

**MINUTES OF THE 25th MEETING OF THE
WESSEX WATER
CUSTOMER CHALLENGE GROUP**

Wednesday 3rd November 2021

Present

Dan Rogerson – Chair (DR)
Jeremy Hawkins – Independent report writer (JH)
Michael Barnes – CCW (MB)
Richard Cresswell – Catchment Panel Chair (RC)*
Kevin Ward – Environment Agency (KW)*
Martin Green – Age UK South Gloucestershire (MJG)
Mike Short – CCW (MS)
David Hawkes – Advice UK (DH)
Suzanne Wigmore – Wiltshire Citizens Advice *
Joy Mhonda - NatCen*
Elaine Kempson – Bristol University *

Wessex Water (WW) observers:

Andy Pymmer (AP)
Neil Wilson (NW)
Matt Greenfield (MG)
Sue Lindsay (SL)
Tim Gardam (TG)
Aimee Shaw (AS) *

Others:

Steve Hobbs (SH) - CCW* (item 7)
Rachel Risely (RR) – Accent * (item 8)
Dawn Mulvey (RR) – Accent * (item 8)

* via video link

Apologies:

Ian Walker – Surrey University (IW)

1. In camera session

Notes are confidential and not published.

2. Introductions

DR welcomed everyone to the meeting. All attendees introduced themselves.

WW had circulated a slide pack for the meeting (document ‘WWCCG meeting pack November 2021.pdf’) on 28th October.

Accent’s slide pack for Item 8 (document ‘3493pre06_ccg_report_v2.pptx’) was issued at the meeting.

2. Minutes and actions from Meeting No.24

The Minutes from CCG Meeting No.24 were agreed.

It was also agreed that all actions from Meeting 24 had been completed except for 24.5. KW said that it had not been possible to complete 24.5 yet so the action would be carried over.

Action:
KW

3. Update on PR24 methodology and development

MG presented slides on:

- PR24 themes and aspirations
- Consultation responses: SPS, WISER and WINEP
- Consultation response: PR24
- Performance commitments: Ofwat's emerging views
- Performance commitments: WW's views
- Other developments

It was noted that these slides had been presented to and discussed by the CCG's Performance Commitment and Investment (PC&I) Sub-Group on 15th October and the notes of the discussions and challenges had been issued to CCG members.

EK reported that she had been involved with the development WW's consultation on PR24 outcomes for the SDS. She praised the WW team's work and welcomed the results of the engagement.

DR asked where the evidence has come from to support the outcome priorities on slide 10. MG replied that there is much historical evidence to support these plus the results of the Strategic Direction Statement (SDS) research and day-to-day engagement with customers. Accent will present the SDS research methodology and findings later in the meeting, but the result has been the identification of eleven strategic outcomes, nine of which are identical to those presented on the slide. The SDS will be published in the next couple of months.

SW asked if fleet management and the company's supply chain are included within the 'improving the environment' theme. MG confirmed they are included. WW has just published its route map to net zero and MG agreed to supply members with a link to this.

Action:
MG

TG reported that the WW Board has established a new Environment and Public Value Committee. There is little doubt that it is going to cost more to deliver the proposed outcomes. The proposed national engagement framework will be beneficial as a means of comparing customer views across the industry. However, it will miss 'invisible' local communities.

DR noted the big debate at PR19 on leakage and that customer views were overtaken by Ofwat's imposition of industry targets. He asked how customers currently view leakage. MG replied that WW's customers are less interested in

leakage this time. This may be partly due to recent press coverage spotlighting CSOs. Reducing leakage is carbon intensive, expensive and associated incentives can drive perverse behaviours. However, when taking a more holistic view, WW considers leakage is one of the most important levers available to achieve sustainable abstraction.

EK noted the myriad of acronyms in WW's presentation which are unknown to new CCG members, eg CRI, C-Mex, P&N contributions. MG explained these and agreed that WW would try and minimise the use of acronyms in future presentations. It was noted that the company already has a glossary of terms that could be issued to new CCG members. SL agreed to provide an induction for new CCG members. DR suggested an induction may also be useful as a refresher for existing members.

Action:
SL

RC said that he had noted in the PC&I Sub-Group meeting that he feels that 'P&N (phosphorous and nitrates) contributions' is too narrow an outcome to achieve the best holistic outcomes. There appears to be nothing relating to bacteria (reference bathing waters).

KW reported that EA is working to align more with Ofwat's PCs. EA welcomes the focus on water resources, supply and demand. EA doesn't believe companies should be rewarded for polluting, rather there should be lower penalties for less significant breaches.

In response to RC's and KW's points, MG said that P&N is the highest environmental outcome possible using practical metrics. Natural capital is higher level but is not easy to measure and does not have an agreed approach. The key to success is what sits underneath the high-level holistic outcomes and how these align with targets and priorities. For example, 'good ecological status' under the Water Framework Directive has 83 different parameters many of which are outside companies' control. P&N are the two biggest contributors to good ecological status and are within the company's control. They are therefore the appropriate sub-outcomes to regulate as they are necessary targets to meet to deliver the outcome. Leakage and PCC don't fall into this category as sustainable abstraction can be delivered without meeting specific targets on either.

DR asked MG to circulate a link to the industry's recently published Water Report.

Action:
MG

5. Mid-year PC performance

NW presented slides covering:

- 2021-22 overview
- Shocks/stresses affecting the business
- Update on PC amendments with Ofwat
- Water supply – half year position
- Wastewater - half year position
- Customer & Communities – half year position
- Spotlight on Event Risk Index (ERI)
- Spotlight on sewer flooding

JH asked if the supply chain issues being experienced were local as well as national. NW replied that they were, but WW can mitigate many of the risks, however, the national and international issues do require government action.

SW noted the number of successful applications for financial assistance and asked if the proportion of successful versus unsuccessful had changed. SL replied that there had been a drop in applications, but the rejection rate hasn't changed. She confirmed that very few applications were actually rejected.

CCG members asked for clarification on several data as follows.

- EK asked if the performance data against target for each PC could be made clearer to show where the result was above or below target.
- DR suggested data in the greyed-out column (first half 2020-21) data could be colour-coded to indicate the direction of travel of current performance.
- SW asked if the performance within deadband is binary in all cases.

NW and MG agreed to provide further explanation or clarification on these points in the induction material.

Action:
NW &
MG

DR will email members asking them to raise any further queries on performance directly to the company.

Action:
DR

TG reported that discussion on sewer flooding at the last WW Board meeting had recognised that it is now beyond the point of saying conditions have been exceptional as more frequent extreme weather is becoming the norm.

6. **CCW presentation on PR24 customer representation**

CCW had been asked to make a presentation on its views on customer representation at PR24.

SH joined the meeting and presented slides covering:

- Changes for PR24
- Future customer representation models
- Research delivery through sector collaboration
- Supporting and assuring local challenge
- Delivering high quality customer engagement
- Having the right incentives for fast tracked plans
- Making it clear how customers influence decisions

DR noted CCW's proposals for a CCW Central Oversight Group (COG).

DR added that the CCG is not set up as a true stakeholder group. It currently sits somewhere between this and a group of expert customers.

EK said she supports national collaborative and shareable research but recognises it

will be a big challenge. For example, she warned that quantitative research only provides uninformed views of willingness to pay (WTP). She would strongly urge more deliberate qualitative research as well to make sure the results overall are informed. SH agreed with this and said CCW is looking at the right blend of qualitative and quantitative research combines with overall sense checking.

SL asked if Ofwat has accepted the use of a CCW COG. SH replied that Ofwat has done so but hasn't gone public on it as yet. An Ofwat paper on challenge and assurance is expected around the end of this year. Ofwat is also setting up its own PR24 challenge group focusing on its on activities.

SL said that the company will be doing local engagement. A concern will be triangulating the results when the national research may be given extra weight. SH said that CCW wants the national research to identify and set ODIs in particular.

TG commented that a key to success will be challenge to Ofwat and its prior assumptions. He agrees with the limitations of quantitative research for WTP but considers willingness to adapt is also relevant in the current climate. Comparative performance is no surrogate for competition. The danger is that the national research is at a such high level that it is homogenised and 'corporate'. Local research picks up 'invisible' communities and diversity is very important. CCW will have to square that circle.

SH replied that there will be opportunity for companies to input into the design of the national research. Accent (who have been commissioned by Ofwat to deliver the national work) will bring its findings to the central Steering Group. The national research can't be seen as a one size, one shot approach. Future pressures on environment and affordability will mean the research has to be dynamic.

JM noted the risk that some voices will be excluded by national research. SH replied that the customer groups engaged have to be representative of all different communities and groups within a company's area and it will be fundamental for companies to demonstrate this.

EK added that, in wishing to produce collaborative data, Ofwat and CCW mustn't drive out the capacity to do local research. It will be very important to define what is appropriate to do national and what is appropriate locally.

7. **Storm overflows**

AP presented slides covering:

- What are storm overflows?
- Governing storm overflows
- Public perception
- Wessex Water's position
- Solutions

KW noted that media coverage of watercourse pollution has risen recently and that it is important that people need to understand more about the causes. He disagreed with AP that pollution incidents are rarely due to CSOs as there are not enough data

to confirm this. EA is looking into this. EA believes that some CSOs should have been resolved before now. EA agrees that climate change and blockages from sewer misuse are getting worse. EA welcomes that WW is leading on CSO performance and is in a good position to improve further.

RC said that incidents attributable to CSOs are a major contributor to aquatic pollution. He asked about ongoing research into the main contributors to the lack of recovery of the aquatic environment, for example chemicals and pharmaceuticals passing through STWs killing rare invertebrates. AP replied there is a large amount of research underway. He referred to a helpful graphic from EA illustrating the main contributors to pollution. AP agreed to arrange for this to be sent to CCG members.

Action:
AS

EK suggested that engagement should not only focus on what the company is doing to reduce pollutions but also the desire from consumers to know what they can do to help. Engagement should stress that this is a partnership. She asked if the company is planning to issue any communications on this. AP agreed with this and replied that it already publicises sewer misuse and misconnections. However, a challenge is the current media coverage making effective communication and building partnerships difficult.

8. **SDS research by Accent**

RR and DM from Accent joined the meeting. RR presented a slide pack summarising Accent's research for WW on Reviewing Strategic Direction and Social Purpose. The slide pack was issued at the meeting and covered:

- Objectives
- Approach overview
- State of the Nation
- Outcomes
- Social purpose/aims
- Continued development

SL said that CCG members will receive a more detailed debrief of the research.

DR thanked Accent for its presentation. He asked CCG members to review the more detailed material and feedback any questions or comments to WW. WW issued the detailed material on 5th November and JH circulated it to the CCG members on the same day including DR's request.

Other business

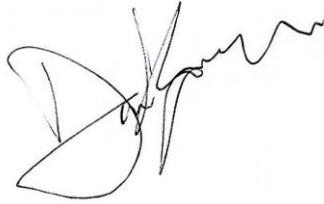
DR noted that MG had circulated the company's draft Assurance Plan to CCG members for comment and a collective view of the CCG. MG said there had been no comment on it to date from individual CCG members. DR confirmed that, therefore, the draft Assurance Plan could be taken as acceptable to the CCG.

DR thanked the company for its contributions to the meeting.

9. **In camera session**

Notes are confidential and not published.

Signed as a true record of the meeting

A handwritten signature in black ink, consisting of several loops and a long, wavy tail.

Chair

Date 18th March 2022