

MINUTES OF 10th MEETING OF THE WESSEX WATER PARTNERSHIP

**Meeting held at Wessex Water, Claverton Down, Bath
Tuesday 6 February 2018**

Present Dan Rogerson – Chair (DR)
Jeremy Hawkins – Independent report writer (JH)
Michael Barnes – CCWater (MB)
Jeremy Bailey - Environment Agency (JB)
Richard Cresswell – Catchment Panel Chair (RC)
David Hawkes – Advice UK (DHa)
Gillian Camm - Non-Executive Director Wessex
Water (GC)

Wessex Water observers:
Sue Lindsay (SL)
Phil Wickens (PW)
Katherine Mining (KM)
Andy Pymmer (AP)
Richard Hargrave (RH) [*item 5
only*]

Apologies:

Ian Walker – Bath University (IW)
David Heath - CCWater (DHe)
Sarah Cardy - Citizens Advice (SC)
Nicola Morris – Student Representative Bath
University (NM)
Martin Green - Age UK South Gloucestershire (MG)
Matt Vaughan-Wilson - Money Advice Trust (MVW)

Guest:

Sue Pennison – DWI (SP)

Key points and actions from the meeting

1. Welcome

No notes.

2. Minutes and actions from previous meeting

No changes to minutes. Minutes were signed by DR on behalf of the attendees.

The following updates to actions from the previous meeting were provided:

- “WW to share their proposal to include graphical information on water use on customers’ bills with IW. Consider the possibility of including case studies.” – SL reported that the unmeasured bill is signed off. SL
- “DR to write to Thérèse Coffey to raise the issue of water quality failures due to customers’ taps and how manufacturers can sell non-compliant taps and fittings.” – DR has sent a letter and is awaiting a response. DR
- “DR to draft a letter for WW to send to stakeholders.” – DR to ask for input into the letter content from other WWP members. DR

- “DR to create and circulate a terms of reference framework to be used as a template for the new sub-groups.” – The framework has been completed. All terms of reference are still in draft, and should be finalised at the next meeting. – Action closed.
- “JH to note the amendments (as listed in the December 2017 minutes) on the Areas of Focus document.” – All updates made, action closed.
- “The Investment Programme sub-group will also cover PCs – DR to ensure this is clear in the terms of reference so that membership is appropriate.” – The role of this group is now very clear, action closed.

No other actions discussed.

There were no declarations of interest to record.

3. Initial business plan

PW presented a slide pack – the first part focussed on our ambition for our internal ‘BEST’ values to be translated to an external ‘BEST’ focus.

RC asked whether we have a very approximate estimate of the proportion of our customer base (both in terms of volume supplied and population) that is consumer/citizen/vulnerable. PW & SL explained that our tracker survey is based on attitude so we could segment based on attitudes typical of consumers/citizens etc. AP said he would estimate that 5-10% would consider themselves as citizens, 5-10% as vulnerable. SL to provide an estimate from the tracker segmentation. DR noted that he would expect that people may dip in and out of categories. SL

DHa liked what has been presented so far, particularly the clarity. DHa asked PW/SL to amend uses of the phrase ‘the vulnerable’ to people ‘in vulnerable situations/circumstances’. SL noted that the longer phrase is already used in policy documents, but was simply shortened here to fit it in. GC noted that the Corporate Social Responsibility (CSR) committee is planning to ensure the social model is central. PW/SL

PW/SL to implement the following changes that were also suggested by the group to the diagram on slide 6: PW/SL

- (MB) Overlap the circles a bit more on the Venn diagram.
- (RC/DHa) Improve the representation so it doesn’t appear as if each group is only concerned with issues in their sector of the diagram e.g. remove solid edges of the rectangles.
- (JH) Mention drinking water quality, possibly in the consumer section.
- (MB) Consider adding ‘encouraging people to use water wisely’ – it seems implied rather than explicit at the moment.
- (RC) Consider explaining nudges and social norming more if this is for presentation to customers.

Regarding slide 7 ('Excellent value'):

- DR asked for the group's thoughts on its suitability for presentation to customers, but PW explained that this is more for an Ofwat audience.
- RC suggested adding information about the influence of inflation on bills, to avoid misleading those who don't understand it – PW to consider.
- PW confirmed that the bill levels include the current level of the investment programme, although this has been offset by efficiencies we've made as a company. An increase in the investment programme would reduce the saving Ofwat has envisaged.
- PW confirmed that the bill levels include £350 m of environmental expenditure. AP commented that more innovative ideas such as catchment management were enabled by longer timescales to consider alternative solutions. This has reduced the environmental expenditure.
- DR asked how we show we haven't 'worked back from the answer'. PW said that the investment plan is built on research that says 8% of customers still can't afford their current bills and that customers value stability, hence we should look to cut bills and keep them stable moving forwards.

RC commended the way the 'Sustainable' slides (8 & 9) were expressed.

JH noted that if bills stay flat and so WW can only invest x amount of money, we may need to phase some environmental investment. He expressed concern that rewards wouldn't be used to speed up environmental work. PW responded that there are two arguments against this:

- At submission, there will be a range of schemes that the EA say must be done, may need to be done etc. A mechanism needs to be agreed as to how changes to this are reflected.
- Reinvesting outperformance in environmental work would generate more environmental outperformance and a resultant increase in bills – this seems a bit circular. DR added that if outperforming on environmental areas, it could be argued that areas other than this should receive any additional investment.

JB suggested exploring whether outperformance from a particular service needs to be reinvested in that service, and whether there are rules on using outperformance for statutory obligations. PW explained that the items for reinvestment were chosen in part because they were not part of the company's statutory obligations but would help both customers and us in the long term.

RC noted that water companies have to consult the public extensively on their business plan, yet consultation on the WINEP only happens between the regulator and company. Customers also aren't aware of the challenge that can be made to the WINEP after plan submission. RC suggested that WW could somehow expose these debates. For example, some investment could be delayed for the right reasons such as awaiting newer technology that offers better value for money, or doing more catchment work. JB countered that the EA have consulted on statutory obligations, and that it's the most transparent

of all the regulated industries. RC said that the issue is the order of schemes, but JB responded that this is governed by CBA.

MB asked for more information on ‘Wessex Community Futures’, a proposed independently administered fund. PW explained that the details are yet to be confirmed and agreed to prepare a draft proposal to share with the group. PW

The second part of the slide pack focussed on performance commitments. PW noted that our biggest challenge for PCs is supply interruptions. Northumbrian and Portsmouth deliver very well in this area, and we have visited Northumbrian to learn about their approach. AP noted that our supply interruption time has fallen from 50 mins (in 2010) to 12 mins (last year). RC felt it was very important for the falling supply interruption time to be visible to customers – Wessex to consider how this might be incorporated into communications. When asked by JB, PW said that in engineering terms avoiding supply interruptions by having a more open local network could increase leakage, but he is not sure if a rigorous mathematical correlation could be proved. SL

JB advised the group that when reviewing the WRMP, concerns have been raised about the Chippenham leakage research, in terms of location and possibly size of sample.

- SL argued that Chippenham was just the venue, it was still immersive research, using an experienced agency. PW expressed concern that if the impression was that we only did the research in Chippenham, that isn’t correct. But JB said there were other challenges too.
- PW added that our acceptability research will give customers a further chance to give their views on options around leakage.
- JB agreed to send any information/advice he can re the leakage research criticism. JB
- JB to provide a contact for SL to arrange an informal teleconference re the leakage research, ensuring that GC is invited. JB/
SL
- RC suggested considering informing the non-participants but SL noted that the acceptability testing will primarily cover non-informed participants.

DHa noted that factors outside of our control prove a challenge. For example, DHa argued that for ‘application for assistance received by the independent advice sector / third parties’, while we can and do raise awareness, we can’t influence the capacity of advice agencies to refer. SL disagreed, saying that we can add capacity to advice agencies, by funding them. DHa queried the wording, suggesting including applications from individuals as well as from the advice sector. PW explained that the measure is phrased like this because our ethos is about working with partners, and helping them to help us. DHa said that we should also encourage individuals who can’t access advice or don’t want to. SL commented that one of the eligibility criteria for the Assist tariff is that applicants should have sought holistic advice as we believe this is important for customers.

PW noted that slide 20 is missing an explanation that the dark blue boxes along the top are the measures that we will continue to monitor and publish our performance against to see if we are achieving our overall aims. RC noted the importance of appropriate targets for these measures.

PW commented that our PCC (using the most comparable metric) appears to be at or near the lowest in the industry. Our proposed actions to reduce water use between now and 2025 are equivalent to a 15% reduction in leakage. RC suggested comparing against the water companies in Europe.

PW also noted that other companies have taken a different approach regarding the leakage and PCC figures in their WRMPs, and we have asked the EA for this to be taken into account when figures are published.

JB commented that if we are aiming to capture all EPA metrics, they're not all there. PW responded that we did discuss trying to create an ERI (event risk index) for waste water to cover our response to environmental issues. JB commented that the associated ODI is key, i.e. the EA would not want a company to be rewarded for any Category 1 or Category 2 incidents.

PW said that we submit our ODIs to regulators for agreement, along with a report from the WWP. JB offered to check our proposals. PW asked JB to inform us of any requirements above and beyond WISER. JB

RC asked whether we will be testing without targets. PW & SL explained that we will show targets, but in consumer language. It was commented that the CR sub-group needs to review the balance of detail and comprehensibility, and determine which areas to focus on as we can't test all PCs in depth.

SL reiterated to the group that the plan is being tested imminently so please do let us know ASAP if there are any comments.

4. **Testing acceptability and affordability of the business plan**

SL presented slides, and confirmed that:

- The stimulus will be sent to the WWP customer research sub-group for discussion via teleconference. The proposed dates for the acceptability testing events are the 20th/21st/28th February.
- As part of the acceptability testing, customers will be able to make choices in certain areas of the plan, including leakage.

DR commented that it would be useful to get IW's perspective on the innovative testing techniques, as this is one of IW's areas of interest. DR to chase IW for his feedback. DR

PW/DR agreed that we may not be able to give too many details on proposed ODI levels in public communications, as we are competing with other water companies.

SL to circulate the slide pack from WW's upcoming customer engagement SL

individual meeting with Ofwat (8th February).

5. Update from the DWI

SP presented slides; RH commented on some of the data shown:

- Discolouration – RH noted that we generally have more discoloration contacts in the West of our region as a result of softer water. ‘Taunton Clean and Clear’ was a successful campaign. 2017 data shows a continued improvement.
- Taste and odour – RH noted that the small Chitterne zone shows as a high number of contacts per 1000 population and this is because there are very few customers and one contact.
- Events in 2017 – RH noted that many are single property events.

SP agreed to find out whether back casting of CRI is share-able.

SP

JH asked if lead has been part of the customer research. PW explained that water quality in more general terms was covered and remains customers’ highest priority. RH noted that we want to be lead free by 2045.

DR asked SP how companies should approach PR19. SP said that companies can use different tactics to cover the known issues that need to be addressed. Programmes of work that companies want the DWI to support should be linked to a statutory obligation.

6. AOB

None.

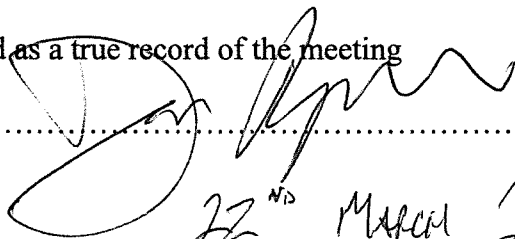
7. Private session

Private session, no minutes taken.

Signed as a true record of the meeting

Chair

Date


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22nd March 2018