

Sutton and East Surrey Water's Customer Scrutiny Panel (CSP)

Terms of Reference and Standing Orders

A) Terms of Reference

1) Brief

The CSP is a customer focused group that has two key areas of activity:

1. To the Company

To be an independent group, with an independent Chairman, who will advise, scrutinise, and challenge the Company in the development and implementation of their plans for meeting their customers' priorities (including water resource and drought plans).

2. To the Regulator (Ofwat)

To provide independent assurance to Ofwat on the quality of the Company's customer engagement; and the extent to which this is reflected in the Company's business plans.

2) Objectives

- a. To provide constructive feedback on the Company's customer engagement programme;
- b. To actively monitor progress, from a customer perspective, against "measures of success" in the Company's Business Plan;
- c. To follow up with the Company on any shortcomings;
- d. To provide constructive challenge on the development of the Company's 2020 -25 Business Plan, and in particular the way that customer research and engagement is used to shape the plan; and
- e. To engage with Ofwat as appropriate, particularly in respect of the PR19 review, including the commitment to submit an independent customer engagement focused report to Ofwat at the same time as the Company submits its business plan.

3) Role

The CSP is not aiming to be representative of the entire community of customers but is to be sufficiently connected to customers – domestic, commercial and industrial – and other stakeholders to be able to deliver the objectives.

4) Reporting Procedure

1. To the Company

The CSP will report on decisions and issues, and provide minutes of meetings, after each meeting to the Managing Director, who will then report to the SESW Board of Directors. Minutes of CSP meetings will be publically available via the Company website.

Once a year, the CSP Chair will meet in person with the Company Board of Directors. The CSP will also provide a report annually to the Company Board of Directors, plus the CSP will provide a report on the activities of the CSP to be included in the Company Annual Report.

2. To the Regulator (particularly, at the next price control review (PR19 Review))

The CSP will have an active involvement with Ofwat in relation to the 2020-25 Business Plan. As part of the obligations to the Regulator, the CSP will provide an independent report to Ofwat when the Company submits its business plan in 2018. This report will provide Ofwat with assurance and valuable independent evidence to inform their assessment of the business plan as part of the risk-based review. If the Company does not achieve enhanced status in the risk-based review, the CSP will be required to submit a second independent report that focuses on the changes the Company has made to their plans when the Company revises its business plans (or parts thereof) in 2019.

B) Standing Orders

1) Membership

a. Relating the Composition to the Objectives

The CSP and SESW need to consider the balance between membership of the CSP and other bodies and groups with which the CSP and/or the Company should consult or have a relationship.

Ofwat have advised that CSP membership should reflect local circumstances and challenges and include a representative from the Consumer Council for Water (CCWater). Chairs should not represent particular organisations or groups of customers. The environmental and drinking water quality regulators should play a significant role informing CSP discussions and CSP reports should highlight any concerns raised about the ability of the proposed plan to meet statutory obligations.

b. Composition

The group will normally have a maximum of 12 members in addition to the Chair, but will also have powers to co-opt additional members to ensure its effectiveness. The appointments will be for 3 years and individuals may re-apply.

Members could be drawn from:

- Environment Agency
- Consumer Council for Water
- Drinking Water Inspectorate
- Natural England
- Reigate & Banstead Borough Council
- London Borough of Sutton
- Other Local Authorities (e.g. Tandridge, Mole Valley)
- Major business consumers
- Chambers of Commerce
- Residents
- Parish Councils
- Citizens Advice Bureaux
- Age related organisations
- Environment related organisations eg Surrey Wildlife Trust, Kent Wildlife Trust, RSPB, Blue Print for Water (which itself represents a number of Environmental Charities).

c. Confidentiality

Members must not use or disclose Confidential Information either during or after their term of membership except in pursuance of their duties.

2) Meetings and Conduct of Business

a. Frequency and Timing

The CSP will meet at approximately three-month intervals at Company premises.

The meetings will be timed to follow promptly the production of KPI reports, which are due at the end of March, June, September and December each year.

The meetings are to be convened through SESW by the Chair after consultation with the Managing Director.

The Company shall provide a suitably qualified member of staff to act as Secretary to the group and support as necessary to fulfil the Terms of Reference.

The quorum shall be one third of the members plus the Chair.

b. Agenda and Minutes

The Agenda for each meeting will, at a minimum, cover reports on:

- the Customer Tracking Surveys;
- implementation and progress with the Company's Business Plan;
- actual performance compared to performance commitments; and
- CSP related updates and expectations on the PR19 Review including early/timely sight of the Company's customer research proposals, materials and results

In order to ensure that the CSP meets its primary objective to provide independent challenge to the Company and independent assurance to the Regulator, it is expected that, where agenda items require it, part of CSP meetings will be without Company executives being present.

The CSP Secretariat will maintain a Challenge Log which will record both the challenge made and the Company response.

The CSP-approved notes for each meeting will be available on the Company's website.

c. Expenses

Travelling expenses for attendance at meetings may be claimed from SESW.

3) Relationships

a. Company

The Managing Director or a representative is to attend each CSP meeting, plus other Director(s) or Senior Managers relevant to the agenda items.

b. Board

One Non-Executive Director will attend the CSP at least once per year.

The CSP Chair will attend a Board meeting at least once per year.

The Managing Director will report to Board meetings about the activities of the CSP.