

# MINUTES OF 12<sup>th</sup> MEETING OF THE WESSEX WATER PARTNERSHIP

Meeting held at Wessex Water, Claverton Down, Bath  
Tuesday 15 May 2018

Present Dan Rogerson – Chair (DR)  
Jeremy Hawkins – Independent report writer (JH)  
Michael Barnes – CCWater (MB)  
Jeremy Bailey – Environment Agency (JB)  
Richard Cresswell – Catchment Panel Chair (RC)  
David Hawkes – Advice UK (DHa)  
Matt Vaughan-Wilson - Money Advice Trust (MVW)  
Ian Walker – Bath University (IW)  
David Heath – CCWater (DHe)  
Sarah Cardy – Citizens Advice (SC)

Wessex Water observers:  
Sue Lindsay (SL)  
Phil Wickens (PW)  
Katherine Mining (KM)  
Andy Pymmer (AP)  
Neil Wilson (NW)  
Gillian Camm – Non-  
Executive Director Wessex  
Water (GC)

## Apologies:

Nicola Morris – Student Representative Bath  
University (NM)  
Martin Green – Age UK South Gloucestershire (MG)

## Key points and actions from the meeting

### 1./ Lunch & Welcome

2.

No notes.

### 3. Private session including discussion of the aide memoire, feedback from sub-groups, and report structure for the business plan and annual review

Private session, no minutes taken.

### 4. Feedback from private session – to include discussion of anything else WW need to provide, and the business plan report structure

JH gave feedback from the WWP Customer Research sub-group. The WWP think the pieces of research were good, but JH asked Wessex Water to confirm they were part of an overall programme that was set out at the outset, and identify where pieces of research were added to that programme. SL to set this out as an annotated timeline. SL

The WWP also require more information on the triangulation, as the methodology was provided quite late in the process. They need reassurance that the triangulation methodology was independent of the outcomes of the customer research.

SL asked members to clarify whether the focus was entirely on triangulation, which is just bringing the different customer valuations together, or how overall the customer engagement leads to the business plan. The WWP clarified that it was more the latter. SL noted that we tried to cover this in the narratives in the PC dossier and chapter 2 of the business plan, both of which have been circulated – but the WWP require something more procedural. IW commented that without such an explanation, the cynical observer could accuse us of conducting research to back up plans that were already in place!

SL agreed to circulate the full walk-through of how we developed the business plan from the engagement, which was presented at the Customer Research sub-group on the 1<sup>st</sup> May, and urged members to read chapter 2 of the plan. SL  
WWP

JH reported that there were no major issues remaining from the Affordability and Vulnerability sub-group; we just need to focus on telling our story – some pointers for this were given in today’s sub-group meeting.

JH reported SC’s suggestion to try to better demonstrate the difference our schemes are making e.g. by showing how debt profiles and company debt are affected by our work – SL noted that there are already a number of metrics in the business plan but agreed to provide further examples. SL

JH reported that the Investment Programme sub-group is making good progress and there are no major concerns, although there is still ongoing debate on certain PCs e.g. in environmental work and with pollutions. It was agreed that the sub-group would continue to work through the evidence on this.

RC then said there were 2 outstanding issues:

- 1) Instructions given from Ofwat re pollution incidents – NW/DR considered that this is not a disagreement between WW and the WWP but between all of us and Ofwat. NW suggested that DR should encourage other CCGs to push back against Ofwat with the same stance as us re rewards and pollutions. DR
- 2) Whether we would claim a reward if we had one pollution, whether or not it was Category 1 or 2. PW confirmed that in-line with the Ofwat methodology the company would seek an outperformance payment for exceeding the Performance Commitment, even if a Category 1 incident had occurred. When asked by PW, DHe and RC said that CCW and Catchment Panel did not support ODIs on Category 1 and 2 pollutions. DR said that the rest of the WWP would need to come to a view after seeing the evidence on customer opinions regarding pollution.

JH noted that we submitted SCFs in 3 areas (sewer flooding, leakage and pollutions) where we are at the industry frontier, which Ofwat’s cost models wouldn’t accommodate. JH reported that the sub-group struggles with the relationship between this and the related ODI. DHe was concerned that we are front loading our PCs and double counting where we’ll succeed. PW responded that our submission clearly explains that this SCF is on a “no regrets” basis – i.e. we won’t claim it if it will be funded elsewhere in the methodology. The funding is for us to achieve a stretching target – it’s the

incremental cost of a 25% improvement on our current position. It's not so that we can get a 40% improvement and then claim the reward on that as well. DHe still challenged as to whether it's insurance against not meeting ODI targets – but NW disagreed and said that in no situation would we “double dip”. PW agreed to set out an explanation on a couple of slides to circulate around the WWP. PW

When asked by JB, PW confirmed that the WWP were involved in the pollutions SCF – it was presented at the sub-group.

WW agreed to:

- circulate the 2 presentations from the WWP Investment Programme sub-group meeting on 14th May (NW) NW
- provide further details on ODIs e.g. levels of rewards (NW) NW
- re-provide information on the total bill composition to allow comparison with impact of ODIs (PW) PW

## 5. Minutes and actions from previous meeting

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

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

- “DR to draft a letter for WW to send to stakeholders.” – DR has discussed this with Matt Greenfield, who agreed to discuss with the comms team. MGr
- “SL to provide an estimate from the tracker segmentation of the proportion of our customer base (both in terms of volume supplied and population) that is consumer/citizen/vulnerable.” – SL reported that the segmentation element is expected imminently; SL will send out ASAP. SL

No other actions discussed.

It was agreed not to go through the challenge diary and areas of focus at this meeting; anything outstanding would be covered by email.

There were no declarations of interest to record.

## 6. Annual review – discussion of process and WWP report structure

NW confirmed that he is meeting JH and Andrew Heather (from Mott MacDonald) on 21<sup>st</sup> May to discuss this year's performance. NW agreed to share the performance figures with the rest of the WWP after this audit – ready for the WWP call to discuss their annual review report on 30<sup>th</sup> May. NW

## 7. Update on customer engagement – including top line acceptability testing results

SL presented slides on the acceptability testing conducted by Populus.

When asked by GC re slide 5, SL/PW confirmed that it was typical for the Have Your Say panel to be more cynical than town tour participants, as they are a different demographic. SL noted that the results of all the acceptability testing research components will be triangulated.

SC asked whether the town tours would have missed out people who were at work. SL responded that the tours took place from 8am-6pm on different working days so we hope to have reached them – if not, opinions from working people would have been represented in the Have Your Say panel, as well as other research. SL added that the magazine will be delivered to all households in the region, although SC challenged that that’s just a magazine – it’s very hard to capture the opinions of those who are time-poor.

PW presented slides on Turquoise research:

- DHa asked why it wasn’t presented in statistics – PW said this is because it’s qualitative research.
- DHe asked if participants were shown relative levels of WW bills compared to other companies’ bills when asked if WW is good value for money – PW/SL agreed to check. PW/  
SL
- JB queried whether customers were asked in conceptual form about ODIs or whether they were explained the mechanism. DR confirmed that participants understood that rewards would mean higher bills – as this was explained in the stimulus. PW said that we did provide bill figures as part of the research so that participants did have context as to the proportion of the bill that ODIs make up.
- DR commented that this is the only research we have on reputational vs. financial incentives. PW explained Ofwat’s guidance on deciding reputational vs financial, but said that we will take customers’ thought processes into account on the incentives.

SL agreed to send the full Turquoise research slides around the group once available. SL

## 8. **Update on the business plan**

PW reiterated that questions/comments are welcome on the abridged version of the draft business plan that he circulated prior to the meeting. PW presented slides highlighting some key points.

When asked by DHe, PW said that we did lobby against WINEP completion, and we argued for phasing. We continue to make these points.

SC expressed concern about the robustness of the leakage research, particularly the question wording, given that we’re basing our plan on it. PW said that he hoped we had reached wording that we were all happy with.

JH challenged why the outcome of the latest research (that customers accept a 15% leakage reduction) is more robust than the initial leakage research. PW

said that we accepted that some of our research appeared to say different things – hence we agreed to specifically ask about leakage in the acceptability testing. PW argued that the acceptability testing is the best place to make the final decision because the customers see the whole plan in context.

RC noted that inflation is shown in the graph on slide 3 but not in the equivalent graph in the draft business plan, and commented that this was a bit misleading. PW said that we did this to avoid misleading the other way as the inflation isn't certain. PW agreed to show comparison against a bill that increased by 2% inflation only. PW

When asked by IW, PW said that the bill as a percentage of the average disposable income figure given is mean rather than median. IW said that median would be better for income – PW offered to present it as a median instead, although noted that it's mean in a PC for this AMP. PW

DR asked to see how the plan affects different groups of people e.g. metered vs. non-metered customers – PW to progress. DR

SC asked for the number of customers on a social tariff by 2025 – PW confirmed that it's forecast to be 85,000 and confirmed that it's in the business plan text.

Re the graph on slide 14:

- PW noted that the dark green bar is bigger than it should be.
- RC noted that the downside and upside for bespoke look the same. PW said he thinks this is because some bespoke PCs are reward only.

## 9. AOB

The group were reminded that the next WWP Investment Programme sub-group will be booked for the day of the call about the annual report.

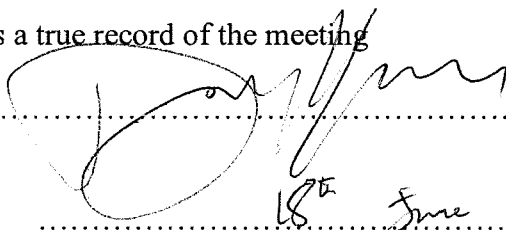
There is a Customer Research sub-group on the 4<sup>th</sup> June.

DR to let SL know whether further meetings need to be booked for the Affordability & Vulnerability sub-group. DR

Signed as a true record of the meeting

.....  
Chair

Date

  
18<sup>th</sup> June 2018