

## Minutes of Meeting 13 – 9<sup>th</sup> July 2018

Meeting held at Blagdon Lake Visitor Centre

### Attendees

Peaches Golding OBE	BWCP Chair	Ian McGuffog	Bristol Water (BW)
Tony Denham	BWCP Deputy Chair	Ben Newby	Bristol Water
Jeremy Hawkins	Report Writer	Sue Clarke	Bristol Water
Dr Mark Taylor	Natural England (NE)	Paul Malan	ICON Infrastructure
Michael Barnes	Consumer Council for Water (CCW)	James Holman	Bristol Water
		Mel Karam (MK)	Bristol Water
Jeremy Bailey	Environment Agency (EA)		
Cllr Robert Cleland	North Somerset DC (NSC)		
Daniel Woodhead	Step Change		
Dr Tabinda Rashid-Fadel	NHS		

### Apologies

Cllr Terry Napper	Mendip District Council (MDC)	Dr Chad Staddon	University of the West of England
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### Minutes

<b>1. In camera session before main meeting</b>	
Minutes are confidential and not published.	
<b>2. Chair update</b>	
The Chair provided feedback from her recent attendance at the BW Board. She'd informed the Board that the Panel had good working relationships with BW's executive directors and that she was content with this. In general there had been a timely response to challenges. Until today there had been a distance between the Board members and the Panel and she welcomed ICON Infrastructure to the meeting. ICON's influence on the business is considerable. If the Board has values that differ from the customers that could cause significant disharmony. She'd also discussed the environment with the Board as an	

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<p>example where the interrelationships between resilience, asset health and innovation can come together in the Business Plan. She also noted the operational incidents that had caused BW to miss some of its performance commitment targets in 2017/18.</p> <p>ICON said that the Board had found it very useful to hear the Chair’s feedback. ICON is a socially responsible investor and it is looking at the longer term. It is important that the company meets its commitments throughout. ICON accepts that the targets also have to be challenging.</p>	
<p><b>3. Minutes, actions and challenge log</b></p>	
<p>There were no comments on the minutes of Meeting 12. BW will place these on the FTS.</p> <p>The Deputy Chair reported that most actions from previous meetings have been cleared although actions from the 13<sup>th</sup> June sub-group are still to be added to the schedule. However, an end point for the completion of all actions has been identified with the company.</p> <p>The Deputy Chair reported that all challenges in the Log now have dates against them when they are expected to be cleared. The sub-group meeting on 17<sup>th</sup> July will cover PC and ODI issues and the Panel meeting on 9<sup>th</sup> August is expected to clear all customer engagement and all other relevant challenges.</p>	
<p><b>4. Final Business Plan</b></p>	
<p>BW presented a series of slides covering</p> <ul style="list-style-type: none"> <li>• The journey</li> <li>• Customer consultation</li> <li>• The Business Plan headlines</li> <li>• ODIs</li> </ul> <p>BW said whilst the Plan had been locked down, it hadn’t gone through final Board approval.</p> <p>There was discussion on BW’s long-term aspirations.</p> <p>BW replied they were initially set out in BE Clearly and, whilst still broadly the same, have been updated as a result of the engagement since then.</p> <p>ICON asked about the Panels view on BW Clearly. EA said initially the view was not that favourable. BW said that the Panel had great influence on its final form. The Deputy Chair said BW Clearly was a good long-term strategy but was presented to the Panel at the same</p>	

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time as we were considering the PR19 PCs and ODIs. BW Clearly should have been published a year before. There appeared to be no long-term targets in BW Clearly. BW said there were but that perhaps they should have been made clearer. The Chair added that the WRMP was also being consulted on at the same time as BW Clearly came out.

EA pointed out that WISER had been omitted from slide 15 of the presentation. BW noted this.

The Chair asked BW what Ofwat assessment rating it was aiming for. BW replied that ‘slow track’ was a realistic outcome given its current ‘prescribed’ rating on assurance and its experience with Ofwat at PR14.

MK said that the company is changing rapidly as a result of some external (reactive) and some internal (proactive) drivers. He is taking the company back to its ‘social enterprise’ values. Its history and heritage are key drivers

The Chair replied that whilst it is good to have these social enterprise values, she wonders how they fit with today’s challenges of a scarce resource, environmental degradation and eight years of austerity. There are now many vulnerable customers.

EA asked how BW will ensure its strategic objectives will be delivered. There is a risk the company’s assurers will have Ofwat’s requirements in mind and not necessarily the company vision. BW replied that the assurance regime is very important in giving Ofwat confidence and trust in the company.

EA asked to what extent has the company and its Board assured itself that its Plan is challenging but achievable. The Chair asked if the Board has established where the weaknesses are and how to mitigate them. ICON replied that its foremost concern is not Ofwat but the Plan itself and the numerous trade-offs that have to be made. It is looking to achieve the best possible outcome for all stakeholders. Parts of the Plan are very ambitious, eg leakage.

**NE said there is still a lack of transparency on Biodiversity targets and incentives and evidence of customer support for these. EA added that there needs to be clear distinction between business as usual activity and ambition in the selection of the targets.**

The Deputy Chair said that NERA’s review will report on the selection of incentives but there has to be recognition that the company will make some decisions on the basis of risk. The Panel has difficulty in understanding the decision-making process and outcomes in some cases. The Panel challenges from the viewpoint of customers. BW said the Panel’s challenge doesn’t end with the Price Review. There will need to be ongoing communication with the Panel throughout AMP7.

Action:  
Include in  
Challenge  
Log

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<p>MK said he understands the Panel’s concerns about target setting and that the Panel needs to see the detail. BW is a social enterprise and the Plan needs to be right for customers and shareholders.</p>	
<p><b>The Chair asked the company to select examples of where it has not considered customers views. BW agreed to do this.</b></p>	<p><b>Action:</b> Include in Challenge Log</p>
<p><b>The Deputy Chair noted that the issues on slide 3 are important to but there is a lack of clarity on how the percentages were derived and how the overall bill recommendation was arrived at. The Chair asked for some case studies plus a flow chart to illustrate this.</b></p>	<p><b>Action:</b> Include in Challenge Log</p>
<p>NSC noted the need to educate people to save water and save money. BW say there is a very good narrative on this in its Plan.</p>	
<p><b>The Chair asked for more clarity on why the community initiatives were chosen and the difference they will make to customers.</b></p>	<p><b>Action:</b> Include in Challenge Log</p>
<p>EA asked if the 15% leakage reduction by 2025 is in both the WRMP and the Plan. BW said it is.</p>	
<p>The Chair said the Panel will need assurance on how the company intends to educate customers to use less water.</p>	<p><b>Action:</b> <b>BW</b></p>
<p>The Deputy Chair asked if this is the Plan the Board will consider. BW said it is subject to any further changes in financial modelling assumptions.</p>	
<p>The Deputy Chair noted there had been some changes to PCs, eg mains bursts . BW said that incentives are still being checked and validated with customers.</p>	
<p><b>EA noted the AIM PC and incentive still needs working through as it cannot support it at present.</b></p>	<p><b>Action:</b> Include in Challenge Log</p>
<p>The Deputy Chair suggested that BW should talk to Ofwat beforehand about the AIM PC to avoid any later problems. BW said such dialogue is not possible. BW would be happy to take the AIM incentive out of the Plan. EA has some sympathy with this but needs to confirm that ‘the tail is not wagging the dog’ with the inclusion of it.</p>	
<p>MK said the base plan delivers the target. Anything above this needs to be incentivised .</p>	
<p>Regarding acceptability testing focus groups, members can attend if they wish to. They are likely to be on 30<sup>th</sup>/31<sup>st</sup> July and members should let the Deputy Chair know if they wish to attend. BW said theses dates may change but will be locked down by the end of the week.</p>	<p><b>Action:</b> Panel members</p>
<p>BW said the sections of the Plan on Customer Engagement and Affordability and Vulnerability will be available in about a week’s time. The 200 page summary of the Plan</p>	



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<p>will follow later and will definitely be available for 9<sup>th</sup> August. The Deputy Chair said the Panel would be happy to receive these on a piecemeal basis.</p>	<p><b>Action:</b> <b>BW</b></p>
<p>BW said it requires a statement from the Panel on its view of the Plan’s strengths and weaknesses against the Ofwat Aide Memoire tests by 18<sup>th</sup> July.</p>	<p><b>Action:</b> <b>Report Writer</b></p>
<p>NSC suggested it would good if BW could open Blagdon to the public on the forthcoming county Heritage Open Day. BW said it has some open days planned and would to check if these coincided with this event.</p>	<p><b>Action:</b> <b>BW</b></p>
<p><b>5. In camera session after main meeting</b></p>	
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