

# MINUTES OF 20<sup>th</sup> MEETING OF THE WESSEX WATER PARTNERSHIP

## Meeting held at Wessex Water, Claverton Down, Bath Monday 9 March 2020

Present	Dan Rogerson – Chair (DR) Jeremy Hawkins – Independent report writer (JH) Michael Barnes – CCWater (MB) Richard Cresswell – Catchment Panel Chair (RC) Sarah Cardy – Citizens Advice (SC) David Heath – CCWater (DHe) David Hawkes – Advice UK (DHa)	Wessex Water (WW) observers: Andy Pymmer (AP) Sue Lindsay (SL) Phil Wickens (PW) Nigel Martin (NM) - part
	Apologies: Martin Green – Age UK South Gloucestershire (MJG) Matt Vaughan-Wilson - Money Advice Trust (MVW) Kevin Ward – Environment Agency (KW) Ian Walker – Bath University (IW)	Gillian Camm – Senior Non-Executive Director Wessex Water (GC)

### Key points and actions from the meeting

#### 1. Welcome and minutes and actions from previous meeting

One error noted in minutes on page 2. Minutes to be amended before published.

Minutes were signed by DR on behalf of the attendees.

There were no declarations of interest to record.

Only two actions ongoing with NW who will present at next meeting to cover those.

Propose close action 19.9 as JH has provided notes to Chair.

#### 2. Final determination and what it means for customers

PW gave an update on the Final Determination. GC also gave a verbal update from the Board. Members had the following points:

- JH asked about retail and what metrics Ofwat have used in benchmarking companies. PW confirmed that Ofwat used information provided by the company including average bill levels, deprivation levels and metering, all of which affect bad debt, and

the Ofwat models were sensible. However Ofwat did then set efficiency challenges based on companies' promises which we believe was inappropriate.

- RC asked if there was any move towards shortening the price review cycle. DHe suggested that staggered determinations might help both with resource and applying a rolling adjustment. It would help evolution of plans rather than 5 years of one course then a change of direction for the following 5 years.
- GC said that the company is keen to start the strategic debate with Ofwat now. The company is also concerned about the cost of regulation which is becoming unsustainable.
- SC suggested engagement should be with policy makers rather than Ofwat. GC clarified that the company is also trying to drive that debate. The transition from one price review to the next provides a good opportunity to begin these discussions.
- AP confirmed that we proposed a system operator model which would be an ongoing process and then every once in a while Ofwat would set the cost of capital.
- DHe mentioned innovation. GC pointed out that to encourage innovation it was important that it was clear who bore the risks associated with it and where shareholders took risk they should retain rewards.
- RC mentioned a discussion at the catchment panel where it considered the scenario of giving the company £400m with no input from the regulator and then asking them to spend it on the environment to give the best value. The regulatory layer would be put back later on. AP said we might, for example, choose to spend 85% on agriculture as that's where the majority of pollution comes from.
- DR mentioned the current partnership approaches to flooding where money is given and partnerships are asked to find the best value solution.
- DHe asked if the credit rating was for the Group or the water business. AP confirmed it was for the water business and the whole sector had been downgraded, not only Wessex Water.

### 3. **Business update**

AP gave a business update. Members had the following comments:

- DR asked if we have a risk appetite statement or how risk was managed. AP confirmed it is more individualised. There is an overall risk register with around 80 risks and a dozen are perhaps principal. All risks are scored on a 5 by 5 matrix. Scores are assessed against environmental, financial, health and safety, customer impact etc. GC confirmed that the audit committee revisited risk management last year and the Board was concerned whether they were fully sighted on relationships between decision making on PR19 and the impact that has on the business. Various risk committees set up so staff understand this on the ground and

then fed up to the Board.

- DHe suggested it would be interesting to look at risk appetite versus penalties. Could consider penalties as riskier to meet PCs. If the reward/penalty system is working then there should be a direct relevance to risk appetite.
- DHe also asked if the R&D focus was moving from engineering to systems management. AP confirmed it wasn't an either/or but a combination. DHe wonders if we are genuinely attuned to what's happening in technology. AP mentioned Ofwat's innovation fund and being able to access that if working with others.
- DR asked about collaboration with other water companies and AP confirmed that this does go on. Currently working with water companies in Australia for example who are ahead in terms of innovation.
- SC asked how we can engage with customers on risk and incorporate it better within our customer engagement. AP confirmed that the company is introducing a new risk management system and looking at how we can then expose some of that information to stakeholders and customers. The company is also looking at how we can better explain risk to customers.
- DHe asked about bathing waters and current change in the Welsh government's appetite and their move to set harder targets. As both Welsh Water and Wessex Water have a common coast line in the Bristol Channel, he wondered if this was having any impact. AP confirmed that we aren't aware of any but we will follow this up.
- DR asked if we were expecting an uplift in the numbers on e-billing once the new billing system was live as this will allow a better quality of interaction with bill payers. AP confirmed that numbers on e-billing are growing but we are expecting an uplift once the e-billing functionality has improved.

AP

#### 4. **C-MeX and D-MeX**

SL and NM gave a joint presentation on C-MeX and D-MeX. Members had the following points:

- DHa asked what kind of volume are included on the survey – SL advised c.800 a year for each survey so 1,600 in total.
- RC noted that customers would be voting for bill increases if they said you performed well.
- DR asked whether we get feedback from the surveys on any issues that enable you to tie things back and evaluate work – Ofwat does not provide any data other than the score and the verbatim comments for the customer experience survey which means that evaluation is very difficult.
- DHe noted a concern about the volatility of the customer experience scores and SL said that is something that has been seen in practice and that we and others are also concerned that the focus of the face-to-face survey has become about water quality as opposed to

wider experience of the company.

- DHe said that CCWater had raised the issue with Ofwat that high volume self-lay providers would only get surveyed once every 6-months for D-MeX.
- DHe advised a consensus between developers and companies its quite difficult to improve water efficiency without changes in regulations. He wondered how well we are set-up for changes that would encourage water efficiency. AP advised that our links with Albion are arm's length but we do engage more widely to consider changes that would assist to improve efficiency.
- SC congratulated the company on turning things around on the developer service metrics and asked whether there are other sticking points in the process elsewhere such as the developers themselves and the planning process. Is there any feedback given? NM advised there is one developer where we have more issues and we have to spend more on inspection. New adoption codes clearly identify the developers obligations

#### 5. **Catchment panel's views on EPA and River Basin Management consultations**

RC gave an update from the catchment panel.

AP thanked RC and both he and the other panel members very much supported the views expressed on the EPA. RC to send written representation on behalf of the catchment panel to the EA.

RC

DR noted that the WWP will need to review how the Catchment Panel will interact with them in the future.

#### 6. **Update on recruitment of the chair**

SL gave an update on the recruitment of the WWP Chair. There were no comments or questions.

#### 7. **Update on customer engagement**

SL gave an update on the ongoing customer engagement including the Have your Say online panel, image tracker and pension credit discount research. Members had the following points:

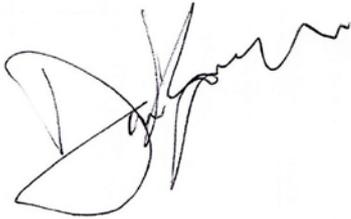
- DR asked members how they wanted to feed in to these pieces of work. SL agreed to share drafts of items such as questionnaires, discussion guide etc and members would comment by email. No response within the time would be considered as acceptance of the documents as they are. SL
- RC asked if SL could attend the Catchment Panel to talk about customer engagement moving forward. SL agreed and also noted that she would be shortly doing the planning needed for the SL

engagement for AMP8 and seeking views on the programme from the WWP.

8. **AOB**

JH asked about the annual reporting process and the need to agree timetable for the WWP involvement. Matt Greenfield to liaise with JH MG on the reporting timetable and when/who was needed.

Signed as a true record of the meeting

A handwritten signature in black ink, appearing to be 'Matt Greenfield', written over a faint circular stamp.

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Chair

Date 30<sup>th</sup> June 2020.....