

**MINUTES OF THE 24th MEETING OF THE
WESSEX WATER
CUSTOMER CHALLENGE GROUP**

**Video conference call
Monday 14th June 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)
Ian Walker – Bath University (IW)
Martin Green – Age UK South Gloucestershire (MJG)
Mike Short – CCW (MS)
David Hawkes – Advice UK (DH)

Wessex Water (WW) observers:
Andy Pymmer (AP)
Neil Wilson (NW)
Matt Greenfield (MG)
Aimee Shaw – (AS)
Tim Gardam (TG)

Apologies:

Sue Lindsay – Wessex Water

1. In camera session

Notes are confidential and not published.

2. Introductions

DR welcomed everyone to the meeting.

WW had circulated a slide pack (document ‘WWCCG papers pack June 2021.pdf’) before the meeting containing information on:

- The minutes and actions from the last meeting
- Responses to the CCG information requests on the bill reduction methodology and the complaints action plan
- Covid update
- Customer engagement update
- 2020-21 performance update
- PR24 strategy

DR reported that in its in-camera session before this meeting, the CCG members had discussed WW’s initial response to Ofwat’s proposals for CCGs in PR24. A few points had been raised by the members which DR will feedback to WW.

Action:
DR

3. Minutes and actions from Meeting No.23

TG noted that, in the minutes from Meeting 23 held on 9th March 2021, he had been associated with the Nuffield Centre, rather than the Nuffield Foundation.

The minutes were agreed subject to the amendment of the issue raised by TG, and DR will sign them on behalf of the attendees.

Action:
JJH/DR

The actions from previous meetings were reviewed and noted as complete including WW's forthcoming attendance at the Catchment Panel (15th July) to discuss its PR24 engagement plans and the company now placing its educational resources online.

In response to a previous information request from the CCG, WW had set out its proposed revision to the bill reduction methodology following Ofwat's Final Determination. The bill reduction process is the same, but the associated Performance Commitment (PC) was set assuming a flat bill profile. Without this revision the PC doesn't work using the actual FD bill profile. DR noted that the CCG had debated this at the previous meeting but thanked WW for providing the details. There were no further questions raised by the CCG.

WW provided details of its Complaints Action Plan following an earlier information request from the CCG. DR thanked WW for this information. He noted the gamification across teams mentioned in the Plan was intended to introduce competition and improve performance. He added that the CCG would welcome information on how WW's complaint handling performance compares with others in the industry. WW agreed to provide this information once it's published later this summer.

Action:
AS/SL

TG asked the company what it finds most difficult in its handling of complaints. AP replied that it is the unknown and surprises that create the greatest challenges; that is customers who don't contact the company to inform them of issues. DR noted this point, highlighting customers who've had a bad experience but don't tell anyone.

DR asked for the company's view on the C-Mex satisfaction measure associated with customer who haven't contacted the company. WW replied that the measure drives the right customers service behaviours, so is good in that respect.

4. Covid 19 update

AP gave an update on the company's response to the pandemic and its learnings for the future. He noted the impact from Covid on WW's PC performance, highlighting that 65% of PCs had been met in 2020/21. In a normal year this would be around 75%.

DR noted the shift to home working and that this had happened over a few days. He asked WW if this will continue, or if the company would be adopting a mixed approach to home and office-based working. AP replied that around 85% of staff need to be in the field or in the call centre to provide the most efficient and effective service. Other office-based staff may continue to work from home on say a 50/50 basis.

DR thanked AP for his presentation. There were no further questions from members.

TG remarked that the outcomes from the pandemic have highlighted the importance of local engagement, the vulnerability of people, and the environment and the trade-off between these. Reaching the parts of the community that are invisible is critically important. WW's future strategy can utilise real lessons and understanding from the outcomes from the pandemic. This sort of understanding will be lost through just looking at a national picture. It is only through local engagement that the needs of all communities have a chance of being picked up. DR agreed and noted how nimble local volunteering organisations were at establishing themselves, as opposed to national schemes which took much longer to get going. He also noted the CCG can have a key role in reviewing and advising on local engagement.

5. **Customer engagement update**

AS presented several slides covering:

- Ofwat's decisions on PR24 customer engagement
- CCW publications
- Ongoing customer engagement

DR said it is good to hear that WW see a continued role for the CCG in the review and challenge of the company's performance. He hopes the CCG can also help with the independent review and challenge of the company's local customer research and its outcomes.

MS considered that the argument on CCG independence with Ofwat has been lost. DR replied that this is not the case across all CCGs (he believes this is also the view from CCW). He feels strongly that the WWCCG would not or cannot accept that it isn't independent. It also has membership from regulators such as EA and CCW.

TG noted the importance of the CCG's view on WW's customer research projects and that independent peer review is fundamental for confirming the robustness of methodologies and results. DR replied that the CCG has some options to extend its expertise in customer research but will wait for confirmation of Ofwat's and WW's requirements.

RC noted there is not much from Ofwat about environmental outcomes. The regulator remains focused on customers and price. He asked what WW's view would be if there is a move a more to centralised research how this might affect the company's environmental ambitions. The approach could be very one sided. AS said the company's views on PR24 reform will be presented later in the meeting. DR added that he still considers Ofwat is not looking at the long-term view. WW agreed there is a focus on short term bills and it is also keen to get Ofwat to look at the longer term.

DR asked about the company's West Country Water Resource customer research and whether WW was liaising with Bristol and South West Water over this. AS

replied that WW is committed to liaising with these companies. WW's customers focus groups begin in the week after next. WW would like the CCG's view on the research material but this will require a quick turnaround. The main piece of water resources research is being commissioned by the group of companies.

DR replied that the CCG would like to see the various pieces of research as they come along. He noted that South West Water had been successful at PR19 because of the co-creation in its plans.

6. 2020/21 PC and ODI performance

NW presented an overview of the company's performance in 2020/21 and specific achievements against its PR19 outcomes, namely:

- Affordable bills
- Excellent service for customers
- Better relationships with customers and communities
- Efficient use of water
- Excellent drinking water quality
- Minimising sewer flooding
- Resilient services
- Protecting and enhancing the environment

He reported that Ofwat's initial ODI model contained errors. Ofwat has reissued it, but it is still not fully functional. WW have agreed with Mott MacDonald the values of the various incentive payments for 2020/21 and these are as presented at this meeting.

DR challenged the company over its response to extreme weather events, both wet and dry. He asked if there is there a point at which WW expects this to happen more frequently (resulting from climate change) and whether the company's underlying assumptions on business as usual should be changed.

NW replied that national studies show that return periods of extreme weather are getting shorter to reflect this new variability. The company is responding through different tactical and operational measures and through adopting new asset management assumptions. More strategic issues are also being reviewed. NW agreed that, while the weather and climate change are factors affecting performance, the company is expected to manage such variabilities and it is focused on continually improving its resilience and contingency plans to limit their impact.

DR said he recognises that company isn't planning to rest on its laurels but noted that more severe wet and dry periods could become the new normal.

KW noted that all the water companies have had to deal with similar weather challenges and that there needs to be more focus on long term planning and resilience. WW agreed and it will prepare a summary of the industry's performance in 2020/21 once the information is published on 15th July.

Action:
NW

KW added that EA will be publishing its annual review in July and he will report back to the CCG at a later stage.

Action:
KW

WW considers that management decisions are being hampered by the PC regime and will elaborate on this further in the later item on the agenda.

TG asked if WW considers it is as good as it needs to be in respect to vulnerable customers. WW replied that it needs to identify if there are more customers that need support.

MB asked if there had been any response from Ofwat to WW's proposed PC definition changes. WW said it hasn't heard anything from Ofwat on the matter in over six weeks.

MB also asked, if the definition of the PC relating to the total bill reduction to customers on social tariffs had been changed, would the company have met its target for 2020/21. WW said it would have met the target in this case.

DR asked if water quality contacts had risen because more people had been working at home. NW replied there is no evidence of this.

DR asked if, as sewer flooding incidents are reported per 10,000 connections, properties that flood in the same street counted individually. NW confirmed that they are.

KW said that it will be interesting to see the impact from the implementation of the drainage and wastewater management plans as time goes on. NW agreed.

RC noted that the number of pollution incidents had been affected by extreme rainfall. He asked if WW has information on the environmental impact of the incidents. AP replied that four were category 2 incidents and the remainder category 3. The company hasn't yet seen the benefits from its five-year pollution reduction plan. It is looking again at its strategy, including even greater use of technology solutions, and expects to see reductions in future. The company recognises it has a lot to do to meet its pollution reduction targets. Its ambition remains at achieving zero pollutions.

KW noted that WW is working hard on its plan and observes innovations in building predictive capability rather than responsive capacity.

7. CCW presentation

CCW had been asked to make a presentation on its views of PR19 and PR24. It had suggested that now was not the best time to do this given that Ofwat's requirements were still to be confirmed and that CCW nationally had published proposals for customer and stakeholder challenge. CCW will prepare something for the CCG when its more appropriate to do so.

Action:
MB

8. PR24 reform agenda

MG presented WW's proposals for reforms for PR24.

DR noted WW's proposals included catchment-based approaches to achieve

environmental improvement. He asked what is preventing this from happening now given that WW has done some of this already. MG replied that the initiatives to date have only been on a small scale. The current regulatory regime with its short-term focus doesn't allow long term catchment approaches.

KW noted that the perception of risk is a potential barrier to change. EA and Defra find it difficult to pause and reflect and to consider changes that might allow things to be done better in future. There is a real appetite for change, but the mechanics are hard given the current resources available. EA is talking to the industry about this and how it might be paid for.

RC added that catchment working is complex in that all the players in the catchment scene need to play their part as well. The water industry cannot pay for others. Central government must take the lead. MG replied that WW believes things could be simpler. The polluter pays principal is important. WW should pay for its share. If the farming industry isn't on board yet, then it doesn't matter as WW can undertake the more efficient solutions first. It doesn't need everyone to be there from the start.

DR commended WW on its forward thinking and the work it is doing to promote it. He noted that one of the learnings from PR19 was that the earlier regulatory guidance is available the better. We are still waiting for this.

DR asked if the consolidation of Bristol Water and South West Water has any implications for WW, customers and its JV with Bristol. AP replied that the consolidation should have an overall benefit to WW and its customers.

DR thanked the company for its contributions to the meeting.

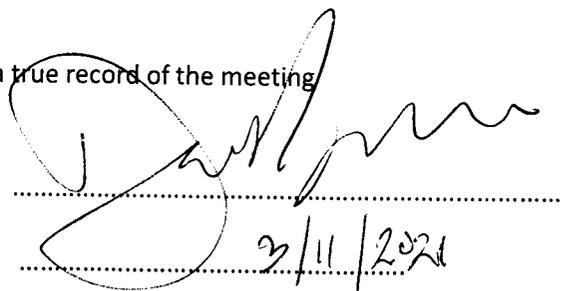
8. **In camera session**

Notes are confidential and not published.

Signed as a true record of the meeting

Chair

Date



A handwritten signature in black ink is written over a dotted line. Below the signature, the date '2/11/2021' is handwritten in black ink over another dotted line.