

MINUTES OF 5th MEETING OF THE WESSEX WATER PARTNERSHIP

Meeting held at Wessex Water, Claverton Down, Bath
Thursday 26 January 2017

Present	Dan Rogerson – Chair (DR)	Wessex Water observers:
	Jeremy Bailey - Environment Agency (JB)	Andy Pymer (AP)
	Michael Barnes – CCWater (MB)	Phil Wickens (PW)
	Gillian Camm Non-Executive Director Wessex Water (GC)	Katherine Mining (KM)
	Sarah Cardy - Citizens Advice Wiltshire (SC)	
	Richard Cresswell – Catchment Panel Chair (RC)	
	Martin Green - Age UK South Gloucestershire (MG)	
	Jeremy Hawkins – Independent report writer (JH)	
	Matt Vaughan-Wilson - Money Advice Trust (MVW)	

Apologies:

David Hawkes – Advice UK (DHa)
David Heath - CCWater (DHe)
Nicola Morris – Student Representative Bath University (NM)
Ian Walker – Bath University (IW)
Sue Lindsay (SL)

Key points and actions from the meeting

1. Welcome

Immediately prior to private session, no minutes taken.

2. Private session

Private session, no minutes taken.

3. Minutes and actions from previous meeting

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

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

- DR was due to follow up on a contact at Federation of Small Businesses suggested by Wessex Water. DR confirmed that the FSB had agreed to send a representative to WWP from March meeting onward.
- DR was due to write to Ofwat about the overall assurance process summarising key points of discussion from the October meeting. DR will make contact requesting that Ofwat is clearer with what they are asking for. DR
- DR was due to raise the issue of water quality failures due to customers' taps at the next CCG chairs' meeting. DR will follow up. DR
- PW provided an update on modelling expected changes to bills for those on lower incomes and the impact of benefit changes:
 - A graph showing the Wessex Water average bill over time as a percentage of the household disposable income for all income deciles was shared. This has been projected forward based on Office for Budget Responsibility figures. The figures are very averaged and don't take account of assistance we provide. PW noted that a single person household on means-tested benefits is probably paying even more than 4-5% of their disposable income.
 - A further graph was shared, showing the Wessex Water bill as a percentage of household disposable income, comparing use of mean and median. PW confirmed that we use the mean rather than the median for the associated regulatory performance commitments.
 - MG asked how these figures compare with other regions, if this information is available. PW explained that national income data was used as local equivalents are not published. Although we could compare other companies' bill levels against national income, it is not as simple as this. DR asked if MB would have any more access to this sort of data, but this would not be possible. RC raised that lower income deciles would be more comparable nationally as these should be related to benefits. PW stated that we wouldn't be able to show our additional assistance in comparison to other companies' help. MVW asked to know deciles in absolute values. PW agreed to share this and to show bill by bottom decile for each provider. PW

No other actions discussed.

4. **WWP Trust Fund – update and adoption of code of conduct**

A copy of the code of conduct was provided in the meeting papers.

All attendees agreed that they were happy for DR to sign the code of conduct on their behalf.

DR agreed the terms of reference should be reviewed annually, as every 6

months seemed excessive.

SC proposed that there should be a standing agenda item at the beginning of each meeting with a declaration of interest. SL to arrange a register to which any arising items can be added.

SL

5. Update on customer engagement

AP gave an update on customer willingness-to-pay research by Accent. SL to circulate revised questionnaire for comments shortly. Key discussion points were:

SL/
All

- SC asked if the survey is only available online and AP confirmed that a face to face boost was also planned, with pilots due out early next week.
- AP explained that the Stage 2 survey is going through the cognitive phase, and comments should be given to SL.

All

AP outlined an ad hoc qualitative piece on resilience, using deliberative techniques, for which a brief has been produced, covering both the demand and supply sides of the business. Key discussion points were:

- RC asked if there is a scope for what resilience means (e.g. environmental, financial, supply). PW felt that the scope was service and environment, as we are engaging with customers about resilience of the services provided to them, although resilience as a whole includes financial aspects. AP explained that the use of deliberative techniques allows a wide range of issues to be raised.
- PW confirmed that the Board makes a financial resilience statement each year.
- JH asked if there is a link between resilience and the drought plan. AP confirmed that customer research hasn't been done on this yet but it's expected that this information would come out of the resilience research.
- DR asked about Ofwat's view on what resilience is i.e. drought, flood etc. AP said that deliberative research would determine what resilience means to customers and their expectations of our response to such events.

Wessex are engaging with customers about leakage, which has been found to be more of an issue for older people. AP explained that Wessex needs to consider the balance of costs when tackling leakage, in that £24m is spent annually producing and delivering water, compared with £16m spent annually preventing leakage i.e. it starts to cost a lot to produce only a small difference in leakage. Following a question by DR, AP confirmed that even though this may mean that less leakage work would be carried out, maintenance would still be carried out.

6. Information assurance

PW presented an update on Information Assurance. In the company monitoring framework, Wessex Water stayed in the same category (“Targeted”), which falls in the middle (between “Self-assurance” and “Prescribed”). For Wessex the one item scored as serious concern was the Board Risk and Compliance Statement – however this is believed to be due to interpretation of the wording used, which can be tweaked in discussion with the Board next week. The next Information Assurance Plan is due to be published by 1st April 2017.

Key discussion points were:

- DR commented that where the main source of evidence is company provision, clearly Ofwat need to be able to trust it. But it may not be appropriate to be “marked down” for a nuance in wording.
- RC asked what the implication is of being “Targeted” rather than “Self assured”, e.g. cost. AP felt that the burden of additional regulation is main outcome – there is less intervention from the regulator in companies in the “Self-assurance” category, due to increased confidence in them.
- DR expressed interest in the proportion of customer bills that is spent on associated administration and suggested that this cost should be reflected back to Ofwat.
- RC commented on the misalignment between companies awarded Enhanced plan status (and categories in the company monitoring framework) and their level of performance e.g. Wessex is industry leading yet still only received “Targeted”.

DR to take up these issues with Ofwat – GC agreed.

DR

Comments were invited on the summary of the Draft Information Assurance Plan (included in the meeting pack) by the end of February.

All

7. Strategic Direction Statement

The SDS is a 25 year plan, of which our business plan will only cover the first 5 years. The draft SDS is being taken to the Board on Monday. AP and PW presented slides summarising the SDS, and comments were invited.

The core business remains the same. The SDS also covers our ability to grow new parts of the business such as Geneco. Key discussion points were:

- JB proposed that the caption of “Improving water quality to meet new European directives” on Rivers, Lakes and Estuaries should be changed to remove the reference to European directives. AP confirmed that we would check wording throughout to ensure that there are no similar mentions of Europe that could be contentious.
- DR said that growth of new parts of the business is a key difference from the past, and suggested that new businesses may yet evolve; AP

PW

agreed. AP said that he and PW have attended talks on technology regarding innovation for the future – DR suggested that other off grid technologies may be an area for future development, and AP agreed.

- RC raised that customers may consider these other businesses as a distraction – it should be made more apparent that these businesses help services and improvements to be cheaper; SC also suggested adding that these businesses also help sustainability. AP agreed, saying that it is expected that these services will grow and could be offered to other companies. DR asked if there is a danger of these “sideline” businesses being added to regulated business – AP said this is a possibility. PW
- SC referred to disruptors such as Uber and asked if we are likely to be challenged to do things completely differently. AP confirmed that there are disruptors e.g. Dieter Helm, who are suggesting that regulators are not needed. This will be put in the SDS. RC said that Albion could be seen as a disruptor, but that now Wessex have taken over Albion, Albion may be restricted. AP/PW confirmed that Albion is still disruptive to parts of the business. PW
- GC reported that she and AP have discussed the development of new parts of the business, and advised us not to underestimate the effect of these changes, and to ensure that the disruption is healthy.
- RC asked if some of these things will be captured by regulated business – e.g. EnTrade is already used to deliver results so effectively the outcome is regulated. DR said that the regulator will assume this is going on – AP said that he will engage with whoever is best value in the regulated business. AP said that he was looking at using EnTrade as successor to CAP.
- Overall comments were invited on advantages of regulated business etc. All

PW continued to explain that Wessex is committed to keep aiming to be a leader in environmental and customer service performance. PW asked whether customers really want us to be the best — this is not necessarily expected but we believe the bar for what is good service always rises.

- Wessex is increasingly looking to compare outside of the water industry. The SDS includes a graph comparing UK Customer Service Index between Wessex Water and other sectors. MG asked why transport is included in the graph, and the group agreed this was because it is a public service.
- The SDS also includes a graph asking whether certain statements are accurate descriptions of Wessex Water. PW said that the blue “don’t know” areas of the graph are a challenge that suggests we need to get more involved in communities, so that more people will have an opinion to give. This has been considered for this SDS. At present there seem to be fewer opportunities to show customers the value of our services and Wessex should seek to find more. We don’t want to be a “silent provider”.
- SC raised that how and when questions are asked is important – e.g. immediately after a contact, satisfaction may be high, but would fall as

time passes. Therefore we shouldn't be complacent.

PW explained that our research has shown that while leakage is still important, younger generations are less concerned therefore we need to consider future investment in leakage.

- RC said Wessex should do more to inform customers of the economic value of leakage as they may not understand the cost balance of putting water back into supply vs. dealing with leakage. DR added that this doesn't just affect our customer relationship – this would also help the regulatory environment. AP explained that part of making leakage a non-issue could include explaining it better to customers. AP/ PW
- RC suggested changing the leakage outcome to the resilience of the water supply pipe network. PW

PW outlined the addition of a 10th priority of “Engaged Communities” following our most recent research. PW went into further detail on 3 of the most discussed priorities:

- Engaged communities – Part of the current document mentions “supporting our employees who wish to make wider contributions to society”– MG would like to explore this further particularly with those involved in the voluntary sector. MG explained a scheme linking businesses with Age UK whereby from their desk employees call someone who is lonely. AP to follow up. AP
- Resilient services – Wessex is currently developing a resilience statement for the entire business, but needs to understand customer expectation.
- Tackling leakage – This should be reduced in a sustainable way so it becomes unimportant for customers. JH proposed adding “further communication on leakage” to the bullet-point list titled “We can build on this success by:” PW

Further discussion points in relation to the SDS slides were:

- SC asked that national logos are not used where permission has not been granted e.g. for Citizen's Advice the Wiltshire-specific logo should be used. SC/MG to check this. MG asked if the collection of logos of organisations we collaborate with is exhaustive — because DHa wanted the Advice UK logo to be included. PW confirmed that this was just some examples. MVW would also like the Money Advice Trust logo included. SC/ MG PW
- RC proposed that in the section about Trust & Partnerships, “being responsive and doing what we say we're going to do” should be added. MB proposed adding a bullet point for “Treating our customers with integrity and respect”, and an equivalent for stakeholders (SC). PW
- DR suggested that in the section about Influencing the Future, we should add something about increasing understanding of the sector and what it does. Also SC said we could add something about incentivising behaviour. PW
- DR raised that in the figure of the SDS where we show results of “Are these accurate descriptions of Wessex Water?”, we should say how we

actually asked the customers, particularly when was the last time we asked them. PW

PW confirmed that the deadline for further comments is the end of February. All

In regards to the Areas of Focus document, JH has put together a schedule. In the interest of working more efficiently going forward, Wessex need to prepare info for WWP in advance of the meeting so that WWP can discuss between themselves beforehand how they will question Wessex on it. DR agreed. SL

8. Any other business

MG asked what had happened to “head-shot” photos taken for a document about WWP, as he wanted a copy of the document – DR confirmed that they are on the website.

MG also asked if the £5k annual charitable donation will be paid before 31st March – AP/DR said that this should be ok but SL will follow up. SL

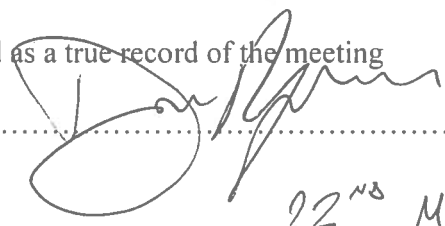
MVW raised that Ofwat has a CCG website, but it doesn’t link through to the WWP website – AP to investigate. AP

It was confirmed that the discussion in the private session will be given to SL in writing e.g. in some parts of the challenge log more evidence is needed. DR/JH

Signed as a true record of the meeting

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Chair

Date



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22nd MARCH 2017

