

NORTHUMBRIAN AND ESSEX & SUFFOLK WATER FORUM

TERMS OF REFERENCE

FINAL - AGREED 11 NOVEMBER 2022

1. THE ROLE OF THE FORUM

The Forum's role is:

(a) to provide expert comment and challenge on:

- Company performance; and
- Future Company plans, including five-yearly regulatory business plan.

(b) to provide expert comment and challenge, and independent assurance on:

- the quality of the Company's customer research and engagement in preparing its PR24 business plan
 - the extent to which the results of this research and engagement are reflected in the Company's plan.
- This element of the Forum's work is delivered through a Customer Engagement Panel, which acts as an independent sub-group of the Forum (see below).

The Forum works in (but is not limited to) the following areas:

1. Affordability and inclusivity
2. Service delivery
3. Environment
4. Local community engagement
5. Economic impact

The Forum is not normally expected to comment on financial matters for the Company, such as financing costs or remuneration.

2. FORUM STRUCTURE AND MEMBERSHIP

Membership

Forum membership will include:

- **Representative members** – representatives of organisations with expertise in the areas above
- **Independent members** – individuals with expertise in these areas and connectivity to wider networks to draw in experience and insight
- **Customer engagement panel members** - members selected based on an appropriate balance of expertise and experience in customer research and engagement, such as strategy development; project oversight; peer review; and triangulation, and may include representatives from CCW. These members will operate as an independent sub-group of the Forum to specifically undertake part (b) of the Forum's role as described above; and while sitting as part of the Forum, will not take part in discussions about ongoing Company performance or where the Forum is being asked to provide expert stakeholder input into Company plans. Panel members will also not take part in any other Forum sub-groups. (see below). The exception to this would be any CCW representatives who join the Customer Engagement Panel.

Network of Forum Associates

Associates may be invited to take part in meetings based on the expertise they can add to specific agenda items or topics.

3. THE WAY THE FORUM WORKS

Members commit to:

- being continuously engaged;
- considering information presented by the Company, including insights from wider customer engagement;
- considering views from all Forum members and presenting comment and challenge informed by multiple perspectives;
- understanding and communicating views from the organisations they represent and networks with which they are engaged;
- reflecting back to those organisations and networks the collective views of the Forum.

Members prioritise the key topics that they will focus on – some topics will be continuous, and some will be contemporary.

Meetings

The Forum holds its main meetings at least four times per year. The quorum necessary for main meetings will be the Chair (or Vice-Chair) and four other members.

The scope of the Forum's performance monitoring role covers the content of the Annual Performance Report and Our Purpose report, along with responses to regulatory, reputational and customer service issues as they arise. It will be consulted on strategies for Company activity and performance.

The Forum will receive regular information on customer research and engagement in order to contribute views to support the Customer Engagement Panel.

All Forum members will be invited to observe customer research and engagement events, where practicably possible, and to share observations with members of the Customer Engagement Panel.

Customer Engagement Panel

The Customer Engagement Panel will operate as an independent sub-group of the Forum throughout the development of the PR24 business plan.

The Company engages with the Panel on its customer research and engagement programme of work. The Panel advises and challenges on the quality of the customer research and engagement process; the interpretation by the Company of the results; and the extent to which findings are reflected in the Company's decision making.

The Panel holds or participates in meetings and events to explore specific topics or activities. This may include reviewing methodologies and materials, where practical and appropriate. It is anticipated many of these will be short virtual sessions. Members may also from time-to-time be asked to review documents and comment via electronic communication. Panel members will be invited to observe customer research and engagement events as part of this process, subject to availability and practicality. Feedback from Panel members on the effectiveness of events will be welcomed. Panel members will not take part in wider Forum discussions about ongoing Company performance or where the Forum is being asked to provide expert stakeholder input into Company plans. This means not taking part in the meeting to discuss the APR, Task and Finish groups to analyse specific performance issues, and not being invited to be part of any co-creation activities. The exception to this would be any CCW representatives who are members of the Panel (see above).

Nominations and Review Committee

The Nominations and Review Committee will oversee the appointment of the Chairs of the Forum and Customer Engagement Panel; make recommendations on membership; and conduct an annual review of the Forum's effectiveness and independence.

Task groups

The Forum may from time to time set up other task-specific groups, in order to consider specific topics in more detail. These will be commissioned by and report back to the full Forum to address specific developments such as new regulatory processes, performance or reputational issues, and will have a clear end point identified. Any changes to the remit of these groups would be made by the full Forum.

Other activity

As engaged and informed stakeholders, members may be invited to take part in other activity initiated by the Company. These could include individual design sprints, or ongoing initiatives such as the Water Environment Governance Group.

Planning

The Forum chair will be supported by Company representatives to agree plans and meeting agendas, maintaining a rolling 12-month plan of activity.

Outputs

The Water Forum would be expected to produce the following outputs:

- An up-to-date Challenge Log
- Annual comments on the Annual Performance Report and Our Purpose report
- A final comment / Minute of Agreement on the PR24 business plan

The Nominations and Review Committee would be expected to produce the following outputs:

- Annual assessment of performance of the Forum and Chair, in part based on a survey of members
- A fully populated member list for the Forum

The Customer Engagement Panel would be expected to produce the following outputs:

- Challenges (to be recorded on the Challenge Log) in relation to customer research and engagement
- A final report evaluating the contribution customer research and engagement has had on the development of the PR24 business plan

Research

The Company provides a budget for the Forum to commission independent research and expertise to support members in fulfilling its roles.

Challenge and Approval Log

The Forum captures and categorises its challenges, and records them in its Challenge and Approval Log, which will also include challenges from the Customer Engagement Panel. Members then actively manage the challenges through to a conclusion. Where no conclusion can be reached, this is also recorded.

4. FORUM GOVERNANCE ARRANGEMENTS

The Company and Forum members are committed to maintaining good governance to ensure that the Panel is independent and has the necessary expertise.

The Company will encourage the Central Oversight Group being developed by CCW to monitor the effectiveness and independence of the Forum, including the Customer Engagement Panel, and incorporate an industry good governance code, building on Ofwat's forthcoming work in this area.

Chair

The Forum has an independent Chair; appointed using an independent process managed by the Forum Nominations and Review Committee.

The Chair's role is to:

- ensure that the Forum provides expert comment and robust challenge;
- promote an open culture between the Company and members;

- support members to be active; and
- work with the Company to maintain a 12-month work plan and plan meeting agendas.

The Chair will serve for a maximum of two five-year terms (matched to periodic reviews).

Vice-Chair

In addition to deputising for the Chair as required, the Vice-Chair:

- works with the Chair to plan Forum strategy, activities and agendas;
- leads on work to:
 - build and maintain membership;
 - support use of members' networks.

The Vice-Chair will serve for a maximum of two five-year terms (matched to periodic reviews).

Sub-group chairs

The Customer Engagement Panel has an independent Chair; appointed using an independent process overseen by the Water Forum Nominations and Review Committee.

The Nominations and Review Committee has a chair elected by the full Forum.

The Customer Engagement Panel Chair and Nominations and Review Committee Chair will serve for a maximum of two five-year terms (matched to periodic reviews).

Forum members who are not part of the Customer Engagement Panel may be invited to chair task groups where appropriate (see above).

Members and Associates

Appointments

Member and Associate appointments are agreed by the Forum as a whole. Proposals may be made by any member or by the Company, and considered at a main meeting.

Customer Engagement Panel appointments are agreed by an independent process managed by the Nominations and Review Committee and engaging with CCW.

Changes

When members become aware that their circumstances are changing, e.g. when their organisation restructures, they will inform the Forum Chair. They will also provide the contact details of any proposed replacement member.

Where members wish to change their type of membership within the Forum, e.g. to leave their professional post and become an independent member, this would be reviewed by the Chair and membership could be offered where the member complements the Forum skills, diversity and/or area knowledge.

Review

Annually, the Nominations and Review Committee take a view on the Forum's associate position (numbers, expertise breadth and depth, diversity, activity) when it reviews the Forum's membership, skills and network reach.

Company

Board

The Forum maintains a Board engagement programme and this includes:

- General engagement opportunities for:
 - jointly participating in customer engagement and stakeholder events;
 - Independent non-Executive Directors participating in Forum meetings (including Customer Engagement Panel) as observers; and
- Engagement at specific points in the regulatory process – e.g.:
 - when members have seen and have feedback on elements of emergent business plans.

Board engagement should provide assurance to the Forum that the Board is:

- listening and responding to Forum challenges, and open to change; and
- available to be consulted if the need arises.

The engagement should also provide assurance to the Board that the Forum:

- is independent and operating at ‘arm’s length’ from the Company;
- is comprised of members who have the required expertise;
- is providing strong challenge to the Company;
- is fully engaged with the Company; and
- knows its role, and is demonstrating that it is focused upon it.

Executive Leadership Team

Members of the Company’s Executive Leadership Team will:

- work with the Forum Chair and members to set the scope of work;
- identify Company experts to assist members and take part in meetings;
- remain up to date with plans and activities; and
- participate in Forum meetings when appropriate.

Independence and transparency

The Company provides the Forum with a budget to procure its own secretariat and communications resource.

The Forum publishes all material information on its web pages; for example, governance documents (Terms of Reference), Chair recruitment information (advert, remuneration), members’ profiles, and meeting documents (agendas, papers, and notes). Note, the timing of release of some documents could be business sensitive.

Induction

Forum members continuously work to develop and maintain their industry knowledge. The Company and the Forum work together to understand the issues that face the Company’s operating regions.

A core level of industry knowledge is required; in addition, some members agree to specialise in key areas (e.g. environment, affordability).

The Company develops and manages a bespoke induction programme for members, focusing on the needs of individual members and the Forum as a whole.

Conflicts of interest

Forum members manage conflicts of interest effectively, by registering, declaring and resolving them.

Confidentiality

Forum members respect confidentiality – understanding what confidentiality means in practice for the Forum, the Company and the people involved with it.

Remuneration

The Company remunerates the Forum Chair, Vice-chair, CEP Chair, task and finish group leads, sub-group leads, and members who either represent a charity or are not associated with a statutory body.

Members are remunerated quarterly (March, June, September and December) as outlined in the remuneration and expenses policy.