



Customer Panels

October
2024

HUMAN8



Background



On the 11th July 2024, the Secretary of State for DEFRA announced new mandates for water companies, directing both Ofwat and the companies to better prioritise customers and environmental sustainability. One new mandate is the formation of Customer Panels for each water company, whereby a select panel of general household customers will have a strong interface and ongoing engagement with their respective company, including the power to summon board members and executives to account for the company's performance. In doing so, customers will be able to more directly hold their company to account.

Objectives

To undertake a piece of research exploring customer expectations for a Customer Panel, using this feedback to help shape our response to future guidance received and consultations held, helping us to ensure we can champion the views of customers in our response.

We particularly want to understand:

- customer expectations around what the panel might look like
- how they might function and run
- who should be responsible for running the panel
- who should be responsible for governance
- potential motivations and barriers to becoming a panel member

Methodology



We ran a moderated discussion on the Your Water community

DATE: 4th – 14th October 2024



51 members of the community took part



Key insights

Overall views

- Awareness of the customer panel initiative is low, but most are optimistic that it can provide an effective link between water companies and their customers, if executed correctly
- It's felt that customer panels can lead to better outcomes for customers and for society – provided that the panels are truly representative and given the power to hold executives to account
- Yorkshire Water's active engagement is essential for the panel to be successful – senior executives and experts must be available to report to the panel and respond to questions and feedback

How should a customer panel be run?

- Quarterly meetings held online are generally preferred, though hosting some in person would help to promote a sense of belonging and deeper discussions
- An experienced, independent facilitator is expected to ensure that discussions are kept on track
- All areas of the business should be discussed in panel meetings, but the environment and service quality are of primary concern
- A diverse panel of engaged customers is needed – a lack of qualifications should not exclude participation though some members with specific, relevant expertise might add value to the panel
- Around 20 members is seen as optimal to ensure representation while allowing all to contribute.
- Views are mixed on panel tenure – some think there should be no limit, while others think around 2-3 years so the panel can be refreshed and allow more customers to get involved.
- The panel should be independently run and audited to ensure that it is trusted and can carry out its role effectively
- Incentives should be offered, and paid by Yorkshire Water – but must not be so high as to attract members for the wrong reasons

Overall views

While awareness of customer panels is low, they are viewed positively

> Awareness and overall views



Awareness is low even among engaged consumers

The vast majority of participants in the discussion activity **had not previously heard about the customer panel** initiative for water providers. Those who had prior knowledge said they had heard about it online.



Most see customer panels as a good idea, but worry about the execution

Most are enthusiastic about the initiative; they are **optimistic that giving customers a stronger voice** can lead to greater accountability, transparency and trust – ultimately resulting in improved outcomes for customers and the environment.

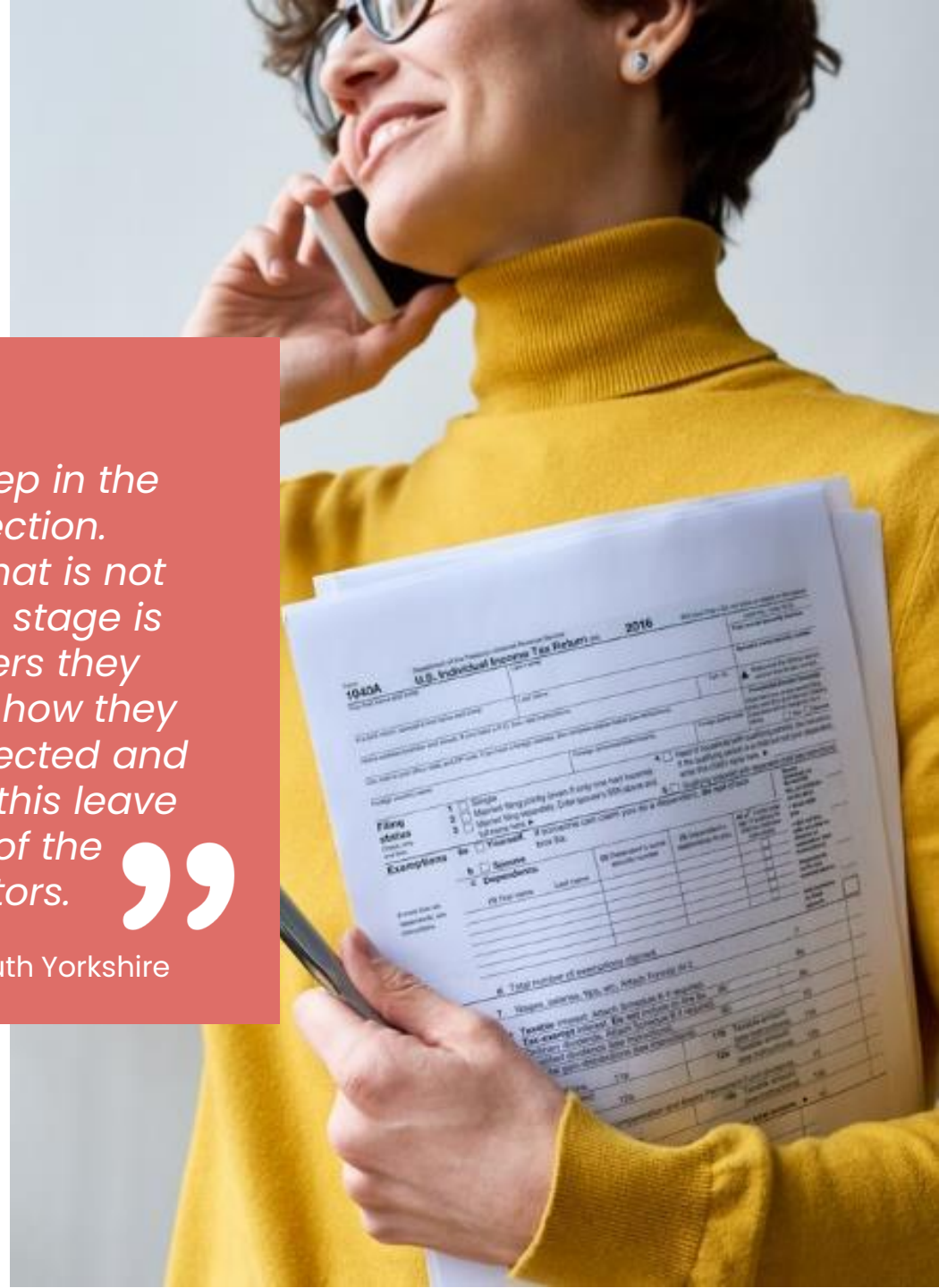
However, there are reservations; such as **concerns about the panel being truly representative**, and that this does not become an exercise in **box-ticking; paying lip-service to customer views** without actually achieving anything.

“

...this is a step in the right direction. However, what is not clear at this stage is what powers they would have, how they would be selected and where does this leave the role of the regulators.

”

Male, 55-64, South Yorkshire



Customers believe that the panel should be a link between customers and water companies

> Main role of the panel



“The main role of a customer panel should probably be to create a stronger link between the customer body and the company: keeping the company informed of customers' priorities and holding it to account if necessary.”

Other, 18-24, West Yorkshire

Most feel that customer panels can lead to better outcomes for customers and society

> Perceived benefits of customer panels



A stronger voice for consumers

This will ensure that company actions are **more aligned with customer priorities and societal goals**, leading in turn to improved service quality and customer satisfaction.



Increased accountability

Giving customers more power to **hold executives to account for their decisions and policies**.



Transparency and trust

Keeping the public informed of plans and **demonstrating that feedback is acted upon will build trust** – crucial when public utilities are in a monopoly position.

Key insight

Most of those who took part feel this initiative is needed because water companies are not consistently delivering for their customers or being held accountable in an effective way.



“

I do think that water companies should be hearing the views of customers, and not only hearing but acting on sensible feedback when it is provided.

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Female, 45–54, South Yorkshire



Fair representation and power to hold executives accountable are a must

> Perceived challenges for customer panels



Representation

The panel must be **truly representative of all types of consumers** to be effective. The selection process must be robust and transparent, and a strong chair will be needed to ensure that panel members' personal concerns are not given undue weight.



Not just a 'box-ticking exercise'

The panel needs to have **real weight in decision-making processes**, and not merely pay lip-service to consumer concerns.



Expertise

A balance needs to be struck between fair representation and finding members with the **experience and skills** to be an effective panel member. Training must also be provided to ensure all panellists have some **knowledge of the industry** and can **contribute effectively**.

Key insight

Ensuring the panel is equipped with the right skills and tools will ensure that it can do its job properly and deliver real value. It will therefore be essential to recruit panel members who are willing to spend time developing their knowledge, if necessary.




“

It's important to ensure the panel is made up of people from different demographics and regions to give a truly representative voice... The key challenge will be ensuring the panel's feedback has real weight in decision-making processes.

”

Female, 18-24, North Yorkshire



**How should the
panel be run?**

Quarterly online meetings are the preferred rhythm and format

› Preferred format and frequency of panel meetings



Online meetings are preferred

Most accept **that online meetings are more inclusive** (except for those who are less digitally-literate), and that given the size of Yorkshire, in-person meetings could be expensive and difficult to co-ordinate.

Some would prefer a mixture of online and in-person meetings, to encourage greater rapport and depth of discussion.



Quarterly meetings strike the right balance

Many support **quarterly meetings, allowing time for progress to be made** between meetings and not overburdening participants. Some would expect to meet more frequently at the start to build initial momentum.

Monthly meetings would ensure continuous engagement and quicker responses to emerging issues, although some feel that emergency meetings could be called in that case.

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“I think Zoom might be most convenient as people from across the region can take part and it saves time/fuel/travel costs.”

Female, 25–34, East Yorkshire

“...although video conferencing has its place, I firmly believe you don’t always get the best from them. So I feel at least some meetings should be in person and others can then be done online etc.”

Male, 45–54, West Yorkshire

“The panel should meet quarterly to allow enough time for meaningful developments between sessions, while keeping momentum and accountability consistent.”

Female, 18–24, North Yorkshire

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The panel chair should be an independent, trained facilitator

> Profile of the chair / facilitator

Experienced

An experienced facilitator will be best-placed to ensure an unbiased discussion and fair representation of views.

Independent

An independent chairperson, who is non-political and not affiliated with YW, will build trust in the process and outcomes.

Elected

Some suggest that panel members should be appointed first, and then allowed to elect a chair from within.

"The sessions should be facilitated by an independent moderator with experience in community engagement or customer relations. This ensures neutrality and that all voices are heard equally."

- Male, 25-34, West Yorkshire

Environmental issues and ensuring service quality should top the agenda

> Topics for discussion



Environmental issues

YW's impact on the environment, particularly in relation to sewage/river pollution



Service quality

Water quality and supply, and customer service; reviewing complaints, feedback and satisfaction surveys.



Billing and pricing

Affordability and transparency around price changes.



Infrastructure

Updates on planned upgrades and / or maintenance projects.



Performance and reward

Review KPIs and consider bonus payments, dividends and pay structures.

"Personally, I feel environmental issues are very important, but customer panel suggests... services directly impacting householders rather than the larger issues around wildlife, pollution and water quality in public spaces."

- Female, 35-44, West Yorkshire

"Key points to discuss could include infrastructure improvements, pricing strategies, water quality, and how Yorkshire Water plans to address challenges posed by climate change and population growth."

- Male, 25-34, West Yorkshire

Yorkshire Water must be actively engaged with the panel

> Role of Yorkshire Water



Active Involvement

Without the active involvement of Yorkshire Water, the panel cannot achieve its goals. **Key personnel need to be made available to report on performance** and future projects and respond to feedback.



Senior Executive Attendance

A Yorkshire Water **board member or senior executive who knows the business well enough to answer the panel's questions**, or where appropriate, to identify / summon the expert who is best-placed to do so, should attend the panel.



Transparency / Accountability

Experts from within the business can be summoned to explain areas of interest / concern to the panel. They can provide detail on action and mitigation plans.

Key insight

Regular attendance of a range of YW colleagues at panel meetings, including senior executives, will demonstrate that the panel is being taken seriously and treated with respect. Allowing members to directly provide feedback to those who are ultimately responsible for making key decisions will make them feel heard and valued.



The background of the slide is a photograph of a calm river at sunset. The sky is filled with soft, orange and pink clouds, which are reflected in the still water. The riverbanks are lined with trees, some of which have autumn-colored foliage. In the foreground, a metal post with a chain is visible on the left side.

Membership and oversight

A lack of qualifications should not prevent people from serving on a diverse panel

> Panel profile

Number of members	Tenure
<p>Around 20 members (or slightly fewer) is felt to be optimum to ensure representation while allowing all members to be heard.</p>	<ul style="list-style-type: none">• Allowing members to serve as long as they wish would allow them to build knowledge and create continuity, while setting a term of around 2-3 years would allow more people to contribute and keep the panel fresh.• It should be possible to remove members who are not contributing, and ideally the whole panel should not be re-recruited at the same time. Allowing members to reapply at the end of their term should also be considered.
Make-up of the panel	Skills and expertise
<p>Respondents recognise the importance of a diverse panel representing:</p> <ul style="list-style-type: none">• different ages, genders and ethnicities• all areas of Yorkshire, both urban and rural• business and residential customers• disabled and vulnerable customers.	<ul style="list-style-type: none">• The main requirement should be a genuine commitment to enabling better outcomes for customers and the environment, rather than specific expertise or qualifications.• If needed, training should upskill members and equip them with knowledge to carry out the role in an informed manner.• However, there could be some panel members with expertise and relevant experience (such as serving on similar committees) so that the panel is equipped to achieve its goals.

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“What does need to be considered is diversity, and those who are honest... Their interests should be in wanting to better the relationship between the water company and the bill payer.”

Female, 35-44, East Yorkshire

“A panel of about 10-15 members would likely be ideal. This would ensure enough diversity of perspectives without making discussions too unwieldy. It also allows for active participation from all members in discussions.”

Female, 18-24, North Yorkshire

“A member should stay for as long as they want, providing they’re continuing to contribute to the project.”

Male, 55-64, West Yorkshire

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Q: Who do you think should be invited to be the members of the customer panel? What do you think the make-up of the panel needs to take into account? How many panel members should there be? Any particular customer types that need to be represented? How long should members remain on the panel for, or should they be lifelong members/until they choose to leave/until they are no longer mandated?

Most feel that the panel must be independent to be trusted and to achieve its goals

› Responsibility for the panel and outcomes

Running the panel

- Most feel that the panel should be run by an independent person / body, such as OFWAT or DEFRA.
- A minority feel that Yorkshire Water are best-placed to take charge, possibly with external/independent support.

Auditing

- An unbiased, independent 3rd party must be responsible for auditing and ensuring the panel complies with rules and regulations.
- The government / DEFRA or OFWAT could perform this role. Only a small number of respondents felt that this could be performed by Yorkshire Water.

Reporting

- Most feel that the panel should issue minutes after every meeting, potentially with a more detailed annual report.
- Outcomes of meetings should be shared with YW management and stakeholders, OFWAT and DEFRA.
- Customers should also be able to access the minutes, which could be shared on the YW website, or via an online portal or sent out with their bill.

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“Audits best done independently if YW did it questions could be asked about impartiality.”

Male, 35–44, West Yorkshire

“An independent body... should oversee the panel’s formation and ensure its smooth running. Yorkshire Water could collaborate with this body to ensure that the panel members are reflective of their customer base.”

Female, 18–24, West Yorkshire

“I would expect the meeting to be minuted and those minutes along with all outcomes... be made public by publication on YW’s website.”

Male, 65+, West Yorkshire

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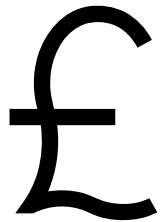
Many would like to join the panel, but would expect to be incentivised for doing so

> Interest and incentives



There is a **good level of interest in joining the panel**, reflecting the belief that this will serve an important function in holding water companies to account on important issues.

Those who are reluctant to join either feel they **lack the expertise** for the role, or that they have **too many commitments** to take it on.



Most think **panellists should be compensated for participation** to reflect the time and level of commitment as well as any out-of-pocket expenses. This could be in the form of vouchers or bill discounts.

Rewards should not be excessive, however, to ensure people are participating for the right reasons.

Key insight

While many are intrinsically motivated to join the panel as they feel it's important, they would nevertheless expect to be compensated, to reflect the time they would need to put in as well as the level of commitment and responsibility. Getting the balance right will be important however – as too high an incentive could create appeal for those who are more financially motivated, and less interested in getting the right outcomes.



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“I do think there should be some incentive for taking part, even if it is only a discount on water bills, few people would be willing to give their opinion constructively if no payment is made.”

Female, 35-44, West Yorkshire

“I would consider it, especially if the panel had a meaningful impact on Yorkshire Water’s policies and services... However, if the panel felt more like a formality with little real influence, that might reduce its appeal.”

Male, 25-34, West Yorkshire

“Definitely no financial incentive as sadly some people would do it just for a financial gain! Travel costs and a free lunch should suffice.”

Female, 45-54, East Yorkshire

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About your community

With over 3,000 members, Your Water is an online research resource giving you easy access to consumers

The community offers a wide range of conventional and innovative research techniques and approaches.

Our aim is to approach every project with fresh thinking and apply methodologies that we truly believe will get you tangible, actionable results.

Any questions?

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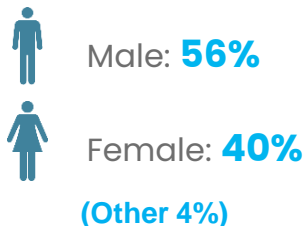
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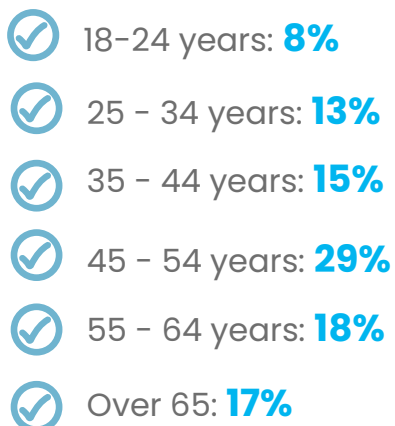
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Sample Profile (n=51)

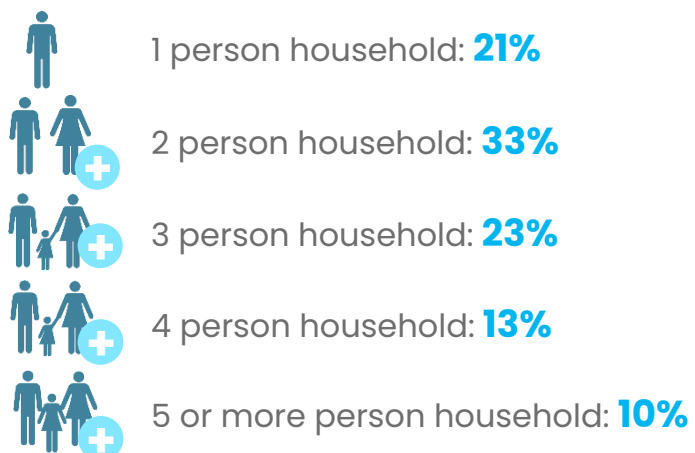
GENDER



AGE



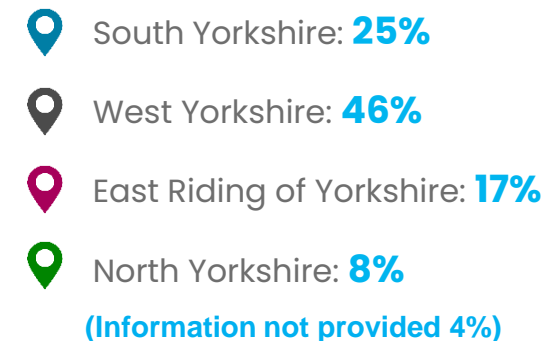
HOUSEHOLD SIZE



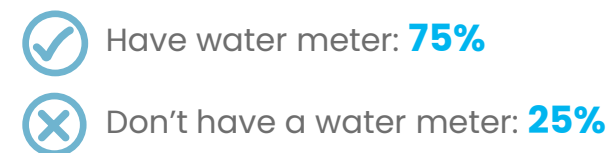
SEG



AREA OF YORKSHIRE



WATER METER



VULNERABILITY

