

# WESSEX WATER PARTNERSHIP

Annual Report  
July 2019

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# Foreword



**On behalf of my colleagues in the Wessex Water Partnership, I commend our 2019 Annual Report to all those interested in the work and performance of Wessex Water.**

This year we have fulfilled the important requirement laid upon us by Ofwat (the Water Services Regulation Authority): our report on the company's draft Business Plan and a further submission on the company's response to Ofwat's Initial Assessment of the Plan (IAP).

We also continue to monitor the company's progress against its targets and objectives under the current business plan. This report gives our commentary on the data we have received from the company about its annual performance.

Our sub groups have met less often following the submission of the plan but remain in existence and can be called to meet as necessary.

We also set out some issues on which we will focus in the coming year.

As always, I am grateful to the members of the Partnership for their time and insight.

My thanks to our report writer Jeremy Hawkins for supporting us in assurance work and for producing the report to tight deadlines.

Thanks also to all at the company who have facilitated our work and respected our independence.

We await Ofwat's thinking on the role of customer challenge groups, including the Wessex Water Partnership, in the future.

**Dan Rogerson**  
**Chair – Wessex Water Partnership**

# Executive summary

**The Wessex Water Partnership (the Partnership) was established in January 2016 to work on behalf of customers by challenging Wessex Water (WW) to achieve the best results for bill payers, the environment and the local economy.**

The purpose of this Report is to provide the WW Board and customers with the Partnership's opinion on the company's progress in delivering its Final Determination Performance Commitments in the fourth year of the 2015 – 2020 price control period and its business planning activities undertaken during the year for the next Price Review (PR19).

This Report also includes comment on issues and opportunities raised by the Partnership its Annual Reports for 2016, 2017 and 2018.

The Partnership had the opportunity to review and challenge WW's performance against its Final Determination Commitments for 2018/19 and to follow up on performance issues identified last year.

It also scrutinised the company's PR19 business planning activities including the its customer engagement methods and results and the development of its PR19 Performance Commitments (PCs), service targets and Outcome Delivery Incentives (ODIs). The Partnership reported its findings and opinions on the company's PR19 Business Plan in September 2018 and on WW's response to Ofwat's initial assessment of its Plan (the IAP) in April this year.

The Partnership's working relationship with the company and its external advisers and auditors continued to be open and transparent and the Partnership remains grateful for the efforts of the company in helping it meet its objectives.

The company met or exceeded most of its Final Determination Performance Commitment targets for 2018/19. This brought benefits to customers in the form of improved customer service, water supply resilience and security, reduced leakage and reduced sewer flooding. The environment has benefitted through improvements to rivers, lake and estuaries, increases in water efficiency and reductions in greenhouse gas emissions.

WW's performance against EA's Environmental Performance Assessment (EPA) fell from 'leading' to 'good' due to increased numbers of pollution incidents from the sewerage network and a slight fall in the company's self-reporting of such incidents. This was a disappointing outcome and the Partnership will be monitoring the company's EPA performance during the coming year.

While water quality remains very high, both targets associated with highest quality drinking water were missed although the number of customer contacts about drinking water did fall slightly from the previous year.

The targets relating to good value for money and percentage rating for ease of resolution proved challenging for the company. The Partnership will continue to review and challenge performance against these measures including the company's performance against its peers and the effectiveness of its new and proposed customer service systems and processes.

The Partnership notes and accepts the company's explanations why certain customer, water quality and environmental targets were missed or where performance slipped from the previous year. It recognises that in several cases factors outside the company's control such as weather conditions or actions by third parties had an adverse impact on performance. The Partnership welcomes the company's intention to do all it reasonably can to maintain and improve performance and meet its future targets.

The company has earned rewards or suffered penalties under the Ofwat PR14 incentive regime as a result of its performance in 2018/19. The most significant of these is a reward of around £2.5m for performance against internal sewer flooding incidents. A reward of £5.5m was earned for this measure in both of the last two years. Any rewards and penalties earned will be accrued in total at the end of 2019/20. The Partnership discussed the use of any rewards or penalties with the company and noted that outperformance money from this price control period will be used to fund the new Community Foundation for the first two years of the next price control.

Information provided by the company on performance issues and other topics identified by the Partnership last year was reviewed and challenged. All were resolved to the Partnership's satisfaction.

The Partnership has identified a number of performance areas it wishes to focus on during 2019/20.

The Partnership had the opportunity to review and challenge the company's information reporting and assurance regime. It received assurance from the company's independent Technical Auditor that the company's performance information for 2018/19 is robust and that the resulting rewards or penalties have been correctly calculated.

The Partnership also reviewed and challenged the company's PR19 business planning activities in line with Ofwat's requirements. It was influential in helping the company develop its future plans and to ensure these were shaped by customer opinion. The Partnership also reviewed and challenged the company's response to Ofwat's initial assessment of the Plan (the IAP). The Partnership reported its findings and opinions on the company's PR19 Business Plan in September 2018 on WW's response to the IAP in April this year.

# 1 Introduction

**The independent Customer Challenge Group (CCG) for Wessex Water (WW) is known as the Wessex Water Partnership (the Partnership). The Partnership's primary roles are to monitor, challenge and report on WW's performance against the commitments set out in the Final Determination on behalf of customers, and to advise and challenge the company on its customer engagement, policies and procedures, and priorities for the next Price Review (PR19).**

A description of the role of the Partnership together with its membership, governance, terms of reference, the minutes of its meetings and its previous annual report can be found on its website [www.wessexwaterpartnership.co.uk](http://www.wessexwaterpartnership.co.uk).

A glossary of terms used in this report is provided in Appendix 1.

For information on the economic regulation of the water industry in England and Wales including the setting of prices and Ofwat's expectations of CCGs, the reader is directed to the regulator's website [www.ofwat.gov.uk](http://www.ofwat.gov.uk).

The purpose of this Report is to provide the WW Board and customers with the Partnerships' opinion on the company's progress in delivering its Final Determination Performance Commitments in the fourth year of the 2015 – 2020 price control

period - including the qualification and amounts of any rewards and/or penalties accrued this year as a result of its performance.

The Report also summarises the Partnership's review of WW's PR19 business plan submission and the company's response to Ofwat's Initial Assessment of the Business Plan (IAP) in April 2019. The outcome of the Partnership's work on these submissions was reported to Ofwat in September 2018 and April 2019 respectively.

The Environment Agency (EA), as a member of the Partnership, supports the views expressed in this report. However these views will not necessarily influence any subsequent position the EA takes as part of its ongoing statutory and regulatory duties associated with Wessex Water's environmental obligations.

# 2 Partnership's membership and activities during the year

## 2.1 Membership

The Partnership was established in January 2016 with an independent chair and diverse membership representing various customer and stakeholder groups. A list of the current Partnership members is given in Appendix 2.

The Partnership periodically reviews its membership to ensure it has adequate and appropriate representation to fulfill its role on behalf of customers.

The areas of focus and challenge of each of the current Partnership member organisations are as follows:

ORGANISATION	AREA OF FOCUS AND CHALLENGE
<b>CCWater</b>	Interests of all water customers
<b>Environment Agency</b>	Environmental regulation and compliance
<b>Citizens Advice Wiltshire</b>	Customer service and vulnerability
<b>Age UK South Gloucestershire</b>	Interests of customers in later life
<b>Money Advice Trust</b>	Affordability and vulnerability
<b>AdviceUK</b>	Affordability and vulnerability
<b>Wessex Water Catchment Panel</b>	Environmental priorities and outcomes
<b>University of Bath</b>	Specialist knowledge on customer engagement
<b>University of Bath</b>	Interests of students and future customers

At its request, The Drinking Water Inspectorate (DWI) is a 'sleeping member' of the Partnership.

WW's Senior Independent Non-Executive Director is the Partnership's liaison point with the WW Board and attended each meeting of the Partnership.

## 2.2 Sub-groups

As in previous years the Partnership was given adequate opportunity to scrutinise and challenge the company's policies and performance as presented to it and the process has been open and transparent.

The Partnership's Customer Research Sub-Group (CRSG) assisted and supported the Partnership in its review and challenge of WW's customer engagement and in the Partnership's reporting on this to Ofwat. The CRSG met twice during the year continuing its review of the customer engagement methodologies employed by the company for its Business Plan and its response to Ofwat's IAP.

The Partnership has two further sub-groups to assist with its work; an Affordability and Vulnerability Sub Group (AVSG) and a Performance Commitment and Investment Sub-Group (PCISG).

The AVSG met in May 2018 and reviewed and challenged WW's current and future policies and plans to address the affordability of its services, its social tariffs the level of assistance to be provided to customers in vulnerable circumstances.

The PCISG met twice during the last year. It continued to review and challenge the detail of WW's proposed PR19 PCs, ODIs and investment plan, particularly that the results from the company's customer engagement have been used in the development of them. It also reviewed WW's response to the IAP, particularly Ofwat's challenges relating to the PCs and ODIs.

## 2.3 Meetings

The Partnership was given adequate opportunity to scrutinise and challenge the company's policies and performance as presented to it and the process has been open and transparent.

The Partnership's main meetings held during the year and topics covered at them were as follows:

WWP MEETINGS	
<b>WWP Meeting</b> 12 July 2018	Material changes to WW's Business Plan and customer research WWP's PR19 report to Ofwat
<b>WWP Meeting</b> 25 October 2018	Comparisons of the industry's business plans WW interim results Charges 2019/20 Information assurance update
<b>WWP Meeting</b> 21 February 2019	Delivering the Business Plan Ofwat's IAP WW performance update
<b>WWP Meeting</b> 17 June 2019	WW's Annual Report (including 18/19 performance) Charging strategy Lead into AMP7 and customer engagement update

Executive and non-executive directors of WW, along with other senior company staff attended the main Partnership meetings as presenters and/or observers.

The meetings of the CRSG and the topics discussed were:

CRSG MEETINGS	
<b>CRSG</b> 27 June 2018	Review of PR19 customer engagement methods and outcomes
<b>CRSG</b> 21 June 2019	Ofwat's IAP view on engagement Bills post 2025 Proposed ODI research ERI research CCWater research

The meetings of the PCISG and the topics discussed were:

PCISG MEETINGS	
<b>PCISG</b> 18 June 2018	PR19 Assurance WINEP delivery DWI support for WW's PR19 proposals WWP feedback on PR19 PCs and ODIs
<b>PCISG</b> 12 March 2019	Review of Ofwat's IAP (PCs and ODIs) WW's proposed IAP response

The topics discussed at the meeting of the AVSG were:

AVSG MEETINGS	
<b>AVSG</b> 15 May 2018	Customer engagement – qualitative research Vulnerability strategy Acceptability testing A&V PR19 Performance Commitments

The Partnership's Chair attended a meeting of the WW Board during the year at which he provided an overview of the Partnership's work on PR19 particularly customer engagement, vulnerability and social tariffs and on the definition of future PCs and ODIs.

The Chair attended meetings with Ofwat with other CCG chairs and informed members of the topics discussed and the outcomes.

The Chair of the WW Catchment Panel is a member of the Partnership and this enabled the views of the Catchment Panel on environmental outcomes to be taken into account.

The Partnership has not attended meetings held between WW and its economic, quality or environmental regulators. The EA representative on the Partnership alerted members of any material issues associated with WW meeting its statutory environmental obligations.

The Partnership was grateful for WW's assistance in organising and facilitating its meetings and in fulfilling its requests for information and access to key staff.

## 2.4 Challenges

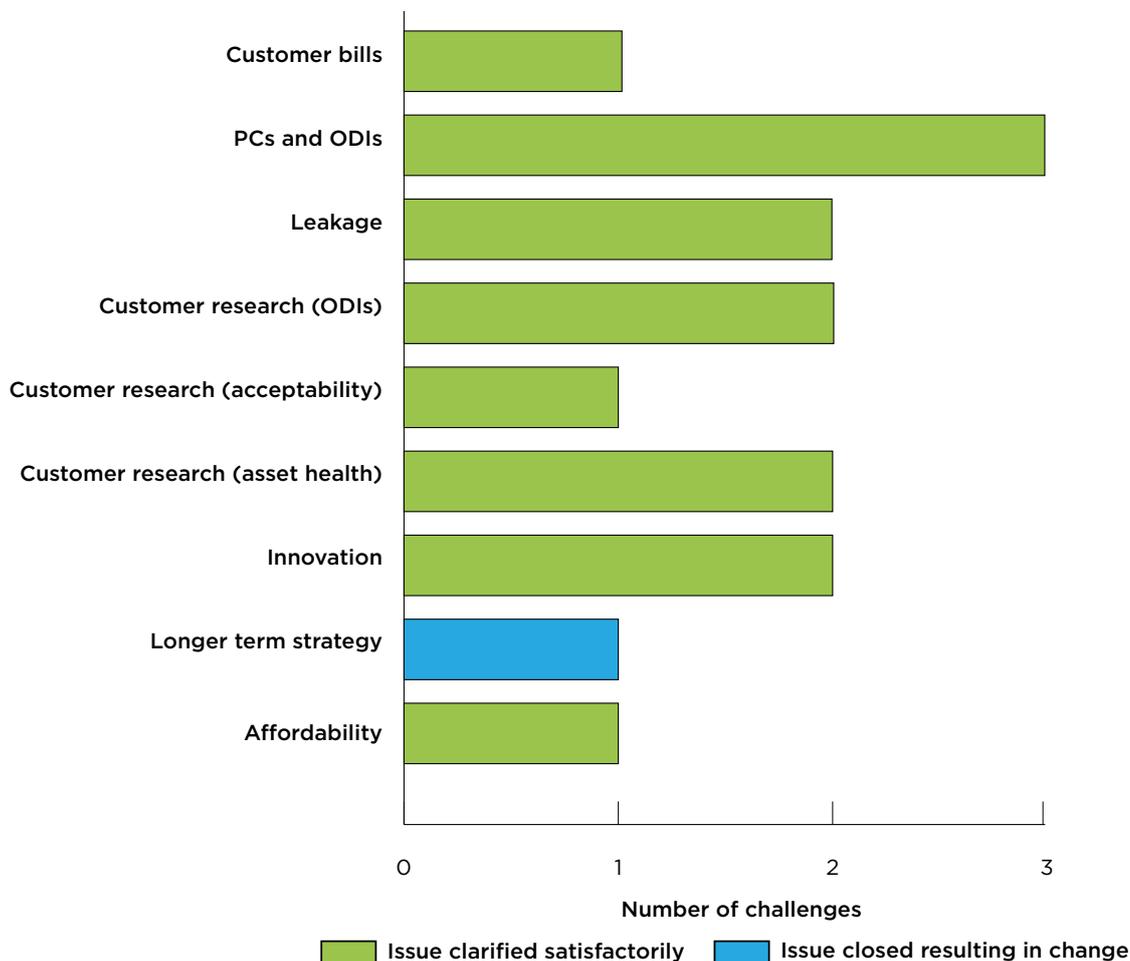
The Partnership continued to use the Challenge Diary it established in 2016 to document the challenges, key questions and information requests it makes to WW and the company's responses to these. The Partnership and the company consider the challenge process to be constructive and effective.

Fifteen challenges and key questions were logged during the year.

The company's responses to the challenges and key questions were considered by the Partnership. All challenges were addressed to the Partnership's satisfaction with one resulting in a change to the company's plan.

The fifteen challenges and questions raised in 2019/20 were in addition to the 149 raised and logged in the previous three years, 33 of which resulted a change to the company's policy or approach.

The issues raised during 2018/19 were as follows:



## 2.5 Issues identified last year

Several areas of focus were identified last year and have been followed up with WW during 2018/19 including:

- Further review of the company's comparative industry position on the value for money it provides to its customers
- The percentage of land managed for biodiversity
- Water abstraction and any financial benefits arising from the revocation of abstraction licenses
- Monitoring the company's performance on water mains bursts
- The detail of customer contacts on drinking water quality
- The company's customer management relationship initiatives that are relevant to contacts about drinking water quality
- The cause of the bathing water failure at Weston Super Mare
- The use of the accrued out-performance payment on internal sewer flooding incidents
- Monitoring performance against the individual components of the Environmental Performance Assessment.

The company provided information on these topics upon request which was scrutinised and challenged by the Partnership. The Partnership's detailed comments on these topics are given in its commentaries in Appendix 3.

Most issues were resolved to the Partnership's satisfaction although the Partnership will undertake further review and monitoring on some measures as outlined in Section 4 of this report.

# 3. Partnership's findings

## 3.1 Reporting and assurance

As in previous years WW presented the Partnership with updates to its information reporting and assurance processes during the year, covering both its annual performance information and its PR19 submission, and gave members the opportunity to comment on its updated information Assurance Plan published in April 2019.

This year the Partnership's focus included:

- The reasons for the company remaining Ofwat's 'Targeted' assurance category and the scope and materiality of Ofwat's concerns relating to information assurance
- The materiality of Ofwat's concerns raised in the IAP around the engagement on developer services charges, the extent of commentary accompanying the cost base submission and the company's accounting for its past performance when it assessed risks as part of the compilation of its long-term viability statement.

The Partnership received satisfactory responses from the company to these areas of focus.

The Partnership challenged the external assurance the company received that its PR19 Business Plan information, including that its customer engagement activities and its proposed PCs and ODIs, were soundly based. The company explained its proposed PR19 assurance regime and the external assurance it obtained. The Partnership was satisfied with the company's PR19 assurance regime.

In May 2019, as in previous years, WW provided the opportunity for the Partnership to review the findings of its external Technical Auditor's review of its current price control period (PR14) Performance Commitment reporting methodologies and its internal and external assurance processes. The Partnership's Report Writer met with WW and its external Technical Auditor to discuss and challenge reporting processes, performance and assurance findings. The Chair and the Report Writer also attended the WW Audit Committee at which the Technical Auditor presented his findings to the company and the company provided its management response to them.

WW's Technical Auditor has confirmed that the company's reporting methodologies are sound, comply with regulators' requirements where appropriate and that actual performance has been calculated on the same basis upon which the FD targets were set or where changes have been agreed with Ofwat.

As a result of its scrutiny and the assurance received, the Partnership is satisfied that the reported performance for 2018/19 has been robustly reported and that the resulting rewards or penalties have been correctly calculated.

## 3.2 PR14 Outcomes and Performance Commitments

A key roles of the Partnership continues to be the scrutiny and challenge of WW's delivery each year against the nine strategic Outcomes and the 32 associated Performance Commitments set out in the PR14 Final Determination and the resulting impact on customers.

The company's Outcomes and associated Performance Commitments are described in Appendix 3.

In addition to reviewing the company's performance in 2018/19, the Partnership wished to understand and challenge the company's eligibility for any rewards or penalties earned in the year as a result of the performance achieved. In so doing the Partnership has taken into account the views of the EA on environmental outcomes. The Partnership acknowledges that any rewards or penalties earned this year are accrued for possible payment at the end of the five-year period. In the coming year, the Partnership will be discussing with the company how it can best use any such rewards and its consultation with customers in doing so.

The Partnership was also keen to understand how the performance achieved this year compared with the previous three years and whether it would be sustained next year and beyond, particularly whether there are any inherent or emerging risks, and the company's plans to address any performance shortfalls.

The Partnership is pleased to report that the company has continued to perform well in delivering its PR14 Final Determination Performance Commitments and the resulting benefits to customers. The Partnership's detailed views on the company's performance in 2018/19 against all its Performance Commitments are given in Appendix 3, together with the challenges it made to WW as part of its review.

WW met or exceeded 25 out of its 32 performance targets for the year (a similar performance to last year) and has accrued out-performance payments as a result totalling around £2.9 million for the year, £2.5 million of which is associated with achieving lower-than-target internal sewage flooding incidents. Further details on this out-performance and the resulting payments are given in Appendix 3.

The Partnership understands the reasons why Performance Commitment targets were missed in seven out of 32 cases.

One of these results in an under-performance penalty of around £400k for the year for customer contacts about drinking water quality. Two other shortfalls in performance were within the associated performance deadband as defined by Ofwat in the PR14 Final Determination. The remaining four performance shortfalls have reputational incentives. Further details of these amounts are given in Appendix 3. The Partnership has discussed and challenged the company's plans to remedy the performance shortfalls and continues to be encouraged to hear that it is planning to meet its future targets wherever possible.

### 3.3 PR19 Business Plan and Ofwat's IAP

**Ofwat's requirement on the Partnership for the PR19 submissions was to provide independent challenge and assurance on the quality of companies' customer engagement and the extent to which the results of the engagement drove decision making and were reflected in WW PR19 Business Plan.**

During 2017 and 2018 the Partnership and its sub-groups reviewed and challenged WW's customer engagement work for PR19 and its use of the resulting outcomes to develop its PR19 PCs, ODIs and investment plan.<sup>1</sup> The Partnership reported its findings and opinions to Ofwat on the Business Plan when it was submitted in September 2018. This report can be found on the Partnership's website [www.wessexwaterpartnership.co.uk](http://www.wessexwaterpartnership.co.uk).

The Partnership found that the company's customer engagement and acceptability testing for its Business Plan followed a planned approach using ongoing and bespoke research activities, including some that were innovative. The Partnership considered that the research activities undertaken were appropriate and were focused on the overall objective of informing the Business Plan.

The key issues that are important to the company's customers included drinking water quality, reliability of service, water usage and efficiency, leakage, sewer flooding and protecting and enhancing the natural environment. The company consulted its customers on all of these issues together with affordability of bills and provision of assistance to those who require help in paying them.

The Partnership considered that the options presented to customers during the research were soundly based, realistic and relevant to the company's customer base. Appropriate trade-offs were made between different customer groups in a number of areas.

The company proposed 41 PCs and associated service targets and ODIs for 2020-2025. The Partnership considered that the majority of the PCs and service targets are clearly defined and are based on the needs and preferences of customers where expressed at service level, rather than PC level.

The company didn't consult its customers on the formulation and acceptability of individual service targets and the level of

stretch associated with them. However, it did ask them how much they would be willing to pay for incremental improvements in service. While the Partnership would have liked to have seen some direct quantitative engagement on the setting of individual service targets and the acceptability of them, it accepted the company's approach in the light of the findings of an independent peer review of the valuation methodologies employed and the results obtained.

The Partnership was generally satisfied with the company's proposed ODIs proposals. The initial service levels and future service targets for the majority of the proposed PCs were reasonably stretching.

The acceptability research on the Business Plan focused on the company's strategic outcomes (priority areas) and the resulting bill impacts, rather than on the detail of many of the individual PCs and service targets within them. While some direct PC and service target acceptability testing would have been preferable, the Partnership accepted the company's approach in the light of the very positive outcome obtained from testing of the overall plan.

A consistently high level of acceptability of the Business Plan was obtained across all components of the research, both quantitative and qualitative. The Plan was also deemed to be affordable by the vast majority of participants.

The Partnership considered that the company is at the forefront of the industry with its schemes to support customers on low incomes.

The Partnership recognised that the company was one of the first in the water industry to undertake work on customer vulnerability and its revised Vulnerability Strategy, with its emphasis on providing an inclusive service for all its customers, was welcomed.

Overall, the Partnership considered that the company's Business Plan was grounded in good customer engagement. There was strong evidence that customers have been involved in the shaping of the company's strategic objectives. The company developed a good understanding of its customers' priorities, needs and valuations.

Ofwat published its initial assessment of WW's Business Plan (the IAP) in January 2019.

Many of the IAP questions and challenges raised by Ofwat related to WW's proposed PCs, service levels, ODI types and incentive rates, and in some cases recommended more engagement on them was undertaken. The company responded to the IAP in April 2019 and the Partnership provided its opinion to Ofwat on the response at the same time.<sup>2</sup> This report is published on the Partnership's website which can be found at [www.wessexwaterpartnership.co.uk](http://www.wessexwaterpartnership.co.uk).

The Partnership welcomed the additional research Wessex Water is undertaking on PCs and ODIs in response to the IAP because it had highlighted to Ofwat the limitations of the earlier research into these aspects of the Business Plan. The Partnership reviewed the scope and materials used for the additional customer engagement and found them to be appropriate and robust.

The new research had only been recently completed by April 2019. While the company included the results within its response

to the IAP, the Partnership will be reviewing them in detail for a possible response to Ofwat's draft determination later this year.

The Partnership welcomed that Ofwat challenged the company to do more for its customers in some cases and that WW will be doing this.

Some targets are now less ambitious and some incentives less rewarding or penalising as a result of the IAP. The Partnership recognises this is due to the methodology used by Ofwat for the IAP and, while it is disappointed by the reduced stretch of the new targets, it understands the reasons behind this.

Overall the Partnership was satisfied that none of the changes to service targets or ODI rates proposed by WW in its response to the IAP contradicted the customer evidence obtained for the Business Plan or have a material impact on customer bills or on protecting customers in vulnerable circumstances.

Wessex Water provided Ofwat with further information to justify its original PC and ODI proposals and challenged the IAP in some cases. The Partnership considered this additional information to be consistent in material respects with the company's research undertaken for the Business Plan. The Partnership is willing to consider more information from Ofwat on the customer benefits of the IAP issues on the PCs and ODIs which the company is not accepting and suggested such information is provided in Ofwat's Draft Determination.

1. *Wessex Water Partnership: Assurance Report on Wessex Water's 2020 – 2025 Business Plan. September 2018*

2. *Wessex Water Partnership: Report on Wessex Water's response to Ofwat's initial assessment of the company's 2020-2025 Business Plan. April 2019*

## 4. The Partnership's focus for 2019/20

The Partnership's general areas of focus and challenge for 2019/20 will include:

- The Information Assurance Plan update
- Monitoring WW's performance against its PR14 commitments
- Ofwat's Draft and Final Determinations

As a result of its work this year, the Partnership will also investigate and challenge the company in areas where performance has been or may be on a deteriorating trend.

Particular areas include:

- The EPA, particularly pollution incidents and the self-reporting of such incidents
- Percentage Rating Good Value for Money
- Ease of Contact Resolution
- Volume of Water Used Per Person

# 5. Conclusions

**The Partnership has reviewed and challenged WW's performance against its Final Determination Commitments for 2018/19 and the company's PR19 Business Plan submission.**

WW has continued the good performance it achieved last year. The company met or exceeded 25 out of its 32 performance targets for 2018/19, a similar overall achievement to last year.

The Partnership welcomes the strong performance associated with delivering all commitments associated with resilient services, leakage, sewer flooding and carbon footprint. The company also met these commitments last year.

Most targets were met relating to providing excellent service to customers, affordable bills, rivers lakes and estuaries, and improved bathing waters, although two beaches failed EU standards, as was the case last year.

The Partnership notes and accepts the company's explanations why certain customer, water quality and environmental targets were missed or where performance slipped from the previous year. It recognises that in some cases factors outside the company's control such as weather conditions or actions by third parties had an impact on performance.

It was disappointing that WW's performance against EA's Environmental Performance Assessment (EPA) fell from 'leading' to 'good' due to increased numbers of pollution incidents from the sewerage network and a slight fall in the company's self-reporting of such incidents. The Partnership will be monitoring the company's EPA performance during the coming year.

Both targets associated with highest quality drinking water were also missed although the number of customer contacts about drinking water did fall slightly from the previous year.

The company continues to find its targets relating to good value for money and percentage rating for ease of resolution challenging. The Partnership will continue to review and challenge performance against these measures including the company's performance against its peers and the effectiveness of its new and proposed customer service systems and processes.

The Partnership welcomes the company's ongoing intention to do all it reasonably can to maintain and improve performance and

meet its future targets. The Partnership will continue to challenge the company to do as much as it can to achieve and where possible exceed its targets for the benefit of customers and the environment.

In some cases the company has earned rewards or suffered penalties under the Ofwat PR14 incentive regime as a result of its performance in 2018/19. The most significant of these is a reward of around £2.5m for performance against internal sewer flooding incidents. A £5.5m reward was earned last year and the year before. Any rewards and penalties earned will be totalled and accrued at the end of 2019/20. The Partnership discussed the use of any rewards or penalties with the company and noted that outperformance money from this price control period will be used to fund the new Community Foundation for the first two years of the next price control.

Information provided by the company on performance issues and other topics identified by the Partnership last year was reviewed and challenged. Most issues were resolved to the Partnership's satisfaction although further monitoring will take place in some cases.

The Partnership has identified a number of performance areas it wishes to focus on during 2019/20.

The Partnership had the opportunity to review and challenge the company's information reporting and assurance regime. It received assurance from the company's independent Technical Auditor that the company's performance information for 2018/19 is robust and that the resulting rewards or penalties have been correctly calculated.

The Partnership also reviewed and challenged the company's PR19 Business Plan and its response to Ofwat's IAP. The Partnership reported its findings and opinions on the company's PR19 Business Plan in September 2018 and on WW's response to the IAP in April this year.

# Appendices

## Appendix 1: Glossary

AMP	Asset Management Plan
BAP	Biodiversity Action Plan
Caps and Collars	Upper and lower limits of performance beyond which no financial incentive applies
CCG	Customer Challenge Group
CCWater	The Consumer Council for Water
CSO	Combined Sewer Overflow
Deadband	A range either side of the performance target within which no financial incentive applies
DWI	Drinking Water Inspectorate
EA	The Environment Agency
FD	Final Determination (Ofwat December 2014)
IAP	Ofwat's initial assessment of the PR19 Business Plan
MI/a	Megalitres per annum
MI/d	Megalitres per day
NEP	National Environment Programme
OBR	Office of Budget Responsibility
ONS	Office of National Statistics
ODI	Outcome Delivery Incentive. Delivery of each Performance Commitment was assigned a financial or reputational incentive by Ofwat in the Final Determination
Ofwat	Water Services Regulation Authority - The economic regulator of the water sector in England and Wales
Outcome	Nine strategic outcomes for customers, derived from WW's customer engagement, and defined in its Strategic Direction Statement (SDS) published in 2012
Performance Commitment	Performance measures supporting the Outcomes. The levels of performance (targets) were set by Ofwat in the PR14 Final Determination
PR14	Price Review 2014
PR19	Price Review 2019
SIM	Service Incentive Mechanism
WaSC	Water and Sewerage company
WINEP	Water Industry National Environment Plan
WRMP	Water Resources Management Plan
WW	Wessex Water
WWP	The Wessex Water Partnership

For information on the economic regulation of the water industry in England and Wales including the setting of prices and Ofwat's expectations of CCGs, the reader is directed to the regulator's website [www.ofwat.gov.uk](http://www.ofwat.gov.uk).

## Appendix 2: Partnership members 2018/19

<b>Dan Rogerson</b>	Chair of Wessex Water Partnership
<b>Richard Cresswell</b>	Chair of WW Catchment Panel
<b>David Heath</b>	CCWater
<b>Michael Barnes</b>	CCWater
<b>Jeremy Bailey</b> (April 2018 - January 2019)	Environment Agency
<b>Kevin Ward</b> (January 2019 onwards)	Environment Agency
<b>Ian Walker</b>	University of Bath
<b>Nicola Morris</b>	University of Bath
<b>Martin Green</b>	Age UK South Gloucestershire
<b>David Hawkes</b>	AdviceUK
<b>Matthew Vaughan Wilson</b>	The Money Advice Trust
<b>Sarah Cardy</b>	Citizens Advice
<b>Jeremy Hawkins (Report Writer)</b>	Creoda Consulting

## Appendix 3: Detailed commentaries on Wessex Water’s performance in 2018/19 against its Final Determination Outcomes and associated Performance Commitments

### Background

One of the key roles of the Partnership is to scrutinise and challenge WW’s delivery each year against the strategic Outcomes and associated Performance Commitments set out in the Final Determination and the resulting impact on customers. These Outcomes were defined by the company in 2012 from its customer engagement and are:

#### Household retail service

- Excellent service for customers
- Affordable bills

There are one or more Performance Commitments for each Outcome. Ofwat’s Final Determination includes targets for each Commitment for each of the five years between 2015/16 and 2019/20 in the Price Control period. The performance against each Commitment is measured and reported each year by the company.

#### Wholesale water and wastewater service

- Rivers, lakes and estuaries protected
- Resilient services
- Reduced leakage
- Highest quality drinking water
- Improved bathing waters
- Sewage flooding minimised
- Reduced carbon footprint

Delivery of each Commitment was assigned a financial or reputational incentive in the Final Determination. These are known as Outcome Delivery Incentives (ODIs). The financial incentives may be rewards or penalties or penalty only. In many cases limits on rewards and penalties (caps and collars) and neutral zones (deadbands) were also set in the Final Determination.

## Commentaries on WW’s achievements in 2018/19 against its Performance Commitments

### 1. Household Retail

#### Outcome A: Excellent service for customers

RA1 - SIM SERVICE SCORE (%)		
TARGET 18/19 >86	ACTUAL 18/19 87	PREVIOUS YEAR 87

WW out-performed the SIM service score target in 2018/19 with the same score as achieved the year before. The associated incentive is financial (reward and penalty).

The company’s Technical Auditor provided assurance to the Partnership that the company’s SIM reporting methodology and resulting data are robust.

The Partnership welcomes the continued high performance against this measure and encourages the company to maintain or improve it in future.

## RA2 - PERCENTAGE RATING GOOD/VERY GOOD

(from customer contacts regarding operational queries and complaints)

**TARGET 18/19**  
**>95%**

**ACTUAL 18/19**  
**96%**

**PREVIOUS YEAR**  
**96%**

WW out-performed the 2018/19 target for this performance commitment. The incentive is reputational. Performance was the same as in the three previous years.

The rating is assessed from customer contacts regarding operational queries and complaints. Data is taken from the results of customer surveys undertaken by the company, which are independently audited.

At the Partnership's request the company provided data on the split between 'good' and 'very good' customer contacts used for this measure. The Partnership was able to see from these data that the proportion between the two categories has remained broadly consistent over the last three years at an average of 6.2% 'good' and 89.6% 'very good'.

The company's Technical Auditor confirmed to the Partnership that the company's reporting methodology and resulting data associated with this Performance Commitment are satisfactory.

## RA3 – PERCENTAGE RATING GOOD VALUE FOR MONEY

**TARGET 18/19**  
**74%**

**ACTUAL 18/19**  
**69%**

**PREVIOUS YEAR**  
**70%**

WW fell short of its target for 2018/19, continuing a deteriorating trend from last year and significantly below the 84% performance achieved in 2016/17. The associated incentive is reputational.

Performance is measured from the results of the company's annual image tracking survey, which involves questioning 1,000 randomly selected domestic customers.

The company's bills remain around the highest in the industry. The Partnership is aware from published data that value for money across the industry has fallen in recent years, particularly for water services.

Industry performance information is available through the CCWater tracking survey, 'Water Matters' at:

<https://www.cewater.org.uk/wp-content/uploads/2018/07/Water-Matters-Household-customer-views-on-their-water-and-sewerage-services-2017.pdf> .

The most recent version covers the 2017/18 year and was published in July 2018. The 2018 performance is yet to be published by CCWater.

The company informed the Partnership that the Value for Money ratings achieved in the CCWater survey are generally higher than achieved in its own survey. WW also performs better than both the industry and water and sewerage company (WaSC) averages for both services.

The Partnership will review the company's performance against this indicator in more detail over the coming year particularly as it will be an AMP7 Performance Commitment.

## RA4 – PERCENTAGE RATING EASE OF CONTACT RESOLUTION

**TARGET 18/19**  
Improving trend

**ACTUAL 18/19**  
92%

**PREVIOUS YEAR**  
93%

WW's performance fell from the previous year, a deteriorating trend causing the target to be missed.

For the first two years of the current period ease of contact resolution performance was measured from the results of the company's annual image tracking survey, which involves questioning 1,000 randomly selected domestic customers.

The incentive is reputational.

The company has discussed this measure with the Partnership, as it was finding the sample size of 100 contactors it is achieving through its tracker statistically insufficient to produce a meaningful answer. The Partnership agreed that WW will use the SIM replica as a data source, and that the company applied to Ofwat to implement this change. The SIM replica survey occurs eight times per year and has a more robust sample size of 2,400.

The Partnership notes that the ease of contact score using the SIM replica was 92% for 2018/19, a fall of one percent from the previous year.

The Partnership was expecting the performance against this commitment to improve in 2018/19 due to system and process improvements the company was planning to implement during the year. The Partnership asked if these improvements had been delayed or whether the resulting benefits had been less than anticipated.

The company advised that its Customer Excellence programme is still ongoing. New systems have been introduced into the operational contact centre but the full roll-out to all field staff has been delayed until the middle of 2019/20. Job tracker functionality has been added to a small number of job types with more types to be covered by the end of this year. Extension to all relevant job types and improved self-service reporting for operational contact are also planned.

The company also informed the Partnership that it is investing in a new billing and Customer Relationship Management system which are due to complete in mid 2020. These will be followed by further enhancements to WW's e-billing solution.

The Partnership will continue to monitor performance against this performance commitment during the coming year.

## RA5 – ACCESSIBLE COMMUNICATION

**TARGET 18/19**  
BS18477 and Customer  
Service Excellence Award held

**ACTUAL 18/19**  
BS18477 and Customer  
Service Excellence Award held

**PREVIOUS YEAR**  
BS18477 and Customer  
Service Excellence Award held

The company maintained its BS18477 accreditation and the Customer Service Excellence Award in 2018/19 and so met this reputational performance commitment.

## Outcome B: Affordable bills

### RB1 (i) – VOLUME OF WATER USED PER PERSON

TARGET 18/19	ACTUAL 18/19	PREVIOUS YEAR
132 l/person/day	147 l/person/day	143 l/person/day

WW missed the target for 2018/19 by 15 l/person/day (11%). The target was missed in 2017/18 by 7.5% and in 2016/17 by 5%. The incentive is reputational.

The company considers performance against this particular measure is driven by factors largely outside its control – such as weather conditions. The Partnership notes that the volume of water used per person has increased over the last three years. It recognises that recent years have been relatively dry which might explain the increased usage. The summer of 2018 was particularly dry. The Partnership is aware of increasing per capita consumption by customers of some other companies.

The Partnership questioned the company over the fall in the number of domestic meters it installed, as WW cites this as another reason why overall consumption may have been higher than target. It also requested and was provided with information on meter installations over recent years.

The company told the Partnership that number of meters installed in 2018/19 was lower as a result of the actions it took to help manage leakage during the hot weather. The targeted promotion of optional metering and the change of occupier policy were paused temporarily to enable meter fitting staff to focus on fixing leaks.

The Partnership questioned the company on:

- the drivers of the reduction in ‘change of occupier’ meter installations
- whether measures had been taken to catch up in the current year
- the resources the company has to cope with meter installations and leakage reduction during periods of hot weather
- the steps taken during the hot summer of 2018 to educate and encourage customers to use water wisely

The company provided information in response these questions which aided the Partnership’s understanding and acceptance of the operational measures taken.

The Partnership will review the company’s performance against this commitment over the coming year.

The EA expects the reported volume used per person for 2018/19 to be consistent with the Water Resources Management Plan (WRMP) annual review data and commentary the company will report to Defra later this year.

### RB1 (ii) – VOLUME OF WATER SAVED BY WATER EFFICIENCY PROGRAMME

TARGET 18/19	ACTUAL 18/19	PREVIOUS YEAR
2.59 l/per/day	3.06 l/per/day	2.48 l/per/day

The company has out-performed the target for 2018/19 by 0.47 litres per person per day. The incentive is financial (penalty only).

The EA expects the reported volume of water saved for 2018/19 to be consistent with the Water Resources Management Plan (WRMP) annual review data and commentary the company will report to Defra later this year.

## RB2 – BILL AS A PROPORTION OF DISPOSABLE INCOME

**TARGET 18/19**  
**Reducing trend**

**ACTUAL 18/19**  
**1.4%**

**PREVIOUS YEAR**  
**1.5%**

WW met its target for the Commitment in 2018/19 as the target reflects an overall reducing trend over the three years from the starting level of 1.6% in 2014/15.

Performance is measured by dividing the company's average household bill by average disposal income (derived from ONS and OBR data). The incentive is reputational, but the company has no control on the level of disposable income.

While the Partnership welcomes the downward trend in performance against this commitment it requested and was provided with comparative industry information to help it understand industry trends and the company's relative position. This information enabled the Partnership to see that WW has performed similarly to other companies in recent years.

## 2. Wholesale Water

### Outcome B: Rivers, lakes and estuaries

#### B4 – COMPLIANCE WITH ABSTRACTION LICENCES

**TARGET 18/19**  
**100%**

**ACTUAL 18/19**  
**100%**

**PREVIOUS YEAR**  
**100%**

WW met the target in 2018/19 and forecasts 100% compliance over the rest of this AMP period. The incentive is reputational.

The EA has informed the Partnership that it is unaware of any significant failures in compliance against this measure and so can support the reported performance on this basis.

The Partnership was keen to know if there had been an impact on WW's abstractions as a result of the cold weather and the freeze-thaw experienced in March 2018. The company informed the Partnership that water abstracted did temporarily increase during the cold weather as a result of thawed burst pipes (both customer and company), but there was no impact on abstraction compliance. WW said that abstraction quickly returned to normal levels for the time of year and there were no lasting impacts on the management of resources or annual licences in 2018/19.

#### B5 – ABSTRACTIONS AT MERE EXPORTED

**TARGET 18/19**  
**100 MI/a**

**ACTUAL 18/19**  
**0 MI/a**

**PREVIOUS YEAR**  
**30 MI/a**

WW out-performed the river abstraction target at Mere in 2018/19, with zero abstraction in the year, down from 30 MI/a in 2017/18. The incentive is financial (penalty-only).

The company's new water supply grid has been commissioned and was the main contributing factor to the zero abstraction at Mere in 2018/19. The company told the Partnership that it now has sources other than Mere available to supply operational requirements so it now forecasting to meet the target for this Commitment for the remaining year of this price control period.

## B6 – BAP LANDHOLDING ASSESSED AND MANAGED FOR BIODIVERSITY

**TARGET 18/19**  
**90%**

**ACTUAL 18/19**  
**96%**

**PREVIOUS YEAR**  
**90%**

The company exceeded the target in 2018/19 and increased the percentage of BAP landholding assessed for biodiversity by 6% from the previous year (when it also exceeded the target for that year). The incentive is financial (penalty only).

The company's Technical Auditor provided assurance to the Partnership that the company's reporting methodology and resulting data for this Commitment are robust.

The Partnership understands the 96% performance achieved in 2018/19 relates to the assessment of land and that land management for biodiversity is excluded from this measure.

The Partnership asked WW for details of the types of work undertaken to increase the percentage of land managed for biodiversity and evidence of the sort of land management it undertakes to improve biodiversity.

The company provided this information which helped the Partnership's understanding of its activities relating to increasing biodiversity.

## B7 - LENGTH OF RIVERS WITH IMPROVED FLOW

**TARGET 18/19**  
**99 km**

**ACTUAL 18/19**  
**111 km**

**PREVIOUS YEAR**  
**78 km**

This Commitment relates to improvements on various watercourses to return flows to within environmentally acceptable ranges in other watercourses where flows are currently low.

The company achieved flow improvements to 111km of river in 2018/19, exceeding the target for the year of 99km.

The incentive is financial (reward and penalty) and this year's out-performance results in an accrued incentive payment of £0.228m for the year. The company is forecasting a total reward of £1.938m for the price control period.

The Partnership requested and was provided with data on reduced abstraction volumes, changes in abstraction licences and financial benefit the company gained through lower payments to EA from revocation of abstraction licences.

The company provided comprehensive responses to these questions to the Partnership's satisfaction.

## Outcome D: Resilient services

### D2 – RESTRICTIONS ON WATER USE (HOSEPIPE BANS)

**TARGET 18/19**  
**0**

**ACTUAL 18/19**  
**0**

**PREVIOUS YEAR**  
**0**

No water use restrictions were applied during 2018/19 and none are forecast next year.

### D3 – WATER SUPPLY INTERRUPTIONS

(>3hrs including planned, unplanned and third party)

**TARGET 18/19**  
**12.0 mins/prop**

**ACTUAL 18/19**  
**5.9 mins/prop**

**PREVIOUS YEAR**  
**12.3 mins/prop**

The incentive associated with this Commitment is financial (reward and penalty).

WW significantly out-performed the target in 2018/19 resulting in an accrued reward of £225,900. A penalty of £13,000 was accrued last year due mainly to a large-scale interruption in the Westbury area over three hours that year. No major supply interruptions occurred during 2018/19.

The Partnership notes that performance against this Commitment can be very sensitive to such interruptions and thus difficult to forecast.

The company's Technical Auditor confirmed to the Partnership that the company's reporting methodology and resulting data associated with this Performance Commitment remain satisfactory.

### D4 – PROPERTIES SUPPLIED BY A SINGLE SOURCE

(including the integrated supply grid)

**TARGET 18/19**  
**42,000**

**ACTUAL 18/19**  
**42,000**

**PREVIOUS YEAR**  
**42,000**

The company met the target in 2018/19 as a result of substantially completing its work on the new water supply grid last year.

The associated incentive is financial (penalty-only).

The EA expects the reported number of properties supplied by a single source for 2018/19 to be consistent with the Water Resources Management Plan (WRMP) annual review data and commentary the company will report to Defra later this year.

### D5 – WATER MAINS BURSTS

**TARGET 18/19**  
**<1,993**

**ACTUAL 18/19**  
**1,939**

**PREVIOUS YEAR**  
**1,920**

The Partnership notes that the company met its 2018/19 target but its performance was slightly worse than the previous year despite weather conditions being favourable. This deterioration in performance has occurred over the last three years. The company considers such fluctuations in performance to be expected as it considers its current investment to be sub optimal.

The incentive is financial (penalty only). The FD target for water mains bursts remains constant throughout the five-year period.

The Partnership asked WW for further detail to explain the increasing trend in burst numbers, for example on any specific event that occurred in 2018/19.

The company informed the Partnership that in 2018/19 it experienced more mains bursts due to unusually cold weather at the beginning of the report year and ground shrinkage during the hot summer of 2018.

The EA expects the reported number of bursts for 2018/19 to be consistent with the Water Resources Management Plan (WRMP) annual review data and commentary the company will report to Defra later this year.

## Outcome F: Leakage

F1 – VOLUME OF WATER LEAKED		
<b>TARGET 18/19</b> <b>67.2 MI/d</b>	<b>ACTUAL 18/19</b> <b>66.4 MI/d</b>	<b>PREVIOUS YEAR</b> <b>67.7 MI/d</b>

The company out-performed its 2018/19 leakage target by 0.8 MI/d. The volume leaked was 1.3 MI/d less than the previous year.

The associated incentive is financial (reward and penalty) but performance was within the reward deadband so no reward has been accrued for 2018/19.

The Partnership notes that the weather conditions during 2018/19 will have helped the leakage levels, as happened in the previous two years.

The Partnership scrutinised WW's future leakage strategy as part of its review of PR19, particularly the feasibility of any potentially more cost beneficial leakage reduction measures. It also challenged the proposed AMP7 Performance Commitment and service target for leakage. The Partnership is pleased that the company is aiming to achieve a significant reduction in leakage in AMP7 and recognises that its proposed AMP7 target is stretching.

WW's Technical Auditor confirmed that the company's leakage reporting methodology to be appropriate and the resulting data to be sound.

The EA expects the reported leakage for 2018/19 to be consistent with the Water Resources Management Plan (WRMP) annual review data and commentary the company will report to Defra later this year.

F2 – CUSTOMER REPORTED LEAKS FIXED WITHIN A DAY		
<b>TARGET 18/19</b> <b>80%</b>	<b>ACTUAL 18/19</b> <b>80%</b>	<b>PREVIOUS YEAR</b> <b>76%</b>

The company met its target for 2018/19 and improved its performance over the previous year by 4%. The incentive associated with this Commitment is reputational.

The EA expects the reported leaks fixed within a day for 2018/19 to be consistent with the Water Resources Management Plan (WRMP) annual review data and commentary the company will report to Defra later this year.

## Outcome G: Highest quality drinking water

G1 – CUSTOMER CONTACTS ABOUT DRINKING WATER		
<b>TARGET 2018</b> <b>1,608</b>	<b>ACTUAL 2018</b> <b>2,010</b>	<b>PREVIOUS YEAR</b> <b>2,031</b>

Targets and actual performance against this measure are reported on a calendar year basis. The associated incentive is financial (reward and penalty).

Despite improving slightly on its 2017 performance WW missed its target for 2018. The under-performance has resulted in an accrued maximum penalty of £400,000.

The Partnership notes that, as reported in the last three years, the company does not consider significant performance improvement is sustainable due to reducing opportunities for cost-effective investment in mains rehabilitation. As last year it is forecasting a total penalty for the AMP period of £1.2m. The Partnership is aware that WW made representations to Ofwat at the price determination about this issue but its case was not accepted. The Partnership continues to encourage WW to do all it can in other ways, such as through its customer management relationship initiatives, to ensure the targets for these years are met.

The Partnership asked the company to provide information on the breakdown of water quality contacts between colour, taste and odour. It also requested detail on the company’s customer management relationship initiatives that are relevant to contacts about drinking water quality.

WW provided this information which helped the Partnership’s understanding of customers’ concerns about drinking water quality and the company’s efforts to minimise customer contacts relating to it.

<b>G2 – COMPLIANCE WITH DRINKING WATER STANDARDS</b> (Mean Zonal Compliance)		
<b>TARGET 2018</b> <b>100%</b>	<b>ACTUAL 2018</b> <b>99.96%</b>	<b>PREVIOUS YEAR</b> <b>99.96%</b>

Targets and actual performance are reported on a calendar year basis. The associated incentive is financial (penalty only).

The company failed to meet the 2018 target of 100% because it suffered nine water quality failures (out of 25,000 tests undertaken) during the year. This level of performance was within the penalty deadband so no penalty has been accrued.

The Partnership notes that all the water quality failures in 2018 occurred on private water fittings (domestic plumbing and supply pipes) and so were outside WW’s direct control. The Partnership understands and accepts the risk of failure on private fittings is always present and so WW cannot guarantee 100% compliance against this measure.

### 3. Wholesale Wastewater

#### Outcome A: Improved bathing waters

<b>A1 – AGREED NEP BATHING WATERS SCHEMES DELIVERED</b>		
<b>TARGET 18/19</b> <b>100%</b>	<b>ACTUAL 18/19</b> <b>100%</b>	<b>PREVIOUS YEAR</b> <b>100%</b>

The incentive associated with this Commitment is financial (penalty only).

The company met its 2018/19 target by delivering two agreed NEP Bathing Waters schemes, one during 2018/19 and the other completed last year. The EA have confirmed to the Partnership that the company delivered the required NEP schemes for 2018.

WW has informed the Partnership that it is on track to deliver the remaining bathing water schemes in the National Environmental Programme next year and will monitor progress accordingly.

## A2 – BEACHES PASSING EU STANDARDS

**TARGET 2018**  
**100%**

**ACTUAL 2018**  
**96%**

**PREVIOUS YEAR**  
**96%**

The targets and actual performance for this measure are reported on a calendar year basis. The associated incentive is reputational.

WW did not meet its 2018 target because of two failures during the year against the EU 'sufficient' standard under the revised Bathing Water Directive. One failure occurred at Burnham Jetty North (the company reported similar failures each year between 2014 and 2017) and at Weston Super Mare Main.

The company has again informed the Partnership that, despite its wider investment in bathing water compliance, it does not anticipate meeting the standard at Burnham North Jetty throughout the period to 2019/20 due to wider pollution factors beyond its control.

WW was asked for and provided details on the cause of the failures at the beaches at Weston Super Mare in 2017 and 2018 and its plans to address these. These details indicated that both causes of failure were third party related.

The Partnership is satisfied that the company is maximising its efforts to achieve compliance and accepts that there are other causes of poor bathing water which are outside the company's control.

## Outcome B: Rivers, lakes and estuaries

### B1 – EA's ENVIRONMENTAL PERFORMANCE ASSESSMENT

**TARGET 2018**  
**Industry leading**

**ACTUAL 2018**  
**Good**

**PREVIOUS YEAR**  
**Industry leading**

The EA's Environmental Performance Assessment is reported on a calendar year basis. It is a composite indicator including metrics on pollution incidents, discharge permit and sludge compliance, security of supply and National Environment Programme (NEP) outputs delivered, with companies rated from one to four star. The associated incentive is currently financial (reward and penalty). The final EPA assessment for 2018 will be published by EA in July 2019 but the draft assessment is discussed below.

The Partnership requested and was provided with information on the components of company's EPA performance in 2018.

The Partnership notes the company dropped from a four star company in 2017 to a three star company in 2018. This is due to deteriorating performance on pollution incidents. There were two Serious (Category 1) incidents in 2018 compared to one in 2017, and none in 2016. There has been no improvement in Category 2 incidents, with two in 2018, 2017 and 2016. Category 3 incident occurrence is getting progressively worse with 101 in 2018, compared to 99 in 2017 and 94 in 2016. Self-reporting of pollution incidents also dropped from to 74% from 78% in 2017.

The company has produced a pollution reduction strategy and the EA is working with the company to try to reverse this disappointing trend and will report on progress to the Partnership over the current year.

## B2 – MONITORING CSOs

**TARGET 18/19**  
**43%**

**ACTUAL 18/19**  
**80%**

**PREVIOUS YEAR**  
**60%**

WW comfortably out-performed its 2018/19 target by installing monitoring telemetry at 193 named combined sewer overflow (CSO) locations. Some 790 CSOs have now been improved in this way since the start of the current control period. This is 80% of the 992 CSOs deemed to potentially have an impact on the environment. The associated incentive is financial (penalty only).

The company has informed the Partnership that it remains on track to deliver the remaining improvements and meet its targets through to 2019/20.

WW's Technical Auditor confirmed that the company's reporting methodology for this Commitment to be appropriate.

## B3 – RIVER WATER QUALITY IMPROVED

**TARGET 18/19**  
**11**

**ACTUAL 18/19**  
**38**

**PREVIOUS YEAR**  
**23**

WW improved the river water quality of 15 water bodies during 2018/19 (against a target of eleven) resulting in a cumulative total of 38 to date in the current period. The cumulative target is 71 by 2019/20.

The associated incentive is financial (reward and penalty), however these are assessed based upon the position at March 2020.

WW carried out investment and improvements in operating regimes at wastewater treatment works under the National Environment Programme earlier than needed under this Commitment but with the knowledge of EA.

The Partnership requested and received information on the 15 water bodies improved in the year which helped it understand the company's performance.

## Outcome C: Sewer flooding

### C1 – INTERNAL FLOODING INCIDENTS

(per 10,000 properties connected)

**TARGET 18/19**  
**1.68**

**ACTUAL 18/19**  
**1.43**

**PREVIOUS YEAR**  
**1.21**

The incentive associated with this Commitment is financial (reward and penalty).

WW out-performed the target in 2018/19 (as it has done in other years) although performance was lower than the previous year. The company has accrued a corresponding reward of £2.448m for 2018/19. This is in addition to the £5.508m reward it accrued in both 2017/18 and 2016/17 and £5.1m in 2015/16. The company is now predicting a total reward of £23.526m for the control period (some £3.6m lower than it was forecasting this time last year). This predicted reward is lower than previous estimates because of the drop in performance this year.

The Partnership notes that the number of customers affected by internal flooding incidents increased from 2017/18. It questioned the company on this and was provided with causes of internal flooding incidents for the peak month of November 2018 (when 32 incidents occurred). This information showed that there was no one prevalent incident cause. The company also supplied rainfall and

internal flooding data for each month in 2018/19. Some correlation between weather and internal flooding incidents could be seen but the information didn't indicate that weather was the sole influencing factor for the peak incidents experienced in November. The information on the causes of flooding showed an increase in sewer misuse, over which the company has only limited control.

The Partnership welcomes the company's efforts to reduce the incidence of sewer flooding, given the severe impact on customers, and its forecast of further outperformance in the remaining years to 2019/20.

During the coming year the company has agreed to discuss with the Partnership the use of the associated total reward which will accrue at the end of the control period.

The company's Technical Auditor provided assurance to the Partnership that the company's sewer flooding incident reporting methodology and resulting data are robust.

C2 – RISK OF FLOODING FROM PUBLIC SEWERS (due to hydraulic inadequacy)		
<b>TARGET 18/19</b> <b>50,651</b>	<b>ACTUAL 18/19</b> <b>50,176</b>	<b>PREVIOUS YEAR</b> <b>49,796</b>

This measure is based on the company's sewer flooding risk register which utilises a grid assessment of likelihood against risk. The associated incentive is financial (reward and penalty).

WW out-performed the target for 2018/19, but performance was within the reward deadband and so no financial reward was accrued.

The risk score associated with this Commitment includes the assessment of properties that have flooded. The FD target for this Commitment remains constant throughout the five-year period.

The company's Technical Auditor confirmed to the Partnership that the reporting methodology and resulting data associated with this Performance Commitment are satisfactory.

C3a – NORTH BRISTOL SEWER SCHEME (Frome catchment)		
<b>TARGET 18/19</b> <b>0</b>	<b>ACTUAL 18/19</b> <b>0</b>	<b>PREVIOUS YEAR</b> <b>0</b>

There was no target for 2018/19, as delivery of the Frome catchment element of the North Bristol Sewer Scheme was not programmed until 2019/20 when the target was set. The company informed the Partnership that work on the scheme was completed during 2018/19. The associated incentive is financial (penalty only).

C3a – NORTH BRISTOL SEWER SCHEME (Trym catchment)		
<b>TARGET 18/19</b> <b>Not applicable</b>	<b>ACTUAL 18/19</b> <b>Not applicable</b>	<b>PREVIOUS YEAR</b> <b>Interim milestone reached</b>

The target for the Trym catchment element of the North Bristol Sewer Scheme was to achieve a specified milestone on the project in 2017/18. This was achieved in that year and was confirmed by the company's Technical Auditor.

The associated incentive is financial (penalty only).

## Outcome D: Resilient services

### D1 – COLLAPSES AND BURSTS ON SEWER NETWORK

**TARGET 18/19**  
**<300**

**ACTUAL 18/19**  
**257**

**PREVIOUS YEAR**  
**264**

The company informed the Partnership that in the previous years of the current price control period it has been reporting its annual performance against this commitment, rather than reporting on the basis of a rolling five-year average as required by the PR14 Final Determination. It has therefore restated its previous years' performance in its 2019 Annual Performance Report to comply with the Final Determination and has shared this information with the Partnership.

WW outperformed the target for the Commitment in 2018/19 (as it did in 2017/18). The five year rolling average figure fell from 264 in 2017/18 to 257 in 2018/19. The FD target for this Commitment remains constant at 300 collapses and bursts throughout the five-year period. The associated incentive is financial (penalty only).

With regard to actual performance in 2018/19 (rather than the five-year rolling average), the number of collapses and bursts on the sewer network increased by 25 (11%) from the previous year.

The company was asked for and provided information on the causes for the increase in collapses and bursts in 2018/19. While this showed no particular cause for the increased numbers there was a 30% uplift in the number of burst rising mains. WW informed the Partnership that it has initiated a six-year programme of burst detection monitoring of critical rising mains as a result of this increase.

The company's Technical Auditor confirmed to the Partnership that the sewer collapse and burst reporting methodology and resulting annual data are robust.

## Outcome E: Carbon footprint

### E1 – GREENHOUSE GAS EMISSIONS

(kilotonnes carbon dioxide equivalent)

**TARGET 18/19**  
**121 ktCO<sub>2</sub>e**

**ACTUAL 18/19**  
**119 ktCO<sub>2</sub>e**

**PREVIOUS YEAR**  
**122 ktCO<sub>2</sub>e**

The company met its 2018/19 greenhouse gas emission target. There was a slight decrease in emissions over 2017/18.

The associated incentive is reputational.

The company's Technical Auditor confirmed to the Partnership that the reporting methodology and resulting data associated with this Performance Commitment are satisfactory.

### E2 – PROPORTION OF ENERGY SELF GENERATED

**TARGET 18/19**  
**21%**

**ACTUAL 18/19**  
**25%**

**PREVIOUS YEAR**  
**26%**

WW exceeded its self-generated energy target for 2018/19 by 4% although the proportion of energy self-generated fell by 1% from the previous year. The associated incentive is financial (penalty only).

The company explained that the fall in the proportion of energy self-generated was caused by increased energy usage from the Integrated Supply Grid outweighing increases in generation from its various initiatives.

The company's Technical Auditor confirmed to the Partnership that the energy generation reporting methodology and resulting data are robust.