

MINUTES OF THE WATERSHARE + PANEL MEETING (PUBLIC) – 11 December 2023

**Present**

**Panel Members:**

Lord Matthew Taylor – Chair (MT)  
 Peaches Golding – Chair Bristol Water Challenge Panel (PG)  
 Nick Buckland – Deputy Chair (NB)  
 Tony Denham – Deputy Chair Bristol Water Challenge Panel (AD)  
 Carole Theobald (CT)  
 Richard Lacey (RL)  
 Ben Harper (BH)  
 Dinah Cox (DC)

**In attendance:**

**Independent Report Writer** - Jeremy Hawkins (JHa)

**Customer attendees:**

47 customer attendees

**Expert Advisors:**

Catherine Jones – CCW (CJ)  
 Kevin Ward – Environment Agency (KW)

**SWW Representatives:**

Susan Davy – Group Chief Executive Officer (SD)  
 Dr Lisa Gahan – Group Director of Regulatory, Strategy and Asset Management ( LG)  
 John Halsall – Group Chief Operating Office (JHal)  
 Louise Rowe - Group Compliance and ESG Director (LR)  
 Laura Flowerdew - Group Chief Customer & Digital Officer (LF)  
 Carolyn Cadman – Director of Natural Resources (CC)  
 Sue Clarke - Head of Customer Strategy & Customer Research (SC)  
 Scott Jeffrey – Operational Management Graduate (SJ)  
 Adele Barker – Group Chief People Officer (AB)  
 David Harris - Group Drought and Resilience Director (DH) later 12pm  
 Muskan Aggarwal – Schedule and Event Co-ordinator (MA)

**Apologies:**

None received.

1.	<b>Welcome and introduction to the meeting</b>	
1.1	MT welcomed everyone to the WaterShare+ (WS+) Panel public meeting, particularly the large number of customers that had joined. He said that all customer who had registered for the meeting should have had a briefing pack in advance and, where customers had asked a question in advance, they should have had a response from the company. He said that the Panel will be asking questions of the company during the meeting. Any further questions from customers will be taken later in the meeting.	
1.2		

<p>1.3</p> <p>1.4</p> <p>1.5</p> <p>1.6</p>	<p>MT said that the WaterShare+ Panel is unique in the industry in allowing customers to take part by asking their own questions of the Panel and South West Water. The Panel scrutinises everything the company does. It is independent and is advised by CCW, the Environment Agency and Natural England on customer, technical and environmental matters. These advisors can confirm whether the company information provide to the Panel is accurate.</p> <p>The Panel scrutinises the company’s performance in Devon, Cornwall and Bournemouth against its regulatory obligations for the period 2020 to 2025. There is a separate Panel for Bristol Water.</p> <p>The Panel members, CCW and EA introduced themselves.</p> <p>SD, the Pennon Group Chief Executive, welcomed the Panel and the customers attending the meeting. She thanked people for the time they were committing to today’s meeting.</p> <p>The company representatives attending the meeting introduced themselves.</p>	
<p><b>2.</b></p> <p>2.1</p>	<p><b>Approval of previous minutes</b></p> <p>The minutes of the last WaterShare+ public meeting held on 23 June 2023 were approved.</p>	
<p><b>3.</b></p> <p>3.1</p> <p>3.2</p> <p>3.3</p> <p>3.4</p> <p>3.5</p>	<p>Company performance update</p> <p>The company (LR, LF, JHal) provided an overview of its performance to date in 2023/24 against its PR19 performance commitments and in the wider context of water resource and storm overflows.</p> <p>MT thanked the company for its presentation.</p> <p>NB asked about pollutions and the differentiation between overflows from sewage treatment works and pollution from other sources.</p> <p>JHal replied that dealing with pollutions from its asset is a real challenge which the company is addressing. However, EA statistics show significant pollutions from other sources such as illegal connections to sewers, agriculture and industry. The company is committed to working together with other environmental stakeholders. It is adopting a catchment approach working a as team with local communities, farmers and industry to come up with a holistic solution.</p> <p>NB then asked about progress on the company’s recruitment of apprentices.</p>	

3.6	<p>AB replied that recruitment of apprentices is challenging but going well. 385 have been recruited towards a target of 1,000 by 2030. The company has been recognised as a Top 100 Employer for apprentices (a government accreditation). It is also a Gold Employer in the 5% Club (Earn As You Learn).</p>	
3.7	<p>CT noted that the company's performance on complaint numbers and complaint resolution is below average. She would be interested to hear why that is and what action is being taken.</p>	
3.8	<p>LF confirmed that CCW has flagged that the company's complaint numbers are higher than average. The customer teams are passionate about answering contacts and resolving issues as quickly as possible. Root cause analysis is undertaken on how customers are engaged during incidents. This has identified several areas for improvement. The target is to get to better than average performance in the sector and to reduce contacts and to improve acceptability from customers on the resolution of their complaints. A lot of data is being used to analyse and understand the causes of complaints and customer concerns to better identify the actions needed.</p>	
3.9	<p>CT noted that Ofwat research across the industry has shown that only three in ten customers find business plans affordable. She asked how the company knows its customer base particularly those who are finding it difficult to pay and perhaps others with long term illnesses. She asked whether the company can target its support accordingly.</p>	
3.10	<p>LF replied that this will be covered in detail later in the meeting. The company recognises that customers who haven't been struggling before are now doing so. It is improving its customer segmentation data to be able to target support more effectively. It's also using its detailed water poverty tool and data to identify potential customers in need. It wishes to proactively offer support before customers ask for it. It is also working with other water companies on developing these approaches.</p>	
3.11	<p>RL observed that seven of the twelve regulatory targets have been met. He noted that we are only three months away from the end of year four of the current regulatory period. In future the Panel will need information on the company's forecasts of the end of year and the end of the five year period positions. He also hopes that the Panel will have access to the independent technical auditor for his view on the performance.</p>	
3.12	<p>SD said that this information will be provided and that the Panel will be taken through the company's information action plans that have been published.</p>	<p><b>Action:</b> <b>SWW</b> (para 3.12)</p>
3.13		

3.14	<p>BH said he is pleased to see that the company's personnel are being consulted as part of the action plans. He asked how the company will measure the success of this engagement and will the panel see the progress of this.</p>	
3.15	<p>AB replied that it is the company's ambition to be the best. It is running poll surveys with employees and can share the methodology and the results with the Panel. It will shortly be running employee roadshows in Cornwall, Bristol and Exeter to get feedback on the company's future plans. There is also an employee forum to discuss important business topics. She would be happy to share more information on this.</p>	<p><b>Action:</b> <b>SWW</b> (para 3.14)</p>
3.16	<p>DC referred to the recent Panorama programme which suggested information on pollutions is not as accurate as it should be. With staff cuts noted in the EA, how can the Panel and customers be sure that we are getting accurate information.</p>	
3.17	<p>SD replied that the Panorama programme focused on United Utilities. She cannot comment on that company's information. South West Water closely monitors its environmental performance. It aims to prevent pollutions happening but occasionally things go wrong. It makes sure accurate reporting to the EA is a key part of this process and it provides all the information it can. Sometimes, especially if it's a network issue, the company doesn't get to the pollution site first. Customers may report it. However, it does respond to all pollutions and passes information to the EA including water sample tests and photographs. The EA decides the categorisation of the pollution incident. The process is very open and transparent. The company aims to self-report every incident. It also gets assurance on its information from its technical auditors.</p>	
3.18	<p>KW said the programme was suggesting that categories were downgraded. When the EA is informed of any incident it assumes that it is having an impact on the environment. Once the information is received from the company the EA decides on the category of the incident. Sometimes the additional information received results in a down grading of the pollution category. KW did note however that the largest contributor to aquatic pollution is agriculture. EA has stepped up its agriculture taskforce both locally and nationally.</p>	
3.18	<p>KW later said that the EA had provided a brief response to the issues raised on the Panorama programme. The link to this will be circulated to everyone on the meeting today.</p>	<p><b>Action:</b> <b>SWW/EA</b> (para 3.18)</p>
3.19	<p>MT thanked everyone for their questions.</p>	

<b>4.</b>	Delivering for customers	
4.1	LF presented the company's performance against the key regulatory customer service metrics and the four strands approach it is adopting to improving customer service (Service, Conserve, Care, Share).	
4.2	MT thanked LF for her summary. He said that the slides presented by the company will be made available to all attendees.	<b>Action: SWW (para 4.2)</b>
4.3	NB asked how the company is liaising with other agencies in order to work with them.	
4.4	LF replied that the cornerstone to this is working through partnerships, for example with Kidney Care and also debt agencies. The company is looking to do more on this and focus on those areas where the biggest difference can be made.	
4.5	NB asked what the company is doing to improve the way customers can contact and interact with the company, for example through its website.	
4.6	LF replied that the largest number of contacts come via the company's telephone call centre but that the level of digital contact is now greater than face to face. It is making sure the company is accessible, particularly through social media. There are a variety of different contact types. The company sees a lot of self-serve opportunities for customers, for example last year it received 150,000 calls associated with home moves. It is trying to make the self-serve journey better and easier for customers, at the same time looking to driving access through the customer's channel of choice.	
4.7	BH asked if the company has considered different types of messaging and trying to avoid generic approaches.	
4.8	LF replied that the company does do this and uses a range of media including LinkedIn, twitter, Facebook and Instagram. It adopts a different approach for each but there is more to be done. The company has a new team driving this work forward.	
<b>5.</b>	<b>Natural Resources Management</b>	
5.1	CC introduced herself and presented slides on the company's approach to the management of natural resources and improving biodiversity.	
5.2	MT noted that he had championed upstream thinking many years ago and was pleased to see the company has been adopting this and will do so in future. He asked what progress had been made to date.	
5.3	CC replied that 130,000 Ha of habitat will have been improved by end of PR19. The next business plan includes a further 12,500 Ha plus the maintenance of the existing area.	

<p>5.4</p> <p>5.5</p> <p>5.6</p>	<p>NB said he is an organic farmer, and that the farming community is struggling with the sustainable farming initiatives from Defra. He asked whether the company is linking farmers and landowners with these schemes.</p> <p>CC replied that the company meets regularly with farmers. She added the company is involved that seven or eight out of the 30 new landscape recovery grants.</p> <p>MT thanked CC for her presentation.</p>	
<p>6.</p> <p>6.1</p> <p>6.2</p> <p>6.3</p> <p>6.4</p>	<p>Questions and answers</p> <p>MT explained that this part of the agenda was to receive and respond to questions received from customers before the meeting. There had been many questions, all of which will get a response from the company, so he has selected a sample from the key areas of concerns.</p> <p><i>Water quality and water resources</i></p> <p>MT invited customer C1 to ask their question if they wished, but not getting a response he asked it for them. They had asked why there was a hosepipe ban in March and what is being done to prevent it from happening again, bearing in mind the summers are only going to get hotter. There were also questions from others on desalination and plans for more reservoirs.</p> <p>SD replied that 2022 was an extreme drought situation. The south west is a granite peninsula and relies on surface water to provide drinking water. Rivers were under pressure from the drought and the company's reservoirs were also depleted. These reservoirs are not only used to supply water to customers but are also there to back up flows in the rivers by releasing compensation water when required to maintain healthy river flows. The company is now looking to diversify its portfolio of resources for example by using former quarries and mines as water storage facilities. It is also looking at other resource options such as desalination of seawater. At the same time, it will continue to protect the natural environment.</p> <p>SD added that the company is also working with customers on the demand side encouraging people and visitors to use less water. The company is looking at financial incentives and innovative tariffs to encourage this behaviour. A new charges scheme comes in next year and there will be some pilot studies around seasonal tariffs and smart metering. The company's projection is the current drought cycle will be broken for 2024.</p>	

6.5	<p>MT said the Panel has been very challenging on desalination, particularly on environmental impacts and costs. There have been lots of customer questions on this. He asked that the company explains what impacts there will be to the environment and customers from desalination.</p>	
6.6	<p>SD said that shareholder money is funding desalination. The natural environment was in peril in 2022 caused in part by abstracting water from rivers. The company has to balance the impact of desalination and decide what are the least-worst options environmentally to secure future water resources for customers. It has gone through a very thorough assessment process and is doing an in depth study to support desalination. Desalination does use more energy (electricity) than other abstractions, so the company is looking at renewable sources to minimise the impact. It aims to have a balanced portfolio of water sources to help protect the environment. The company has a desalination plant on the Isles of Scilly so has experience of it and it is working well.</p> <p><i>Leakage</i></p>	
6.7	<p>MT then invited customer C2 to ask their question if they wished, but not getting a response he asked it for them. Their question related to the costs of leakage and why leakage hasn't yet been fixed.</p>	
6.8	<p>SD replied that the company not only needs to focus on its assets (distribution mains) but also on customers' assets between property boundaries and their homes. It needs to help customers tackle this leakage. Customers will often see visible leaks and the company can respond quickly to these. However, most leaks occur underground and the company has good technology to find and fix these. The company has investment in its current and future business plans to tackle leakage both on company and on customer assets. It is currently spending three times what it said it would in the current period and shareholders are funding this additional expenditure. For customers who find leaks on their own properties the company is supporting them with a free find and fix service. This is the right thing to do to get water losses down.</p>	
6.9	<p>JHal added that about £26m is being spent per year on finding and fixing leaks. Only about £3m of this reduces leakage. The rest is used to maintain current leakage levels. The company also makes decisions on whether mains require full replacement where this could be more economic.</p> <p><i>New development</i></p>	
6.10	<p>MT then invited customer C3 to ask their question if he wished, but not getting a response. he asked it for him. He had questioned why planning permission is still being granted for new homes when there is insufficient water to supply them.</p>	

6.11	<p>SD replied that the company has to support economic growth in the region. It also looks at how to support development through additional water resources and water treatment. This is not always easy. For example, incremental development eventually reaches a tipping point, and the company has to do something different in terms of infrastructure. This is why it's looking at alternative resources such as quarries and mines, the more effective use of winter recharge, greater interconnections on the supply network and engaging with customers on water efficiency. However, it has to have sufficient headroom to support economic growth. The company is not a statutory consultee on development, but it does get asked about each application.</p>	
6.12	<p>MT added that the Panel is also concerned about this issue. It used to be the case that water companies had a right to embargo development. This has now changed but they still have a statutory obligation to provide water when needed. He referred to the recent issue at Padstow where incremental development eventually caused capacity issues. He asked how the company identifies in advance which areas is of its infrastructure need to be strengthened.</p>	
6.13	<p>SD said she is confident that the company's work over the last 18 months on the WRMP and the DWMP and the associated customer engagement means it has a much better view on future demands for its services. Plans change, however. Engagement with communities and local authorities is now much strengthened and the company is much clearer on what development is coming through. It has to make sure that it is all joined up and the company can anticipate what's coming.</p>	
6.14	<p><i>Pollutions and storm overflows</i></p> <p>MT then turned to the issues of storm overflow and pollutions which have many customers annoyed. He invited customer C4 to ask their question which had been submitted in advance. C4 is a member of a local residents committee. They had noted from reported statistics and other feedback that the frequency of storm discharges is increasing year by year and is not directly connected to rainfall. They asked what confidence customers can have that South West Water is tackling this.</p>	
6.15	<p>SD agreed this is something that concerns many customers. The company wants to make sure it can fix the issue of storm overflow and their impact on the environment. It was not that long ago when there was very little wastewater treatment especially in coastal areas. Raw sewage was dumped into the sea without treatment. The company implemented its Clean Sweep programme several years ago but the Victorian network it operates is now under even greater pressure. There is a need to tackle surface water getting into the system and the company's plans are partly focused on this. There is also a focus on protecting bathing waters and the company plans to tackle discharges that affect bathing waters first. It will improve 49 out of 150 beaches by</p>	



	<p>2025 and the rest by 2030. All overflows will be tackled within the following 15 years. The company has also got to make sure there's capacity in the system and it is building this in as well. She referred to the WaterFit facility on the company website which contains information on levels of investment and when this is going to be made. This will enable communities to know what is being done and when. The company needs to be very mindful in this period of transition, however. It knows that people and communities want to know when it's safe to use the water so has sampling and monitoring regimes in place and will put the information from these onto its website.</p> <p>MT then asked customer C5 to ask their question relating to bathing water sampling. C5 said that the company's written response to their question hadn't hit the spot.</p> <p>6.16 They had asked why water quality measurement only took place during the bathing season. All year round would be more helpful.</p> <p>SD agreed that the bathing season measurement is an anachronism. The company needs to invest to ensure that spills are minimised at all times and have a sophisticated sampling and monitoring regime all year round. A few pilot studies are being undertaken with the EA on this.</p> <p>6.17</p> <p>KW added that bathing water sampling is carried out by the EA. Samples are taken three times a year. It is currently trialling all year monitoring at eleven sites around the country. It is looking at inland bathing water sites and the potential for more such designations. The EA needs more resources and funding, however. It currently copes with taking samples three times a year at each beach. EA is requiring all companies to monitor all storm overflows and is pleased to note that South West Water now has 100% coverage. KW added that some bathing waters are affected by agriculture and fouling by dogs and seabirds.</p> <p>6.18</p> <p><i>Shareholder dividends and water company profits</i></p> <p>MT said a lot of questions had been received from customers on the role of shareholders, on dividends and water company profits.</p> <p>6.19</p> <p>He invited customer C6 to ask their question if he wished, but not getting a response he asked it for him. C6 has asked what contribution to the investment in storm overflows is coming from shareholders and dividends. The perception is that none is forthcoming from these. MT also noted the question from customer C7 on the meeting chat function asking if the company is still borrowing money to fund dividends.</p> <p>6.20</p> <p>SD replied that she understands the strength of feeling on these issues. The company is spending around £800 million over the next 18 months. The funding for this comes</p>	
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<p>6.21</p> <p>6.22</p> <p>6.23</p> <p>6.24</p>	<p>from cash flows and from debt and equity investors. The company has been fleet of foot in being able to invest in desalination and water quality and in supporting customer rebate schemes. Equity has financed part of this. Any lender requires a return to be paid and SD used the example of mortgage interest payments to illustrate this. The company has to make sure that it engages with its investors so that they will continue to fund the company. The future programme is funded two thirds from investors in a third from customers. Investor returns are overseen by Ofwat. The rates of return are not dissimilar to what the public would receive from a personal savings account. Rates are well governed. Equity is there for things that need quick investment. SD understands that customers see money going to shareholders, but this is needed to retain them and to attract more investors.</p> <p>MT added that the Panel also scrutinises executive bonuses and pay.</p> <p>SD said the company needs the best executive team in the sector and in order to deliver for customers. The company has to make sure people are appropriately rewarded but she accepts that this is a tricky area for customers. She said that she had decided not to take her bonus last year as she wanted to move the conversation onto what the company is doing. There is a lot of governance around remuneration in the form of an independent committee plus the WaterShare+ Panel. In addition, Ofwat reviews and challenges executive pay and incentives.</p> <p>MT added that customers can engage with this issue through the Panel and also through having shares themselves. Tens of thousands of customers now own shares which have been offered free to customers as part of the company's sharing of outperformance benefits with customers, under the 'Watershare+' scheme. This gives people a say in the business at the company AGM. The arrangement is unique to South West Water.</p>	
<p>7.</p> <p>7.1</p> <p>7.2</p>	<p><b>AOB and meeting closure</b></p> <p>MT noted that attendance at today's meeting had been much larger than at previous sessions, which had meant not every question could be taken in the meeting, but all had had written replies. He asked for any further questions from attendees.</p> <p>Customer C8 expressed their anger over pollution from storm overflows. They consider this to be a very serious issue especially the effect on aquatic wildlife. They have been active with dirty water campaigns, Extinction Rebellion and Water Rebellion. They asked why the issue hasn't been addressed so far given the profits the company makes. They questioned why a proportion of profit should not go back into improving the infrastructure. They also raised the issue of bonuses given that personnel are already paid a salary.</p>	

7.3	<p>SD replied that the company's focus is very much on protecting wildlife. It will take some time to tackle all storm overflows, and this will be done through the investment programme. The benefits of this will start to be seen soon. This is a very important priority that the company has, and its board are very engaged with this. Paying for the investment is a combination of things as already mentioned and the company would be happy to explain this further to DB through if required.</p>	
7.4	<p>Customer C9 then asked their question submitted before the meeting. They live in Cornwall and swim most days. The information available on water quality from the company is misleading. Information from Surfers Against Sewage (SAS) is better but it is overall hard to find facts. There needs to be some means of relaying information, so people don't get so angry. The company should put itself in the customer's position. The answer to their question was seven paragraphs long. Information needs to be succinct and factual. They also asked what relevance Asian Hornets have to water quality.</p>	
7.5	<p>SD replied that the company has met with SAS in order to work together better on information provision. It is the same company data that both parties are working with. It is good that that all this information is out there but SD accepts there is an issue of how it's translated by users. The company is currently undertaking a pilot taking real time sampling data and backing it up with science to improve clarity.</p>	
7.6	<p>On the point raised about Asian Hornets, SD said the company's role is to protect the natural environment and is taking the benefits of working in catchments to increase and protect biodiversity. This is part of the company's fundamental focus on the water cycle and the water recycling process.</p>	
7.7	<p>Customer C10 then asked their question about the apparent leakage from Roadford reservoir.</p>	
7.8	<p>SD replied that Roadford doesn't have any leakage issues. Sometimes customers see that it has been raining but reservoir levels haven't increased. As mentioned previously, the reservoirs are also used to release water into rivers to cover abstractions downstream and to make sure the river flows are satisfactory from an environmental perspective. This might be what C10 is seeing.</p>	
7.9	<p>MT thanked the large number of customers who have attended the meeting for their contributions. He said that he personally helped SAS when they first established and aided their first parliamentary campaigns. On storm overflows SAS originally worked with South West Water to be the first company to make available information on storm overflow discharges. SAS considered that once this information was made available then the public would recognise that there were problems to be tackled. This has been a very long process. The fact that so much is happening now ultimately</p>	

	has come from public pressure. There will be more information on individual storm overflows in future. He asked the company that everyone who's been in touch on this issue gets a link to the information that is currently available.	<b>Action:</b> <b>SWW</b> (para 7.9)
7.10	MT also thanked the company for the information provided and being available to answer customers' questions.	
7.11	The next public meeting will be the on 23 <sup>rd</sup> January 2024 at a yet to be announced venue in Devon.	
7.12	The meeting was closed.	