taf Well-being Plan – health, wealth and asset and the project will be undertaken in line with the Future Generations Act’s five ways of working (Long term; Integration; Involvement; Collaboration; Prevention). - DCWW Retail team are in the process of reviewing our current social tariff scheme. This includes a data exercise with consultants Economic Insight. This looks as data from across the UK and within Wales. It shows the proportion of households eligible for HelpU varies quite substantially by location. This is something which will be taken into consideration when developing our next social tariff strategy. - We haven’t previously had the capability with the data available to be able to target ‘hotspot’ areas of debt. We are now however using Welsh LOSA
---	--

	data to assist with future strategies to target social tariffs.
Context setting research- Performance Measures, Overall priorities and Resilience	
<ul style="list-style-type: none"> - There should be a workshop on the context setting research to engage a wide stakeholder network specifically involving those working with “hard to reach/seldom heard groups” 	<ul style="list-style-type: none"> - An “expert focus group” is being arranged to review the draft business plan in February/March 2018 specifically to look at vulnerable and hard to reach customers. - We did engage with a number of Stakeholders during this early research including CCwater, Citizens Advice, NFU Cymru, Cardiff University and the NHS but at this early stage we felt our coverage of stakeholders was appropriate. - We will engage with those working with hard to reach/seldom heard customers when appropriate and relevant to the research context.
<ul style="list-style-type: none"> - The CCG highlighted the importance of connectivity and consistency across the research briefs eg to ensure application of common definitions from the context research. The interrelationships between research briefs was highlighted as being a critical success factor 	<ul style="list-style-type: none"> - Research companies adhere to definitions and principles of research set out by us or best practice guidance. - Definitions and terminology are consistent across research teams and where appropriate context is set for customers in terms of company set up, service levels etc.
<ul style="list-style-type: none"> - The critical importance of ensuring there is feedback to participants and the opportunity to continue their engagement 	<ul style="list-style-type: none"> - We agree that showing customers where they have helped influence change builds trust - they are much more likely to engage with us further and provide us with insight in the future. We do this through our Online Community, social media, website and press releases.
<ul style="list-style-type: none"> - The resilience research should take into account the relationship between the resilience of the infrastructure and the local area – linking to NRW Area Statements and Public Service Board Wellbeing Plans 	<ul style="list-style-type: none"> - Resilience research took place in October 2016 and aimed to: <ul style="list-style-type: none"> o understand how well customers (both household and non-household) understand the issue of resilience and how water companies are affected by it o understand customers views on the extent to which resilience issues should be addressed in its plans, and o debate the balance between investing for future generations and managing the affordability constraints of the day

<ul style="list-style-type: none"> - Research on performance measures should take into account the company's contribution to the National Wellbeing Goals and associated indicators 	<ul style="list-style-type: none"> - Although not specifically mentioned in the research the measures discussed with customers link with the seven Wellbeing Goals and customers were informed about the impact Welsh Water has on Wales as a whole in terms of economy and wellbeing i.e. workforce employed, education activities etc.
<ul style="list-style-type: none"> - The importance of the research companies drawing on the expertise and networks of the CCG members in the process, and informing participants of the role of the CCG with links to website /Chair 	<ul style="list-style-type: none"> - CCG are asked to comment on pieces of research to use the expertise of the members in shaping the discussions. CCG members are invited to direct us to members in their network where this would be useful for the research companies.

Commentary on Progress of Customer Research and initial findings

Commentary on Progress of Customer Research and initial findings	Welsh Water Response
Customer Service Expectations	
<ul style="list-style-type: none"> - The importance of the context of <u>trends</u> in customer service expectation, particularly in respect of responsiveness, proactive engagement, increased use of automated services and opportunity to be in control. The role of transparency in building trust as “corporate cynicism” prevails coupled with a lack of appreciation of value of water, low awareness of special support and little understanding as to how water bills are assessed. 	<ul style="list-style-type: none"> - We note there is a theme in customer service expectations research and in other research that customers’ expectations are increasing, especially linked to proactive and responsive communication. - We do also note the theme that customers would be more supportive and trusting if they had more information and education about how their bills are calculated and where/how the money from bills is invested. - Awareness levels of our Priority Services Register and Social Tariffs are low across the engagement activities completed. We have commissioned a specific piece of research to look into vulnerable, struggling and hard to reach customers to understand how we could improve in communicating these services and any additional offering they feel we should offer to help shape our vulnerable customer strategy.
Deep Dive: Worst Served customers	
<ul style="list-style-type: none"> - The CCG welcomed the specific research focused on those worse served or at-risk customers. The 	<ul style="list-style-type: none"> - While overall the number of worst served customers is low their issues

<p>research highlighted high levels of “acceptance and resignation” which may lead to under representation of the actual problems faced by this group of customers.</p>	<p>outweigh the normal experience of our customers.</p> <ul style="list-style-type: none"> - This is being looked at in our Welsh Water2050 plan to ensure that this group of customers are identified and solutions recognised to resolve their service issues.
<ul style="list-style-type: none"> - The research indicated the high level of appreciation and recognition for the DCWW staff on the ground working to provide solutions for customers and the value of enabling local decision making. Conversely there seemed to be a need for greater visibility from the senior management in engagement with customers suffering repeated problems 	<ul style="list-style-type: none"> - This is noted and will be fed back to the teams working with customers on repeated services issues.
<ul style="list-style-type: none"> - The outreach to vulnerable customers in at risk areas is particularly important, where priority support should be focused on those customers with additional needs. Identifying, communicating and providing specific support services where needed. 	<ul style="list-style-type: none"> - We have commissioned a specific piece of research to look into vulnerable, struggling and hard to reach customers to understand how we could improve in communicating these services and any additional offering they feel we should offer to help shape the vulnerable customer strategy. This research was targeted to areas of high deprivation and therefore where a high number of customers should be using these specific services.
Environment	
<ul style="list-style-type: none"> - The environmental customer research identified an increased consciousness of environmental impact compared to the PR14 research. Customers viewed river quality as the main issue for Welsh Water’s leadership responsibility, also giving clear support for prioritising renewable energy. There is high awareness of the blue flag system with high association with quality of bathing water and value to tourism industry – although the blue flag status is dependent upon many factors beyond water quality. 	<ul style="list-style-type: none"> - We continue to develop our plans under the NEP to ensure we continue to make improvements to river water quality. - We have also completed a programme to develop costal water models. This will enable us to enhance our understanding of the factors affecting water quality at bathing water and shellfish sites along the entire Welsh coastline. - We are now generating 20% of our own energy needs through wind, hydro, solar and advance anaerobic digestion with the aim to increase this to 30% by 2019. - In July 2017, we announced a new energy contract with DONG Energy that will ensure that energy Welsh Water uses from the grid will also be guaranteed green energy. All this makes a big difference to reducing our

	<p>carbon footprint, but also benefits our customers by reducing our overall operating costs so that we can keep bills low.</p>
<ul style="list-style-type: none"> - Understandably there was low awareness around the term “catchment management” but a positive response once explained. It is important that support for land managers in changing behaviour is not positioned as “subsidising industries that cause pollution” 	<ul style="list-style-type: none"> - Noted. In our environment research catchment management was introduced as ‘preventing pollution from getting into raw water sources in the first place (and therefore reducing the costs of the water treatment process)’ - We also introduced the example of the Weed Wiper trial where the campaign works with farmers and land managers to promote better advice on handling, applying and disposing of grassland sprays.
<ul style="list-style-type: none"> - The CCG emphasised the importance of programmes of education to build understanding of the value of good water management from land managers to individual customers and the need to triangulate customer research with informed stakeholder views and evidence based on sound science. 	<ul style="list-style-type: none"> - The Catchment team works with land managers to promote our WaterSource approach to land management. This award-winning approach has included initiatives such as our weed wiper trial, pesticides disposal scheme and many more. We are expecting confirmation that our £1m bid to Welsh Government to run a Wales-wide PestSmart campaign has been successful imminently. - Ongoing programme of engagement with school children and adults in our education programmes x number last year. - Our Triangulation framework includes a broad range of data/information sources. A wide breadth of data/information sources is used to enable decision to be based on a broad base of both customer views and robust evidence from data and stakeholders. This includes: <ul style="list-style-type: none"> • quantitative/qualitative research (including stated preference surveys) • historical and comparative performance: Includes performance against AMP6 commitments and comparative performance. • Broader industry data & research: Includes PR14 customer research and wider industry research/evidence • Data from continuous engagement: Includes customer engagement data

	(Trust Tracker), Customer interactions data (Rant and Rave / Complaints / Social Media analysis), External data (e.g. Ofwat SIM), Customer journeys / Pain point analysis, Customer sentiment dashboard, etc
WRMP Qualitative research	
<ul style="list-style-type: none"> - The fact that we have a lot of rain in Wales leads to customer perceptions that can impact on their views of investment needed for resilience, so importance of framing in terms of climate change, population growth, and water transfer needs. It was encouraging that the research indicated a greater awareness of these issues than in PR14. It is important that clear links are made to specific areas of focus such as the growth of the City Regions around Cardiff and Swansea Bay in respect of resilience of supply in areas of significant population growth and increased demand from industry. 	<ul style="list-style-type: none"> - Where possible research and information given to customers is locally linked but also given in the context of Wales as a whole. - When discussing complex long term issues such as resilience the research is designed to gradually educate the customers as part of the discussion to give them more information about the context which will enable them to make informed decisions. We do also want to measure this against the view of uninformed and therefore we use this process of drip-feeding information to understand how views change as they learn more.
<ul style="list-style-type: none"> - The perception of a plentiful supply of water in Wales also impacts upon behaviours around water efficiency and demand management. Important that this is addressed through collaboration with resource efficiency initiatives, specifically the link to domestic hot water efficiency. 	<ul style="list-style-type: none"> - We agree. This was seen in the WRMP Qualitative research. When discussing population growth/increased development the relevance to Wales increases and changes perception to something which they customers see as relevant to them and something which could potentially affect them in the longer term with water restrictions etc. - Our WRMP Qual research found the majority of customers to be aware about their water use whether that be due to the use of a meter or being environmentally conscious.
<ul style="list-style-type: none"> - Customers have a high expectation that the company will plan to meet the needs of future generations taking into account these trends and unpredictable nature of impacts of climate change. It will be important to link with the engagement processes focused around long term wellbeing associated with the Wellbeing of Future Generations Act. 	<ul style="list-style-type: none"> - Our Water2050 plans are being updated to reflect the views of customers and stakeholders from the engagement activities so far. This plan looks to link these long term strategic responses with those of the Wellbeing of Future Generations Act.