

# MINUTES OF 1<sup>st</sup> MEETING OF THE WESSEX WATER PARTNERSHIP

Meeting held at Wessex Water, Claverton Down, Bath  
Thursday 28 January 2016

Present	Dan Rogerson (Chair)	Wessex Water observers:
	Jeremy Bailey - Environment Agency (JB)	Andy Pymer (AP)
	David Heath - CCWater (DH)	Sue Lindsay (SL)
	Sarah Cardy - Citizens Advice (SC)	
	Matt Vaughan-Wilson - Money Advice Trust (MVW)	Gillian Camm Non-Executive Director (GC)
	Martin Green - Age UK (MG)	

Apologies:  
None

## Key points and actions from the meeting

### 1. Welcome and apologies

DR (Chair) welcomed everyone to the meeting.

DR gave a brief outline of the role of the Partnership and some of the issues facing the sector, including competition and building resilience.

All members introduced themselves.

No apologies.

### 2. Minutes and actions from last meeting

Not relevant as this was the first meeting of the Partnership.

### 3. Review of PR14

AP (Wessex Water) presented a review of PR14. Key discussion points were:

- JB asked if the WW Partnership would be involved in decision making about ODI rewards and penalties. AP confirmed that it would. Ultimately the Business Plan is owned by the Company and the Board but the independent partnership should challenge the Company and their view will be absolutely taken into account when deciding on rewards and penalties.
- MG asked for more information about ODIs and how they work in practice particularly around the reward/penalty mechanism. AP agreed it would be sensible to add particular ODIs as future agenda items to provide the Partnership with an explanation of how they work in more detail.
- DR asked if there were different reporting cycles for each of the ODIs.

SL/  
DR

AP confirmed the Company would report each on a half year and annual basis. ODIs do vary with some based on calendar year and some calculated on a financial year, while others are monitored at the end of the 5 years.

- DH asked about the increase in the quality programme shown in the slide pack. AP confirmed much of this is linked to the capital investment required for the Water Framework Directive (WFD). WW expect a similar size of investment to be needed into the next 5 year period for the WFD.
- SC asked about the difference between capacity and service in the slide pack. AP confirmed that capacity relates to new pipes and treatment works related to new housing development. Service generally means service improvements with sewer flooding being the most significant part. SC also queried private sewers investment and AP confirmed this is the cost associated with sewers that have transferred already and pumping stations that are due to transfer but this will gradually be combined into base maintenance.
- MVW asked about the steep fall in prices after 2000. AP confirmed this followed the recession of 1992/93 and then the water summit in 1997 and general view that benefits of privatisation weren't being returned to customers. There was a clear message from regulators that there should be a substantive price correction but unfortunately the cut then led to prices going back up again. Generally customers are concerned about prices going up and most don't recall the price cut. Prices have been smoother since then. For PR14, the industry was facing a cut but the determinations resulted in a 5% cut and flat bills which is better for customers than a large cut up front and then rising bills thereafter.
- MG asked if the company monitors its price changes compared to the rest of the industry. AP confirmed that South West Water have the highest overall bills and Severn Trent the lowest which is mostly linked to absence of any coastline in the Severn Trent area. Wessex Water's sewerage bill is average but the water bill is the highest due to the rural nature of the Wessex Water region. AP also pointed out that for the great majority, water bills make up only a small % of their household income but for customers who are struggling the modest 5% price cut will have had very limited impact. It is better to solve affordability with social tariffs that give customers in financial difficulty much higher discounts on their bills.

DR said that the Partnership will need to make sure all of the work related to outperformance is in the forward work programme. It will be important for the Partnership to have access to all of the information they need to make these key decisions.

SC pointed out that the Partnership will need to understand the key areas that it needs to take account of so nothing is overlooked.

DH said that if the Board is going to consider the views of the Partnership then

it would be helpful for the Board to hear from the Partnership prior to that decision making. The Partnership will need to work out the most helpful points in the year to engage with the Board. AP confirmed there was an open invitation to the Board, and Board members last time attended meetings of the CSG so they will do that again. GC is the designated non-executive Board member who will maintain the relationship with the Board.

DR confirmed that Ofwat are holding meetings of the CCG Chairs which will be an opportunity for members to raise issues with them and DH will be able to provide the link with CCWater.

DH believes it's important for CCGs to learn from one another and share good practice where they can so they aren't operating in silos.

#### 4. Ofwat's Water 2020 programme

AP presented a paper outlining the key issues being explored in Ofwat's Water 2020 consultation. Key points were:

- DH suggested that, before one can index the RCV by CPI, a CPI indexed debt market needs to be developed and CCWater should be working with other sectors to establish a common approach. A change is more likely if all utilities are on board. AP concurred and also pointed out that there was £475bn of RPI-linked debt and the change to a CPI-linked market needs to be driven by government issuing CPI-indexed gilts rather than any individual sector trying to drive change.
- DR said it was important how information is presented to customers so they understand the impact of inflation indices and how debt is managed. AP agreed and also pointed out that investor confidence is key.
- MG asked for explanations of the CPI linked debt market and stranded assets which were given. SL confirmed that once more members of the Partnership have been appointed the Company will offer an induction to get to know Wessex Water, provide a background to the water industry, visits to Wessex Water sites as well as understanding principles of business planning and price setting. SL
- DR referred to four cost assessments and asked what is governed by each. AP explained what each of the price controls will cover.
- JB asked if Ofwat would bring forward deadlines for the Business Plan (BP). AP confirmed the table in the paper was the new timetable and Ofwat has brought the BP forward by around 6 months. This has given Ofwat 18 months to assess BPs. AP confirmed there has been some push back as the water resources management plan timing is not aligned so there may still be some shift in the BP submission date.
- DR confirmed Ofwat is interested in areas where the CCGs have differed in opinion with the Company so that 18 months will give Ofwat an opportunity to engage with challenge groups on these issues.
- JB pointed out that 2017 will be a very busy year for the Partnership as they will be scrutinising the current BP and developing the next one so

this will require good work planning. The Partnership will need to be clear on the outputs that the Board will need from them and make sure they establish the most effective working relationship.

## 5. Engagement with the Wessex Water Board

GC gave an overview of how she expects the Partnership to interact with the Board. It is important to develop a shared vision of where the company should be going in the future and how the Partnership will fulfil its role.

It will be important to establish a rhythm to make sure that important issues are being discussed at the Partnership meetings and those discussions are being presented to the Board in time to be taken into account.

On the customer piece, GC believes customers were fighting for information some years ago. The company has progressed from that and PR14 was much more informed. Given the economic situation, PR14 also had a strong focus on price. Moving forward price will be critical for vulnerable customers. Equally important is how customers in general can engage with the company.

GC's aspiration for the Partnership is a debate between sensible and well informed people who will challenge the company but in a constructive manner. The Board are looking for the Partnership to be a critical friend and not in any way captured. GC would like the Partnership to have a shared appreciation of where it can get Wessex Water to be.

DH pointed out that the ToR is confined to domestic customer so is there a mechanism for business customers to engage. GC said much of this will come from the day to day customer relations management. AP referred to comments that DR had already made, suggesting that there may be a case for the Federation of Small Businesses to join the Partnership as these are small to medium businesses that are far less able to influence or engage with the Company than the larger businesses.

Everyone agreed with GC's view of how the Partnership would work. It was clear that Ofwat expect some challenge of companies by CCGs, but that can be done in the right way.

GC confirmed that the Board want the company to be a model for customer service rather than just best in the industry. Their ambition is to cover citizens and communities rather than just consumers. The company should be part of, and adding to, communities.

## 6. Terms of reference

The Partnership discussed the draft terms of reference. Key points were:

- DH asked about the role of the futures panel. GC confirmed this panel was focussed on long term horizons and big issues for the next 20-50 years e.g. climate change, public health and how does the company

- bring that back into what it does today or in 10 years' time.
- DR asked if there would be any interaction with that Panel. AP confirmed that the interaction would come via the Board and GC who was a member of the panel.
  - MG asked for an explanation of an IDOK which was given.
  - JB asked about resources for writing reports etc. DR suggested the Partnership could use Jeremy Hawkins (the CSG's report writer) at least in the short term. Wessex Water will contact Jeremy Hawkins. SL
  - MG mentioned that the information he receives as a customer is very engaging and relevant.
  - DH said that he will act as the liaison with CCWater and offered support of CCWater if that was ever required.
  - DR reiterated Chambers of Commerce or Federation of Small Business should be added to the Terms of Reference SL
  - SL gave an overview of how the CSG used sub groups particularly throughout any bespoke research projects. DH agreed it was a good idea to make use of CCW input into research in terms of the more detailed research documentation. The Partnership will comment on the overall engagement programme, research methodology and research results. SL to make sure this is done. SL
  - Terms of reference to be reviewed each six months. ALL
  - Members to send biographies and photographs to SL to set up the Partnership web page. ALL /SL

## 7. Additional members of the Partnership

Paper was discussed and key discussion points were:

- MG and DH asked about working with the Bournemouth CCG. JB sits on the Bournemouth group so that can be the link.
- Joint working with Bristol Water was agreed to be very important, particularly given the joint billing arrangement between the two companies. Bristol Water are about to set up their new CCG which JB will sit on and possibly DH. This will provide a good link between the two challenge groups. If further links are required, DR will liaise with the Chair of Bristol Water's CCG about further joint members. In addition, Bristol Water staff may be asked to attend future meetings if relevant. SL to make sure customer research is as joined up as possible. DR SL
- DH suggested it was sometimes better to invite local groups than national bodies e.g. Somerset Sight or Wiltshire Sight than RNIB. It was accepted however that national reps with expertise would give a wider challenge on topics such as customer engagement so the Partnership should be a mixture of both.
- It was suggested that local authorities should be represented in some way e.g. association of local councils as opposed to local councillors.
- SC suggested the national housing federation or local or national social landlords or a registered landlord association.
- SC suggested it may be possible to have a disability charity as opposed

to individual niche organisations. Mental health is likely to be the exception. The Partnership could write to a coalition group for lobbying for people with disabilities.

- MG and SC clarified that current members are representing local Age UK and Citizens Advice rather than speaking on behalf of the national association.
- GC pointed out it would be helpful to keep the Partnership as small and expert as possible.
- Jeremy made a strong plea to add at least one additional independent member to the panel (in addition to Richard Cresswell), who will represent customers who rely on a clean and healthy water environment for a thriving economy through tourism and recreational activities. Jeremy feels that customers who struggle to pay bills are well represented (and quite rightly so) but customers that need a clean and healthy water environment for their business or lifestyle also need to have their say on Wessex Water's performance.
- Members acknowledged that a student representative was important as they represent future customers. GC to provide some contacts and talk to the NUS. SL setting up a youth panel as part of the customer engagement strategy. SL/  
GC
- MW suggested an academic research specialist and would be able to suggest a suitable name. MW
- Members agreed to invite the DWI to become a member but accept that they may not always have the resources to attend each meeting. Comments could be sent by email in advance.
- Chair to take account of discussions on additional members and send out an invite to join. DR

**8. Forward work programme**

Paper was discussed and noted as an evolving programme. Key points were:

- March meeting to be agreed via a doodle poll then fixed dates to be given for June onwards. SL
- Shape and format of the annual report will need to be added to the agenda items for the March meeting. SL
- Link to previous CSG reports to be circulated although these were confined to the Business Plan last time. SL
- Jeremy Hawkins to be invited to the March meeting to discuss year end reporting. SL

**9. Customer and stakeholder information and assurance process**

AP outlined the assurance process and asked for feedback on the documents to be published. Key points were:

- DH suggested that information sharing should be a far more two-way process and questioned whether the assurance plan reflected that sufficiently. AP acknowledged that continuous improvement and engagement could be better reflected.
- SC suggested there should be some form of statement reassuring

customers and stakeholders about what we're doing with data and data sharing. The company don't want to be associated with the bad press around the charitable sector.

- DR said it was important to make sure any data is factual rather than the company's reporting being seen as propaganda.
- MG pointed out that texting should be opt-in and new technology doesn't always suit some of the older demographics.
- MVW suggested the company should measure effectiveness of its website which is easier than measuring other more traditional methods of engagement. Social media can be used to direct customers to the website.
- Key points to be incorporated into the assurance plan.
- Members to send any additional comments by email.

SL  
ALL

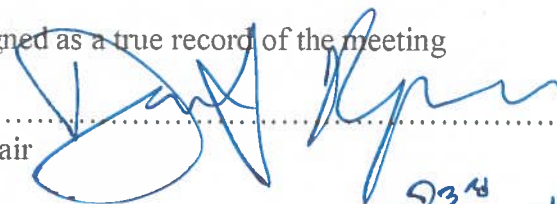
10. Any other business

There were no items of AOB.

Signed as a true record of the meeting

Chair

Date

  
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23<sup>rd</sup> March 2016

