

# Wessex Water Partnership



**ANNUAL REPORT**  
JULY 2020

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# Foreword

**This year's Annual Report from the Wessex Water Partnership draws to a close our work on both the PR19 customer engagement and business planning process and the reviewing of the company's performance against its PR14 targets.**

As you will read, the Partnership has observed closely as Ofwat made its Final Determination for PR19 based upon the company's Business Plan. We welcomed the reintroduction of funding for partnership working, which had been omitted from the Draft Determination.

The company ends the PR14 period with improved provision for customers in environmental, customer service and efficiency outcomes. The Partnership has questioned the company over movement against specific targets, in order to understand the reasons for changes in performance. On behalf of customers we have queried and reported on any downward trends, but welcome that overall performance has improved across the five years.

The Partnership will be undergoing a period of reflection, review and change during the coming year as it prepares to review and challenge the company's performance against its PR19 performance commitments. We will also discuss our future role with as Ofwat's thinking on Customer Challenge Groups for the PR24 process emerges. This may entail changes in membership, focus or ways of working.

I would like to thank my fellow members and our report writer for their time and insightful contributions over the last four years. Thanks also to the company directors and executives who have engaged with us in a positive way and supported us in our independent work on behalf of customers.

**Dan Rogerson**  
**Chair - Wessex Water Partnership**



# Executive summary

**The Wessex Water Partnership (the Partnership) was established in January 2016. Its role is to work independently 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 independent opinion on the company's progress in delivering its existing service obligations and commitments in the final year of the current Asset Management Period (AMP6), and its business planning activities in preparation for delivery of the Final Determination set by Ofwat through its Price Review (PR19) from 1st April 2020.

This Report also includes comment on issues and opportunities raised by the Partnership in previous Annual Reports.

The Partnership is pleased to acknowledge that its working relationship with the company and its external advisers and auditors has remained open and transparent during 2019/20. The Partnership is grateful for the efforts of the company in helping it meet its objectives.

The Partnership reviewed and challenged WW's performance against its Final Determination Commitments and targets for 2019/20 and followed-up on performance issues identified last year.

The company has met or exceeded most of its performance targets for 2019/20 and overall performance was similar to previous two years.

Customers have received better customer service, improved water supply resilience and security, reduced leakage and reduced sewer flooding during 2019/20 and through the AMP6 period. The environment has also benefitted through improvements to rivers, lake and estuaries, increases in water efficiency, reductions in major and significant sewage pollution incidents and reductions in greenhouse gas emissions.

The Partnership has discussed with WW the ongoing impact of Covid-19 on the company and its customers and it will be monitoring the assistance provided to customers, particularly those in vulnerable circumstances.

WW's performance against the Environment Agency's (EA's) Environmental Performance Assessment (EPA) improved from 'good' in 2018/19 to 'leading' in 2019/20 through a reduced number of pollution incidents from the sewerage network and an increase in the company's self-reporting of such incidents. However, discharge compliance at

water recycling centres fell from the previous year due to operational issues, some of which were caused by third parties. The Partnership was pleased to see that the company improved performance on pollution incidents and that its EPA status returned to the high level achieved earlier in the period.

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

The company continued to find its targets relating to good value for money and percentage rating for ease of resolution challenging.

The company has explained why certain customer, water quality and environmental targets were missed or where performance slipped from the previous year. The Partnership accepts the company's explanation and 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. Some current Performance Commitments continue into the next five-year price control period (AMP7) but many are being replaced by a new suite of metrics defined in the PR19 Final Determination. 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 a reward under the Ofwat PR14 incentive regime of around £24m over the AMP6 period for outperformance against its Performance Commitment on internal sewer flooding incidents. £5.5m of this was earned in 2019/20.

WW has earned a total net reward of around £25.2m in AMP6 across all its PR14 Performance Commitments. This is accrued for payment after Ofwat has reviewed and approved it. The Partnership has noted and has welcomed that WW will be sharing 20% of this outperformance money with its customers through its new Community Foundation during the next five years.

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 will focus on during 2020/21.

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 (Mott MacDonald) that the company's performance information for 2019/20 is robust and that the resulting rewards or penalties have been correctly calculated.

The Partnership reviewed the company's response to Ofwat's Draft Determination the PR19 Business Plan and reported its views on this to Ofwat in August 2019. WW accepted Ofwat's Final Determination in February 2020 and briefed the Partnership on its content. The Partnership welcomed the company's decision and looks forward to monitoring and challenging its performance against its new regulatory and statutory obligations on behalf of customers. It will also continue to advise and challenge the company on its ongoing customer engagement policies and procedures, and its preparations for the next Price Review (PR24).



# 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 its service obligations and commitments and to advise and to challenge the company on its customer engagement, policies and procedures.**

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.

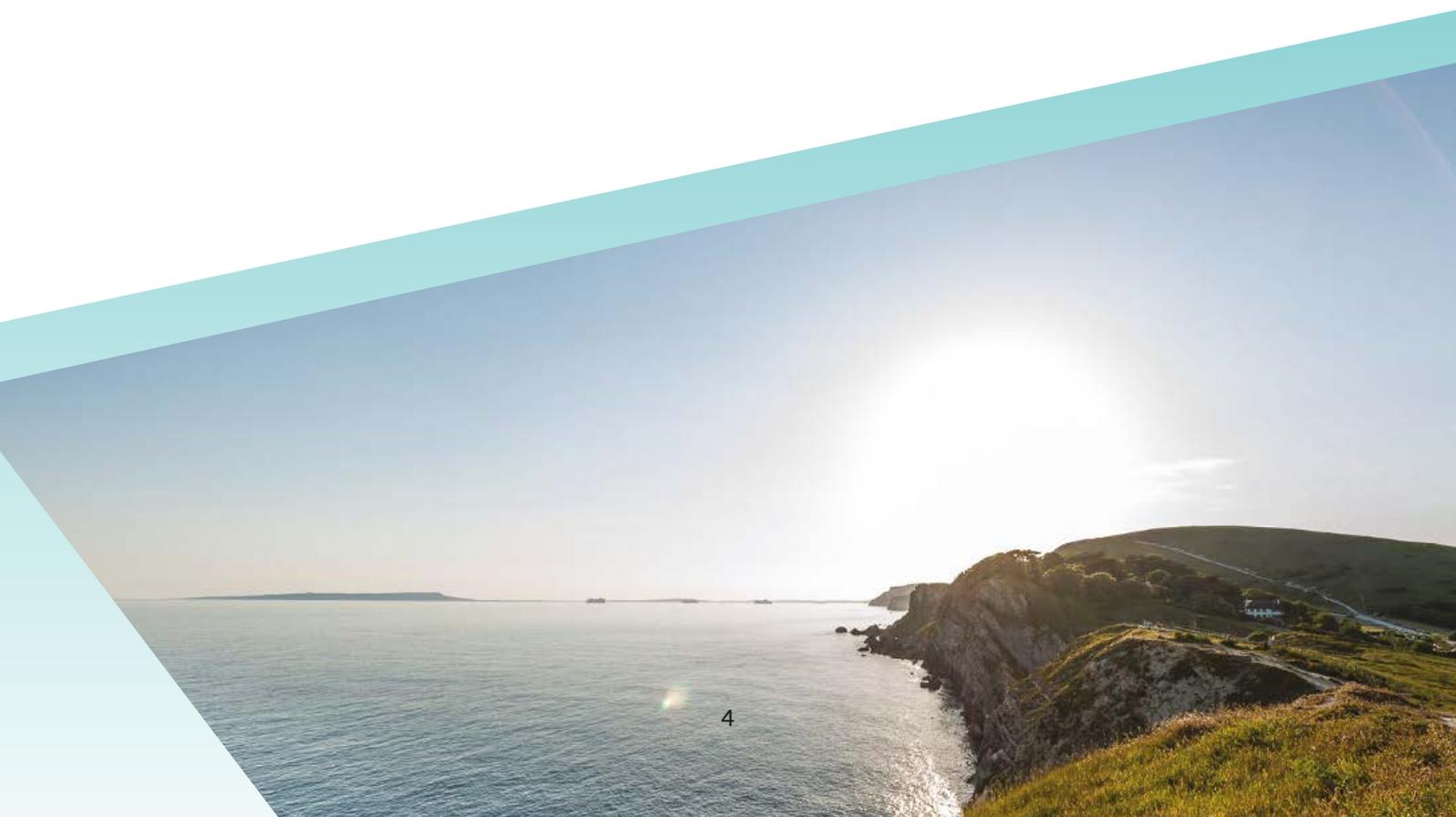
Information on the economic regulation of the water industry in England and Wales including the setting of prices and Ofwat's expectations of CCGs, is available on the regulator's website [www.ofwat.gov.uk](http://www.ofwat.gov.uk).

The purpose of this Report is to provide the WW Board and customers with the Partnership's opinion of the company's progress in delivering its current Performance Commitments

in the fifth and final 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 Ofwat's Draft and Final Determinations on WW's PR19 Business Plan. The Partnership's view on the Draft Determination was submitted to Ofwat in August 2019.

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 provided in Appendix 2.

The Partnership periodically reviews its membership to ensure it has adequate and appropriate representation to best fulfil 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
Consumer Council for Water	Interests of all water customers
Environment Agency	Environmental regulation and compliance
Citizens Advice Wiltshire	Customer service and vulnerability
Age UK South Gloucestershire	Interests of customers in later life
Money Advice Trust	Affordability and vulnerability
AdviceUK	Affordability and vulnerability
Wessex Water Catchment Panel	Environmental priorities and outcomes
University of Bath	Specialist knowledge on customer engagement
University of Bath	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 acts as the liaison point with the WW Board and attended each meeting of the Partnership.

## 2.2 Sub-groups

Throughout the AMP6 period the Partnership has been 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) has 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 did not meet this year as its review of the customer engagement methodologies employed by the company for its Business Plan and its response to Ofwat's IAP was completed during 2018/19. The customer engagement undertaken by the company during 2019/20 was reviewed by the Partnership as a whole.

The Partnership had two further sub-groups to assist with its work on the company's Business Plan; an Affordability

and Vulnerability Sub-Group (AVSG) and a Performance Commitment and Investment Sub-Group (PCISG).

The AVSG and PCISG did not meet during 2019/20 as their work was completed during 2018/19 when the Business Plan was submitted to Ofwat.

The scrutiny of the affordability of company's services, its social tariffs, the level of assistance to be provided to customers in vulnerable circumstances, plus any changes to the PR19 Performance Commitments (PCs), service targets and Outcome Delivery Incentives (ODIs) was undertaken by the main Partnership during 2019/20.

## 2.3 Meetings

The Partnership met four times during the year. The topics discussed were as follows:

WWP MEETING DATES	TOPICS
16 August 2019	PR19 Draft Determination WW review following Southern Water's information misreporting WWP in AMP7
14 November 2019	PR19 update Charges for 2020/21 Mid-year performance update Wessex Water Foundation
6 March 2020	PR19 Final Determination Business update C-MeX and D-MeX WW Catchment Panel's views on EPA and River Basin Management consultations Recruitment of WWP Chair for AMP7 Customer engagement update
11 June 2020	Covid-19 impact on WW and customers WW performance in 2019/20 and AMP6 Look ahead to AMP7 and 2020/21 Sharing AMP6 outperformance Customer engagement update Update on WWP Chair recruitment

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

The Partnership also held independent conference calls on 29 August 2019 and 1 June 2020 to discuss its response to Ofwat on the PR19 Draft Determination and the content of its 2020 Annual Report respectively

The Chair (and Report Writer on one occasion) attended meetings with Ofwat and 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, water quality or environmental regulators. The EA representative on the Partnership alerted members of any material issues associated with WW meeting its statutory environmental obligations.

As in previous years the Partnership is 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

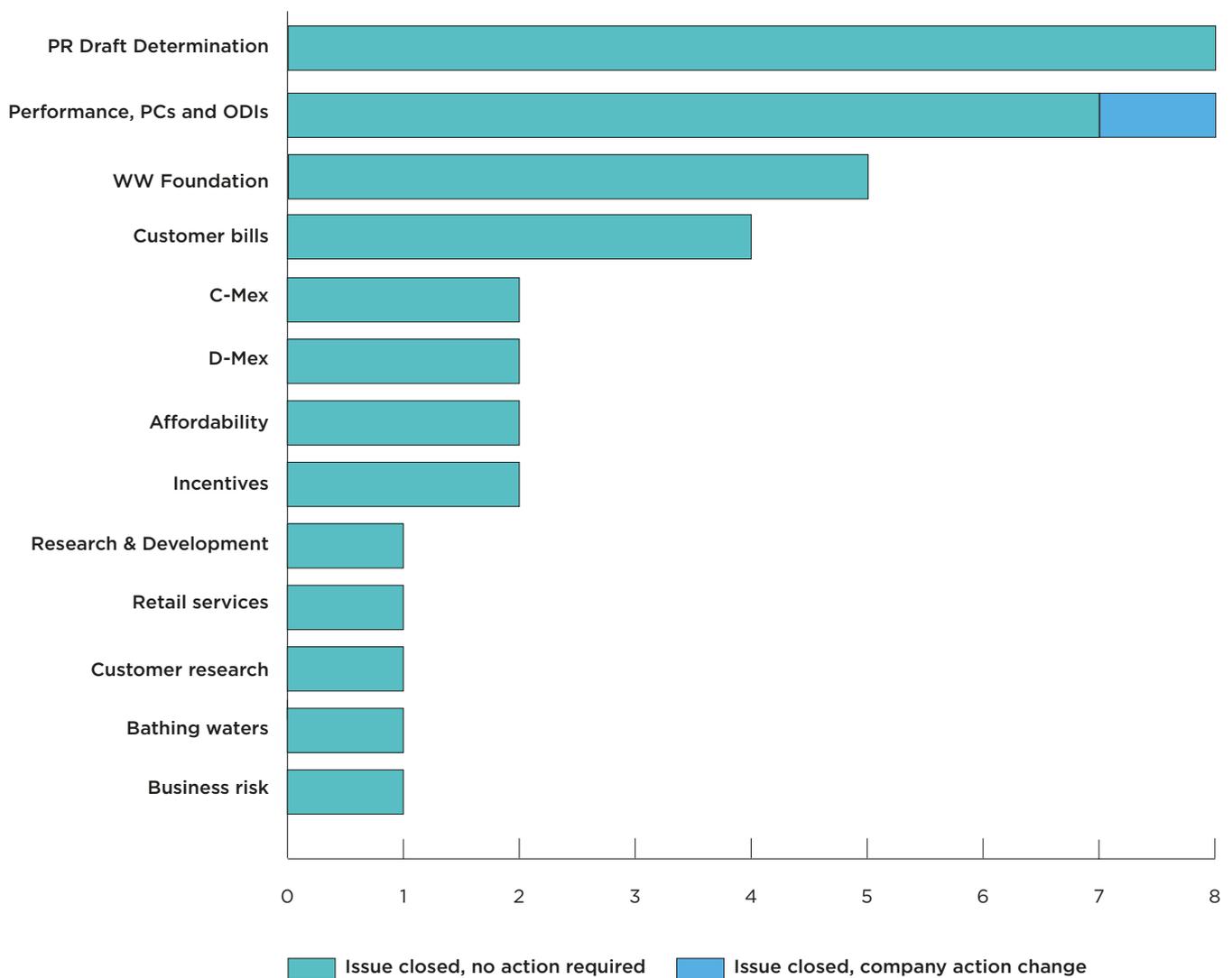
The Partnership continued to use the Challenge Diary it established in 2016 to document the challenges, key questions and information requests made to WW and the company's responses. The Partnership and the company consider the challenge process to have been constructive and effective.

40 challenges and key questions were logged during the year. These were in addition to the 163 raised and logged in the previous four years of the AMP6 period.

were addressed to the Partnership's satisfaction with one resulting in the company reporting its performance against its PR19 commitments on a shadow basis.

The company's responses to the challenges and key questions were considered by the Partnership. All challenges

The issues raised during 2019/20 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 2019/20 including performance on:

- 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

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

All issues were resolved to the Partnership's satisfaction. The Partnership has identified areas for review and monitoring during the coming year 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 2020.**

In May 2020, WW provided the opportunity for the Partnership to review the findings of its external Technical Auditor's (Mott MacDonald) 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 Mott MacDonald to discuss and challenge reporting processes, performance and assurance findings.

The Chair and the Report Writer attended the WW Audit Committee on 19th June 2020 at which the Technical Auditor presented his 2019/20 findings.

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.

Following its scrutiny and the assurance received, the Partnership is satisfied that the company's performance for 2019/20 has been robustly reported and that the resulting rewards or penalties have been correctly calculated.

## 3.2 PR14 Outcomes and Performance Commitments

**A key role of the Partnership continued 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. 2019/20 marked the fifth and final year of the current price control and so also provided an opportunity to reflect on the company's performance over the AMP6 period.**

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

In addition to reviewing the company's performance in 2019/20, the Partnership wished to understand and challenge the company's eligibility for any rewards earned penalties incurred in the year, and over the five-year period. In doing so, the Partnership has taken into account the views of the EA on environmental outcomes.

The Partnership also reviewed how the performance achieved this year compared with the previous four years. Where commitments continue into the next five year period, the Partnership considered whether levels of performance would be sustained, 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 generally 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 2019/20, and across the five year price

control period, are given in Appendix 3, together with the challenges it made to WW as part of its review.

In 2019/20 WW met or exceeded 25 out of its 32 performance targets for the year (a similar performance to the last two years) and has accrued a net outperformance reward as a result totalling around £5.4 million for the year. A £5.5 million reward was achieved by lower-than-target internal sewage flooding incidents, continuing the trend seen in previous years. Other rewards resulted from performance on length of rivers with improved flows, water supply interruptions and volume of water leaked. A penalty was incurred from higher than target customer contacts about drinking water quality, as experienced last year and in 2017/18.

The company has explained to the Partnership why seven Performance Commitment targets were missed in 2019/20. Apart from customer contacts about drinking water quality, two other shortfalls in performance were within the associated financial incentive 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 performance shortfalls and is encouraged by the company's intention and planning to meet its future targets for those Commitments that continue into the next five-year period.

WW has earned a total net reward of around £25.2m in AMP6 across all its PR14 Performance Commitments. £24.1m of this relates to out-performance on internal flooding incidents. The £25.2m is accrued for payment after Ofwat has reviewed and approved it. The Partnership has noted and welcomed that 20% of this outperformance money will be shared by WW with its customers through its new Community Foundation during the next five years.

The company now has a new set of targets for its Performance Commitments and Outcome Delivery Incentives for the next five years defined by Ofwat in the PR19 Final Determination. The Partnership looks forward to reviewing the company's performance against these.

The Partnership is reviewing its performance during PR19 and will publish its findings during the coming year together with any lessons learned and recommendations for improving the effectiveness of its work.

### 3.3 PR19 Business Plan and Ofwat's Draft and Final Determinations

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

The Partnership reported its findings and opinions to Ofwat on the Business Plan when it was submitted in September 2018.<sup>1</sup> This report is available 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 and used 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 development of the Business Plan.

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

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

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. It also 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.

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 undertook 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 Partnership welcomed that Ofwat challenged the company to do more for its customers in some cases and that WW proposed to do 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.

Ofwat's Draft Determination on the company's Business Plan for 2020 to 2025 was published in August 2019.

The Partnership received a briefing from Wessex Water on key aspects of the Draft Determination and had the opportunity to review the elements of the Draft Determination that potentially had most effect on customers. It also compared the Draft Determination with the views and wishes of the company's customers established during the business planning process.

The Partnership welcomed Ofwat's focus in the Draft Determination on increasing the proposed reduction in customers' bills in real terms. It also welcomed the change in the balance of incentives towards under-performance payments in those areas of service that the company's customers consider 'business as usual' such as; leakage reduction, water quality and the avoidance of environmental pollution. However, the Partnership was concerned that if the scope and scale of penalties was increased, the determination should allow Wessex Water sufficient resources to deliver improvements against these customer priorities.

The Partnership spent over two years reviewing and challenging Wessex Water's customer engagement and its use of the research findings in developing its Business Plan. The Partnership cared greatly about this and the strength of the evidence of what customers want and value. It was content that the Business Plan incorporated the views of Wessex Water's customers accurately in material terms.

The Partnership could see that many performance requirements on the company contained in the Draft Determination were different from those set out in the Business Plan. The Partnership understood and accepted that Ofwat takes a national view on the industry's current

and future performance. However, it stated that it would welcome reassurance from Ofwat that, in its detailed examination of Wessex Water's Business Plan, it has taken into account the views expressed by the company's customers; views that were established over a long period of time through the company's comprehensive engagement strategy.

The Partnership requested Ofwat's assurance that it is confident its funding allowances would not have adverse consequences for the delivery of service in areas that reflect customer priorities.

Ofwat published its Final Determination in 2019 and the company accepted it in February 2020. The Partnership received a briefing from WW on the Final Determination in March.

The Partnership was pleased that, following representations from the Catchment Panel, Ofwat reinstated £1.9m of the £2m that WW had included for partnership working.

The Partnership remains confident that the views of Wessex Water's customers were recognised by the company in its Business Plan and it was pleased to see that Ofwat's Final Determination on the Plan matched the expectations of customers in the round. It can also see that the Final Determination is designed to deliver levels of service over the next five years that customers expect, and also to meet statutory obligations, at prices less than customers said they could afford.

The Partnership welcomed the company's acceptance of the Final Determination. The company informed the Partnership that it may face increased financial and operational risk as a result. However the Partnership is reassured by the Board's acceptance of the challenges and by the delivery planning the management started to implement in 2019/20.

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 2020/21

**The Partnership's general areas of focus and challenge for 2020/21 will include:**

- WW's ongoing customer engagement activities
- Monitoring WW's performance against its PR19 commitments
- The Information Assurance Plan update

The Partnership will also be monitoring the impact of Covid-19 on company operations, customer service and customer assistance with bills including the company's ability to meet its PR19 customer affordability/vulnerability promises and commitments.

The Partnership is reviewing its performance during PR19 and will publish its findings during the coming year together with any lessons learned and recommendations for improving the effectiveness of its work.

The Chair of the Partnership will also continue to raise with Ofwat the issue of communication between the regulator and the CCGs to be certain that future contributions from the Partnership remain valuable to the price setting process.



# 5. Conclusions

**The Partnership has reviewed and challenged WW's performance against its Commitments for 2019/20, the final year of the current price control period. It also reflected on the company's performance achieved over the five years of AMP6.**

WW maintained its good performance achieved last year. The company met or exceeded 25 out of its 32 performance targets for 2019/20, a similar overall achievement to last year.

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

The Partnership has discussed with WW the ongoing impact of Covid-19 on the company and its customers and will be monitoring the assistance provided to customers, particularly those in vulnerable circumstances.

Of particular note was WW's improved performance against EA's Environmental Performance Assessment (EPA) and the achievement of 'leading' status, from 'good' last year. This was due to reduced numbers of pollution incidents from the sewerage network and better self-reporting of such incidents. The Partnership welcomed this improvement in EPA performance.

The risk of flooding from sewers due to hydraulic inadequacy increased over the previous year and the target was missed as a result. The Partnership saw weather-related evidence to support the reported cause of the fall in performance for this measure.

Most targets relating to providing excellent service to customers, affordable bills, rivers lakes and estuaries, and improved bathing waters were met, 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 and 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.

Both targets associated with highest quality drinking water were also missed again this year with the number of customer contacts about drinking water quality again increasing.

The company continued to find its targets relating to good value for money and percentage rating for ease of resolution challenging.

The Partnership welcomed the company's intention over the next five years to do all it reasonably can to maintain and improve performance and meet its targets for the benefit of customers and the environment.

The company has earned a reward under the Ofwat PR14 incentive regime of around £24m over the AMP6 period for outperformance against its Performance Commitment on internal sewer flooding incidents. £5.5m of this was earned in 2019/20.

WW has earned a total net reward of around £25.2m in AMP6 across all its PR14 Performance Commitments. This is accrued for payment after Ofwat has reviewed and approved it. The Partnership has noted and welcomed that 20% of this outperformance money will be shared with WW's customers through the company's new Community Foundation during the next five years.

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

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 2019/20 is robust and that the resulting rewards or penalties have been correctly calculated.

The Partnership also reviewed and challenged the company's response to Ofwat's Draft Determination and reported its findings and opinions on this to Ofwat in August 2019.

Ofwat published its Final Determination in 2019 and the company accepted it in February 2020. The Partnership was pleased to see that Ofwat's Final Determination on the Plan matched the expectations of customers in the round.

It also welcomed Ofwat's reinstatement of £1.9m of the £2m that WW had included for partnership working.

The Partnership looks forward to monitoring and challenging the company's performance against its new regulatory and statutory obligations on behalf of customers. It will also continue to advise and challenge the company on its customer engagement policies and procedures, and its preparations for the next Price Review (PR24).

The Partnership is reviewing its performance during PR19 and will publish its findings during the coming year together with any lessons learned and recommendations for improving the effectiveness of its work.

# Appendices

## Appendix 1: Glossary

<b>AMP and AMP7</b>	Asset Management Plan periods 6 and 7
<b>BAP</b>	Biodiversity Action Plan
<b>Caps and Collars</b>	Upper and lower limits of performance beyond which no financial incentive applies
<b>CCG</b>	Customer Challenge Group
<b>CCW</b>	The Consumer Council for Water
<b>CSO</b>	Combined Sewer Overflow
<b>Deadband</b>	A range either side of the performance target within which no financial incentive applies
<b>DWI</b>	Drinking Water Inspectorate
<b>EA</b>	The Environment Agency
<b>FD</b>	Final Determination (Ofwat December 2014)
<b>IAP</b>	Ofwat's initial assessment of the PR19 Business Plan
<b>MI/a</b>	Megalitres per annum
<b>MI/d</b>	Megalitres per day
<b>NEP</b>	National Environment Programme
<b>OBR</b>	Office of Budget Responsibility
<b>ONS</b>	Office of National Statistics
<b>ODI</b>	Outcome Delivery Incentive. Delivery of each Performance Commitment was assigned a financial or reputational incentive by Ofwat in the Final Determination
<b>Ofwat</b>	Water Services Regulation Authority - The economic regulator of the water sector in England and Wales
<b>Outcome</b>	Nine strategic outcomes for customers, derived from WW's customer engagement, and defined in its Strategic Direction Statement (SDS) published in 2012
<b>Performance Commitment</b>	Performance measures supporting the Outcomes. The levels of performance (targets) were set by Ofwat in the PR14 Final Determination
<b>PR14</b>	Price Review 2014
<b>PR19</b>	Price Review 2019
<b>SIM</b>	Service Incentive Mechanism
<b>WaSC</b>	Water and Sewerage company
<b>WINEP</b>	Water Industry National Environment Plan
<b>WRMP</b>	Water Resources Management Plan
<b>WW</b>	Wessex Water
<b>WWP</b>	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 2019/20

<b>Dan Rogerson</b>	Chair of Wessex Water Partnership
<b>Richard Cresswell</b>	Chair of WW Catchment Panel
<b>David Heath</b>	CCW
<b>Michael Barnes</b>	CCW
<b>Kevin Ward</b>	Environment Agency
<b>Ian Walker</b>	University of Bath
<b>Nicola Morris (to autumn 2019)</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 2019/20 against its PR14 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 2019/20 against its PR14 Performance Commitments

### 1. Household Retail

#### Outcome A: Excellent service for customers

RA1 - SIM SERVICE SCORE (%)		
TARGET 19/20 >86	ACTUAL 19/20 86.2	PREVIOUS YEAR 87

WW out-performed the SIM service score target in 2018/19 with a slightly reduced score compared to the 87% achieved in each of the last two years. Performance has been above target throughout the AMP period. The associated incentive is financial (reward and penalty) and is calculated by Ofwat.

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 company’s consistently high SIM performance over the last five years and encourages the company perform in a similar way against the successor C-Mex and D-Mex measures.

**RA2 - PERCENTAGE RATING GOOD/VERY GOOD**  
(from customer contacts regarding operational queries and complaints)

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
<b>&gt;95%</b>	<b>98%</b>	<b>96%</b>

WW out-performed the target for this performance commitment in 2019/20 and also increased its rating by 2% over the 96% achieved in the previous four years.

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

The Partnership notes the company met or exceeded the target throughout the AMP period. The incentive is reputational.

'WW provided a breakdown between 'good' and 'very good' for 19/20 (together with previous years) which assisted the WWP in understanding the performance achieved over the period.

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 19/20	ACTUAL 19/20	PREVIOUS YEAR
<b>75%</b>	<b>74%</b>	<b>69%</b>

WW missed the target for 2019/20 but significantly improved performance over the previous year and reversing the deteriorating trend seen in recent years. The company's best performance was achieved in the AMP period was 84% 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.

WW informed the Partnership of an issue with the 2019/20 fourth quarter survey sample size. The causes of this were discussed with the company and assurances were provided that there were no implications for the reported performance for the year.

The company's bills remain around the highest in the industry. WW provided the Partnership with information on its average water and sewerage charges for 2019/20 in relation to other companies and also how the PR19 Final Determination will affect its industry charges ranking through AMP7. This information enabled the Partnership to put the company's current and future charges, and its performance against the value for money commitment, into a wider industry context.

Industry performance information on value for money is available through the CCW tracking survey, at:

<https://www.ccwater.org.uk/research/water-matters-householdcustomers-views-of-their-water-and-sewerage-services-2018/>

The most recent version covers 2018/19 and was published in July 2019. Performance in 2020 is yet to be published by CCW. WW compares favourably with the other water and sewerage companies and its value for money rankings for both water and sewerage services are above average.

The Partnership welcomes the company's improved performance against this indicator in 2019/20 particularly as value for money will also be a Performance Commitment in the next AMP period.

## RA4 – PERCENTAGE RATING EASE OF CONTACT RESOLUTION

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
Improving trend	91%	92%

WW's performance fell from the previous year, a deteriorating trend over the last two years. Performance has deteriorated from 93% to 91% over the five years of AMP6 (using the SIM replica data) and so the 'improving trend' target for this period was missed. The incentive is reputational.

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 company found the sample size of 100 contactors it achieved through this tracker statistically insufficient to produce a meaningful answer. The Partnership agreed that WW should 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 91% for 2019/20, a fall of one percent from the previous year and two percent from 2017/18.

As reported last year the Partnership was expecting the performance against this commitment to improve due to system and process improvements the company was planning to implement.

The Partnership discussed with WW the deteriorating trend in performance in recent years and the prospects for and any risks to future performance. It learned that the benefits from the company's investment in new systems and processes did not fully materialise in AMP6 but should have a positive impact in the future.

## RA5 – ACCESSIBLE COMMUNICATION

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
BS18477 and Customer Service Excellence Award held	BS18477 and Customer Service Excellence Award held	BS18477 and Customer Service Excellence Award held

The company maintained its BS18477 accreditation and the Customer Service Excellence Award in 2019/20 and so met this reputational performance commitment. The Partnership notes that WW has held this accreditation throughout the AMP period.

## Outcome B: Affordable bills

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

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
131 l/person/day	145 l/person/day	147 l/person/day

WW missed the target for 2019/20 by 14 l/person/day (11%). The target was also missed in 2018/19 by 11%, in 2017/18 by 7.5% and in 2016/17 by 5%. The incentive is reputational.

As in previous years, the company maintains 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 four years. Recent years up to 2019/20 have been relatively dry and the Partnership is also aware of increasing per capita consumption by customers of some other companies. WW produced data that showed consumption increased markedly in the last two weeks of 2019/20 at the start of the coronavirus pandemic.

Last year 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.

The company informed the Partnership that number of meters installed in 2019/20 was lower as fewer customers have opted for metering despite it offering customers money-back guarantees to do so.

The Partnership considers it likely that COVID-19 will lead to increased consumption in 2020/21 which will have a negative impact on affordability. Incomes will also be adversely affected, which will also impact on affordability.

The Partnership considers there may be an opportunity for the industry to put targets for the volume of water used in the context of total water use, ie including estimate of average water imbedded in goods and services that an individual uses.

The EA expects the reported volume used per person for 2019/20 to be consistent with the Water Resources Management Plan (WRMP) annual review data and commentary the company will report to Defra later this year.

<b>RB1 (ii) – VOLUME OF WATER SAVED BY WATER EFFICIENCY PROGRAMME</b>		
<b>TARGET 19/20</b> <b>3.26 l/per/day</b>	<b>ACTUAL 19/20</b> <b>3.34 l/per/day</b>	<b>PREVIOUS YEAR</b> <b>3.06 l/per/day</b>

The company out-performed the target for 2019/20 by 0.08 litres per person per day. This also means it out-performed its target in each of the five years of AMP6. The incentive is financial (penalty only).

The Partnership received assurance from the company's Technical Auditor that the calculation of volume of water saved is soundly based.

The EA expects the reported volume of water saved for 2019/20 to be consistent with the Water Resources Management Plan (WRMP) annual review data and commentary the company will report to Defra later this year.

<b>RB2 – BILL AS A PROPORTION OF DISPOSABLE INCOME</b>		
<b>TARGET 19/20</b> <b>Reducing trend</b>	<b>ACTUAL 19/20</b> <b>1.4%</b>	<b>PREVIOUS YEAR</b> <b>1.4%</b>

Despite the performance in 2019/20 being the same as the year before, WW met its target for the Commitment as the target reflects an overall reducing trend over the five years of AMP6 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.

WW provided the Partnership with information on the affordability of its bills in 2019/20, including the number of customers receiving pension credit. This enabled the Partnership to put the performance against this measure into a wider affordability context.

The Partnership received assurance from the company's Technical Auditor that the company's derivation of disposable income from ONS and OBR data was appropriate.

## 2. Wholesale Water

### Outcome B: Rivers, lakes and estuaries

B4 – COMPLIANCE WITH ABSTRACTION LICENCES		
<b>TARGET 19/20</b> <b>100%</b>	<b>ACTUAL 19/20</b> <b>100%</b>	<b>PREVIOUS YEAR</b> <b>100%</b>

WW met the target in 2019/20, as it has done so in each year of AMP6. 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.

B5 – ABSTRACTIONS AT MERE EXPORTED		
<b>TARGET 19/20</b> <b>100 MI/a</b>	<b>ACTUAL 19/20</b> <b>11 MI/a</b>	<b>PREVIOUS YEAR</b> <b>0 MI/a</b>

WW out-performed the river abstraction target at Mere in 2018/19, with 11 MI/a abstraction in the year, up from zero in 2018/19. The company has met this Performance Commitment in the last three years.

The incentive is financial (penalty-only). WW missed the river abstraction target at Mere in both 2015/16 and 2016/17, resulting in a small refund of £7,800 to customers.

The company's new water supply grid was the main contributing factor to the zero abstraction at Mere last year. At that time the company told the Partnership that it now had sources other than Mere available to supply operational requirements.

WW informed the Partnership that 11MI/d of water from the Mere source was exported in 2019/20 to sweeten flows to keep mains ready for use should they be needed.

B6 – BAP LANDHOLDING ASSESSED AND MANAGED FOR BIODIVERSITY		
<b>TARGET 19/20</b> <b>100%</b>	<b>ACTUAL 19/20</b> <b>100%</b>	<b>PREVIOUS YEAR</b> <b>100%</b>

The company met the target in 2019/20 and increased the percentage of BAP landholdings (greater than 0.5 hectares) assessed for biodiversity by 4% from the previous year. WW met or exceeded its target in each year of AMP6. 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.

As in previous years the Partnership notes that the performance achieved relates to the assessment of land and that land management for biodiversity is excluded from this measure.

## B7 - LENGTH OF RIVERS WITH IMPROVED FLOW

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
99 km	111 km	111 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.

There were no improvement works due or delivered in 2019/20. The company achieved flow improvements to 111km of river in 2018/19, exceeding the target of 99km for the AMP period.

The incentive is financial (reward and penalty) and last year's out-performance resulted in an accrued incentive payment of £0.228m for that year. Based on its performance during AMP6 the company has calculated a total reward of £1.938m for the price control period.

The Partnership was assured by the company's Technical Auditor that the company's derivation of its performance data and the resulting incentive payment for this Performance Commitment were robust.

## Outcome D: Resilient services

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

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
0	0	0

No water use restrictions were applied during 2019/20. This was also the case during the previous four years of AMP6.

### D3 – WATER SUPPLY INTERRUPTIONS (> 3hrs including planned, unplanned and third party)

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
12.0 mins/prop	7.6 mins/prop	5.9 mins/prop

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

WW out-performed the target in 2019/20 resulting in an accrued reward of around £28,000 for the year. Performance over the five years of AMP6 means the company has earned an overall reward of £546,000.

Two major supply interruptions occurred in March 2020 which were the main reasons why performance fell from the previous year. The Partnership asked for and were provided with details of these incidents including the causes of the interruptions, the number of properties affected, the company's operational responses and any lessons learned. The Partnership is pleased to see that WW has made improvements to its bottle water distribution processes and has introduced App technology for recording valve operations as a result of these incidents.

The company's Technical Auditor confirmed that the company's reporting methodology and resulting data associated with this Performance Commitment were reliable and accurate.

## D4 – PROPERTIES SUPPLIED BY A SINGLE SOURCE

(including the integrated supply grid)

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
<b>42,000</b>	<b>42,000</b>	<b>42,000</b>

The company met the target in 2019/20, as it did the previous year when it completed work on the new water supply grid.

The associated incentive is financial (penalty-only).

The EA expects the reported number of properties supplied by a single source for 2019/20 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 19/20	ACTUAL 19/20	PREVIOUS YEAR
<b>&lt;1,993</b>	<b>1,783</b>	<b>1,939</b>

The company met its 2019/20 target as it has done in each year of AMP6. It also improved its performance over the previous year reversing a deteriorating trend seen since 2016/17. The target for water mains bursts has remained constant throughout the five-year AMP period.

The incentive is financial (penalty only).

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 the weather conditions during 2019/20 were favourable compared to 2018/19 and this, combined with further pressure reduction measures may explain the reduced number of bursts. WW also considers fluctuations in performance are expected as it considers the funding from Ofwat for long-term infrastructure was not adequate. However, it assured the Partnership that it invests all it can within the regulatory settlement to maintain service levels.

The EA expects the reported number of bursts for 2019/20 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

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
<b>66.5 MI/d</b>	<b>61.4 MI/d</b>	<b>66.4 MI/d</b>

The company out-performed its 2019/20 leakage target by 5.1 MI/d. The volume leaked was 5 MI/d less than the previous year.

The associated incentive is financial (reward and penalty) and this year's performance has resulted in a reward of £330,000. This is the first year during AMP6 when performance has been outside the reward deadband.

The Partnership notes that the weather conditions during 2019/20 had less of an impact on leakage than in previous years.

The Partnership notes that the company is aiming to achieve a significant reduction in leakage in AMP7 and recognises that its 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 2019/20 to be consistent with the Water Resources Management Plan (WRMP) annual review data and commentary the company will report to Defra later this year.

<b>F2 – CUSTOMER REPORTED LEAKS FIXED WITHIN A DAY</b>		
<b>TARGET 19/20</b> <b>90%</b>	<b>ACTUAL 19/20</b> <b>90%</b>	<b>PREVIOUS YEAR</b> <b>80%</b>

The company met its target for 2018/19 and improved its performance over the previous year by 10%. The target has been met in each year of AMP6. The incentive associated with this Commitment is reputational.

The EA expects the reported leaks fixed within a day for 2019/20 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**

<b>G1 – CUSTOMER CONTACTS ABOUT DRINKING WATER</b>		
<b>TARGET 2019</b> <b>1,608</b>	<b>ACTUAL 2019</b> <b>2,097</b>	<b>PREVIOUS YEAR</b> <b>2,010</b>

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

WW's performance against this measure deteriorated from the previous year and the target for 2019 was missed, as it was in 2018/19 and 2017/18. The under-performance has resulted in an accrued maximum penalty of £400,000 for 2019/20. Performance across the AMP6 period means the total penalty is £1.2m. This level of total penalty has been forecast by the company for a number of years.

The Partnership notes that, as reported in previous years, the company does not consider significant performance improvement is sustainable due to reducing opportunities for cost-effective investment in mains rehabilitation. The Partnership is aware that WW made representations to Ofwat at the PR14 price determination about this issue but its case was not accepted. The Partnership has continued to encourage WW to do all it can to reduce contacts about drinking water in other ways, such as through its customer management relationship initiatives.

The Partnership asked the company to provide information on the geographical spread of water quality contacts in 2019/20 as well as the nature of them. From this it was possible to accept the company's view that there were no particular hot spots that would benefit from additional investment at a local level.

## G2 – COMPLIANCE WITH DRINKING WATER STANDARDS

(Mean Zonal Compliance)

TARGET 2019	ACTUAL 2019	PREVIOUS YEAR
100%	99.97%	99.96%

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

Despite improving its performance over 2018/19, the company failed to meet the 2019 target of 100%. It suffered thirteen water quality failures (out of 29,000 tests undertaken) during the year. This level of performance was within the penalty deadband so no penalty has been accrued.

As in 2018/19, the Partnership notes that all the water quality failures in 2019 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.

The Partnership notes that the DWI has introduced a new drinking water compliance measure for AMP7 known as the Compliance Risk Index (CRI). The CRI will include any sample failures from reservoirs and treatment works as well as customer taps. The CRI accounts for the type of breach as well as the scale of the potential impact.

### 3. Wholesale Wastewater

#### Outcome A: Improved bathing waters

##### A1 – AGREED NEP BATHING WATERS SCHEMES DELIVERED

TARGET 19/20	ACTUAL 19/20	PREVIOUS YEAR
100%	100%	100%

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

The company met its 2019/20 target by delivering two agreed NEP Bathing Waters schemes, one during 2018/19 and the other in 1017/12. The EA had previously confirmed to the Partnership that the company delivered the required NEP schemes.

WW has informed the Partnership that it delivered the remaining bathing water scheme included in the National Environmental Programme.

##### A2 – BEACHES PASSING EU STANDARDS

TARGET 2019	ACTUAL 2019	PREVIOUS YEAR
100%	96%	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 2019 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 2018) and at Weston Super Mare Main Uphill Slipway.

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

The Partnership understands the cause of the failure at the beaches at Weston Super Mare Uphill Slipway was third party related.

The Partnership accepts that there are other causes of poor bathing water which are outside the company's control. It is satisfied that WW maximised its efforts to achieve compliance during AMP6.

## Outcome B: Rivers, lakes and estuaries

B1 – EA's ENVIRONMENTAL PERFORMANCE ASSESSMENT		
<b>TARGET 2019</b> Industry leading	<b>ACTUAL 2019</b> Industry leading	<b>PREVIOUS YEAR</b> Good

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 2019 will be published by EA in July 2020 but the draft assessment is discussed below.

The Partnership requested and was provided with information on the components of company's EPA performance in 2019.

The Partnership notes that the WW increased its rating to a four star (leading) company in 2019 after having dropped to a three star (good) company in 2018. This is due to improved performance on serious pollution incidents and the self-reporting of pollution incidents. There was one Serious (Category 1) incident in 2019 (caused by a third party) compared to two in 2018, one in 2017, and none in 2016. There were no Category 2 incidents in 2019 compared to two in 2018, 2017 and 2016. Category 3 incident occurrence also reduced from previous years when it was worsening. Self-reporting of pollution incidents improved by 11% (to 85%) compared to 2018.

Last year the Partnership noted that the company had produced a pollution reduction strategy and was working with the EA to reverse the disappointing trend. The Partnership is pleased to see that the strategy has improved performance on pollution incidents and will monitor progress again over the current year.

Discharge compliance in 2019 was 98.5% which marks a deterioration from the 100% achieved in 2018. There were failures at five water recycling centres in 2019 compared to none in 2018, and three in 2017. WW provided the Partnership with details of the issues experienced at the five sites during 2019. The Partnership questioned the company on the reasons for the compliance failures and learned that some were caused by third party action outside the company's control. The company assured the Partnership that its management and operational practices have been improved in response to the other failures.

B2 – MONITORING CSOs		
<b>TARGET 19/20</b> 100%	<b>ACTUAL 19/20</b> 100%	<b>PREVIOUS YEAR</b> 80%

WW comfortably exceeded its 2018/19 target of 75% by installing monitoring telemetry at 210 named combined sewer overflow (CSO) locations. Some 992 CSOs have now been improved in this way in AMP6. These CSOs are deemed to potentially have an impact on the environment. The associated incentive is financial (penalty only).

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

### B3 – RIVER WATER QUALITY IMPROVED

<b>TARGET 19/20</b> <b>70</b>	<b>ACTUAL 19/20</b> <b>70</b>	<b>PREVIOUS YEAR</b> <b>38</b>
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WW improved the river water quality of 32 water bodies during 2019/20 resulting in a cumulative total of 70 for the AMP6 period. The cumulative target was set originally at 71 but WW has reduced this by one because the discharge associated with one water body turned out to be to a river rather than to tidal waters as first assumed.

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

## Outcome C: Sewer flooding

### C1 – INTERNAL FLOODING INCIDENTS

(per 10,000 properties connected)

<b>TARGET 19/20</b> <b>1.66</b>	<b>ACTUAL 19/20</b> <b>1.16</b>	<b>PREVIOUS YEAR</b> <b>1.43</b>
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The incentive associated with this Commitment is financial (reward and penalty).

WW out-performed the target in 2019/20 (as it has done in other years in AMP6 ) and performance improved over the previous year. The company has accrued a corresponding reward of £5.508m for 2019/20. The total reward for the AMP period is £24.072m, £0.546m higher than it was forecasting this time last year.

The Partnership notes that performance would have been even higher in 2019/20 but for higher than average rainfall in the autumn of 2019 coupled with three consecutive intense storms in January and February 2020 which caused flooding of properties, particularly in the south of the company's region. The company provided rainfall data and maps showing the distribution of flooding incidents that illustrated this.

The Partnership has welcomed the company's efforts to reduce the incidence of sewer flooding throughout the AMP6 period including its increased sewer monitoring and maintenance and its success in raising customer awareness of sewer misuse.

The company's Technical Auditor assured the Partnership that the company's sewer flooding incident reporting methodology and resulting data remain robust.

### C2 – RISK OF FLOODING FROM PUBLIC SEWERS

(due to hydraulic inadequacy)

<b>TARGET 19/20</b> <b>50,651</b>	<b>ACTUAL 19/20</b> <b>52,262</b>	<b>PREVIOUS YEAR</b> <b>50,176</b>
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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 under-performed the target for 2019/20, but performance was within the incentive deadband and so no penalty 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 cites the wet weather in autumn 2019 and the intense storms in early 2020 as the main reasons why the risk score increased for the year. As mentioned above WW provided information to the Partnership that illustrated this and its resulting effect on incidents.

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

<b>C3a – NORTH BRISTOL SEWER SCHEME</b> (Frome catchment)		
<b>TARGET 19/20</b> <b>Complete</b>	<b>ACTUAL 19/20</b> <b>Complete</b>	<b>PREVIOUS YEAR</b> <b>Complete</b>

In FD14, the delivery of the Frome catchment element of the North Bristol Sewer Scheme was targeted for 2019/20.

The company informed the Partnership last year that work on the scheme was completed during 2018/19. The company's Technical Auditor also confirmed this.

The associated incentive is financial (penalty only).

<b>C3b – NORTH BRISTOL SEWER SCHEME</b> (Trym catchment)		
<b>TARGET 19/20</b> <b>Not applicable</b>	<b>ACTUAL 19/20</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 company informed the Partnership that it remains in track to complete this element of the scheme in March 2023.

The associated incentive is financial (penalty only).

## Outcome D: Resilient services

<b>D1 – COLLAPSES AND BURSTS ON SEWER NETWORK</b>		
<b>TARGET 19/20</b> <b>&lt;300</b>	<b>ACTUAL 19/20</b> <b>251</b>	<b>PREVIOUS YEAR</b> <b>257</b>

As in previous years of the current price control period the WW 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 2020 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 2019/20 (as it did the year before). The five-year rolling average figure fell from 257 in 2018/19 to 251 in 2019/20. The FD target for this Commitment remained constant at 300 collapses and bursts throughout the five-year period and the Partnership notes that WW has met or outperformed the target throughout the AMP6 period.

The associated incentive is financial (penalty only).

With regard to actual performance in 2019/20 (rather than the five-year rolling average), the number of collapses and bursts on the sewer network decreased from 248 to 240 from the previous year.

The company was asked for and provided evidence to help explain the decrease in collapses and bursts in 2019/20. Last year WW informed the Partnership that it had initiated a six-year programme of burst detection monitoring of critical rising mains as a result of an increase in bursts and collapses. It has told the Partnership that it has started to see the benefits from this work but that it considers the reduced number of collapses and bursts recorded this year is due more to greater focus on proactive management of sites that experience repeat issues.

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 19/20 119 ktCO <sub>2</sub> e	ACTUAL 19/20 117 ktCO <sub>2</sub> e	PREVIOUS YEAR 119 ktCO <sub>2</sub> e

The company met its 2019/20 greenhouse gas emission target. There was a slight decrease in emissions over 2018/19. The Partnership notes that WW has met its target for this measure over the last four years.

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 19/20 25%	ACTUAL 19/20 26%	PREVIOUS YEAR 25%

WW exceeded its self-generated energy target for 2019/20 by 1% and the proportion of energy self-generated increased by 1% from the previous year. The company has achieved the target for this measure in each year of AMP6.

The associated incentive is financial (penalty only).

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