

## Minutes of Meeting 9 – 24<sup>th</sup> November 2017

### Attendees

Tony Denham	BWCP Deputy Chair	Ian McGuffog	Bristol Water (BW)
Jeremy Hawkins	Report Writer	Ben Newby	Bristol Water
Michael Barnes	Consumer Council for Water (CCW)	Dani Emerson <small>part</small>	Bristol Water
Cllr Terry Napper	Mendip District Council (MDC)	James Holman	Bristol Water
Jeremy Bailey	Environment Agency (EA)	Patric Bulmer <small>part</small>	Bristol Water
Cllr Robert Cleland	North Somerset DC (NSC)		
Dr Danielle Wain	University of Bath (UB)		

### Apologies

Peaches Golding OBE	BWCP Chair	Alison Sleightholm	Western Power Distribution (WPD)
Dr Mark Taylor	Natural England (NE)	Prof. Chad Staddon	University of the West of England (UWE)
Mike Bell	Consumer Council for Water (CCW)	Dr Tabinda Rashid-Fadel	University of the West of England (UWE)
Alex Hastings	Independent (AH)	Luke Hasell	The Story Group
David Wilson	Duchy Home Farm	Daniel Woodhead	Step Change

### Minutes

<b>1. In camera session before main meeting</b>	
Minutes are confidential and not published.	
<b>2. Last meeting's actions &amp; challenge log</b>	
The Deputy Chair welcomed Ian McGuffog, Bristol Water's Director of Strategy & Regulation to the meeting. Ian gave the Panel a summary of his career.	
The Deputy Chair reported that the Report Writer and he had recently reviewed the status the Panel's Challenge Log and had cleared a significant amount as a result of actions that	

<p>the company has taken. Some 51 challenges remain and liaison with the company continues on these.</p> <p>The following outstanding challenges were brought to the company’s attention:</p> <ul style="list-style-type: none"> <li>• Challenge 95 (report from PwC on charges). The company agreed to put this on the file transfer system.</li> <li>• Challenge 123 - examples of reporting assurance were requested; one relating to customer information, another to operational information. BW agreed to provide these.</li> <li>• Challenge 260 – involvement of DWI. BW said that it is setting up a process for DWI to attend the Panel’s meetings, possibly starting in January next year.</li> </ul> <p>It was noted that the one action outstanding from the last Panel’s meeting related to the attendance of a BW Non Executive Director at Panel meetings. BW replied that its company Board restructuring is ongoing and that this request from the Panel has been submitted. BW pointed out that the BWCP Chair has contact with a Board member.</p>	<p><b>Action: BW</b></p> <p><b>Action: BW</b></p> <p><b>Action: BW</b></p> <p><b>Action: BW</b></p>
<p><b>3. Metering and Willsbridge update</b></p>	
<p>The company presented slides summarising progress on its metering strategy. These includes:</p> <ul style="list-style-type: none"> <li>• Selective metering – the shadow programme is on track with all available options being enforced</li> <li>• Driving up meter options – two targeted radio campaigns have been undertaken. CCW asked if the campaigns were still running. BW replied they were having just launched second one</li> <li>• Beat the Bill - The Lockleaze area pilot study is ongoing and BW is looking to roll this out in more areas</li> </ul> <p>BW presented a case study of the large scale supply interruption it experienced in the Willsbridge area last summer. It highlighted that this event has had a knock on effect on a number of performance areas.</p> <p>BW reported that due to the resilience in its network it is able to isolate and rezone supplies readily. A one-off technical issue involving a junction of pipes of different materials and ages caused the burst. Its post-event review has not identified any other similar pipe work arrangements to be at risk. The company’s response process was found to be robust. Ofwat has requested a report on the incident as an example of a good</p>	

<p>response.</p> <p><b>MDC asked if BW has mapped pipes that are at risk of bursting through old age or poor ground conditions. MDC cited the example of a big burst in Glastonbury last year. BW said it has such information and that its pipe rehabilitation programme is risk based. Its Southern Resilience Scheme will be completed next summer and will further increase network resilience.</b></p> <p><b>EA asked how much water was lost during the Willsbridge burst and the impact on leakage as this information was missing from the case study presented to the Panel. BW established later in the meeting that some 7 Ml of water was lost. It will update the case study accordingly and also mention this in its mid year performance report.</b></p>	<p><b>Action:</b> Include in Challenge Log</p> <p><b>Action:</b> Include in Challenge Log</p>
<p><b>4. Statement of Strengths, Risk and Weaknesses</b></p>	
<p>BW presented its updated statement of information strengths, risks and weaknesses and explained the Ofwat monitoring framework that it is associated with. The draft statement will be published for consultation next week and Panel members are invited to comment within the required timeframe of around a month.</p> <p>Ofwat’s latest assessment of the company’s information assurance regime will be published on 30<sup>th</sup> November. The Deputy Chair asked that the Panel be informed of the outcome. BW agreed to do this.</p> <p>The Report Writer noted that the assurance regime now included a CEO review. He asked whether this covered both reporting methodologies and data. BW replied that both were included in the review.</p> <p>EA wondered what risk the company is managing. BW replied that the risk of poor information is to customers (eg through overcharging) and to regulators (the strict legal duty for regulatory reporting).</p> <p>EA noted that Ofwat doesn’t appear to define what success looks like. There was discussion on the clarity of language in the statement and whether most customers would understand the messages. It was agreed that the subject matter was very technical and that little more could be done to improve the document. The Panel had been involved in clarifying the text in last year’s statement and this year’s was similar.</p> <p>NSC noted that the statement was very comprehensive asked how the statement will be going into the public domain. BW outlined the consultation and finalisation process including the production of a Draft Assurance Plan in January/February next year and a Final Assurance Plan in March.</p>	<p><b>Action:</b> All Panel members</p> <p><b>Action:</b> BW</p>

5. Performance update	
<p>BW gave an overview of its mid-year performance and its proposed public reporting format. These were summarised in a series of slides.</p> <p>BW highlighted the end of year targets that are at risk of being missed (with resulting penalties). These include Unplanned Customer Minutes lost (even without the Willsbridge event), Mean Zonal Compliance, Leakage and Meter Penetration.</p> <p>UB asked how frequent big bursts are. BW replied that it experiences such busts perhaps every two years.</p> <p>The Deputy Chair asked if there had been an increase in negative water quality contacts from the Willsbridge incident. BW replied not as its re-routing of supplies mitigated this.</p> <p>BW outlined its end of year targets that are at risk of being missed (without resulting penalties). These include Total Carbon Emissions, Waste Disposal Compliance, SIM, Ease of Contact and Negative Billing Contacts.</p> <p>EA suggested that WINEP may solve the waste disposal issue at Barrow WTW.</p> <p>The Deputy Chair asked if BW was able to actively manage the percentage of customers in water poverty. BW said it was doing this through its social tariffs but that the indicator is dependent upon data from CACI so it has limited control.</p> <p>The Deputy Chair asked whether BW has been able to better understand the ‘don’t know’ customer responses associated with the general satisfaction from surveys indicator. BW replied it has no control over these.</p> <p>BW asked for comments on its proposed public reporting format:</p> <ul style="list-style-type: none"> <li>• EA said that a sum total of financial penalties would help. Other companies do this. BW noted this and said it will be talking to the Panel in January about rewards and penalties and how to treat and report them.</li> <li>• CCW would like to see the year-end and end-of-AMP targets included in the reports. BW said that its Executive Team wishes to include these in the Annual Report, rather than at mid year.</li> <li>• CCW pointed out that the population centres at risk figure for mid-year should be around 288,000, not 9,063. BW agreed and will change the report.</li> </ul> <p>With regard to the assurance the company has had on its mid year position, the Deputy Chair asked why the methodologies for SOSI and hosepipe bans were ‘green’ but the associated data had not been audited. BW replied that only the methodologies were</p>	<p><b>Action: BW</b></p> <p><b>Action: BW</b></p>

<p>audited at mid-year as data are not available until year-end.</p> <p>It was also noted that the per capita consumption data had been given a ‘green’ assessment at audit but were not available yet. BW agreed to check this potential anomaly.</p>	<p><b>Action:</b> BW</p>
<p><b>6. Tariffs</b></p>	
<p>BW presented a number of slides outlining its tariffs for 2018/19. The Panel was asked to note the company’s proposals.</p> <p>CCW confirmed it had reviewed the company’s proposed tariffs and was content with them.</p> <p><b>The Deputy Chair asked whether BW was likely to face a large revenue correction at the end of the five-year period. BW replied this was unlikely, as inflation will come into play. The Deputy Chair noted that cumulative revenue correction would be a useful addition to the company’s tariff presentations. BW suggested that a predicted correction would be perhaps more helpful and agreed to do this in future.</b></p> <p>The Deputy Chair asked if BW’s Social Tariff was working well and whether the Panel could have an update from the company. BW said recent mail drops had resulted in 3,000 customers going onto the tariff adding to the 6,000 already on it. BW agreed to provide an update.</p> <p>BW agreed to circulate CCW’s report on social tariffs.</p>	<p><b>Action:</b> Include in Challenge Log</p> <p><b>Action:</b> BW</p> <p><b>Action:</b> BW</p>
<p><b>7. PR19 update</b></p>	
<p>BW presented a series of slides summarising progress to date on its customer research activities and its forthcoming plans. Reference was made to the work and findings of the Panel’s customer engagement sub-group.</p> <p>BW was asked to send its triangulation report to all Panel members.</p> <p><b>The Deputy Chair reported that the sub-group was happy with the comprehensive triangulation process but he had made some comments to BW by email on the presentation and the quality of the results (as expressed through confidence levels). Concern had been raised that many of the triangulation results had been assigned a low confidence level and BW was asked how it considers this will affect the use of the triangulation results. As a way forward BW said the results will be put into the company’s optimiser and sensitivity testing will be undertaken. It is unable to assess the materiality of any issues at this point in time. The Deputy Chair said that he would like to see the outcome as soon as it is available.</b></p> <p>The company was asked whether it was intended to have its methodology and results</p>	<p><b>Action:</b> BW</p> <p><b>Action:</b> Include in Challenge Log</p>

<p>peer-reviewed. BW replied that it is looking into having a peer review undertaken but no decision has been made as yet. The sub group had raised this challenge at its last meeting and the challenge had been logged.</p> <p>The Deputy Chair said that the provision of the revealed preference report is still outstanding. BW said that the report has just been published and will be put onto the file transfer system as soon as possible.</p> <p>The Deputy Chair asked about progress on the company’s slider tool. BW said it is to be finalised next week and will be published on the web. BW will send a link to the Panel members.</p> <p>The Deputy Chair noted that the sub-group’s challenges on the company’s vulnerable customer strategy remain outstanding. BW replied that it is still aiming to address these by the end of March when it will talk to the Panel about its strategy.</p> <p>BW asked which pieces of future research the Panel wishes to be involved in. The Deputy Chair said the online slider tool. He also noted the forthcoming WRMP consultation. The forthcoming focus groups would also be of interest.</p> <p><b>EA said that it considered that BW had done a comprehensive job on its customer research to date but wondered to what end. At some point the company will need to set out how particular research results influence future bills and the extent of this influence. BW agreed and said that it intends to document this in its strategy (both short and long term) and it plans to present this to the Panel in January.</b></p>	<p>Action: BW</p> <p>Action: BW</p> <p>Action: BW</p> <p>Action: Include in Challenge Log</p>
<p><b>8. PR19 outcome framework</b></p>	
<p>BW presented a high level overview of Ofwat’s outcomes framework for PR19 and the company’s early thinking. The Panel was asked to note this for now as a sub-group meeting will be held on 8<sup>th</sup> January to review and challenge in detail. The sub-group will report its findings at the Panel’s meeting on 24<sup>th</sup> January.</p> <p>BW was asked to send its detailed outcomes rationale to the Panel before this meeting and to include information on where its customer research has informed the proposed outcomes</p>	<p>Action: BW</p>
<p><b>9. Water Resources Management Plan update</b></p>	
<p>BW presented an update on its WRMP for information. It would welcome feedback from the Panel on its non-technical summary of the WRMP by the beginning of next week.</p> <p>The Deputy Chair noted that the WRMP includes more water resource risk in future and asked whether this was being taken by the company or by the customer. BW replied that</p>	<p>Action: All Panel members</p>

<p>the increased risk related to headroom being exceeded but that the increase was small and gradual (5% headroom risk chance in AMP7, 10% in AMP8, 15% in AMP9).</p> <p>The Deputy Chair remarked that BW’s approach to drought differs from other companies and wondered whether the WRMP is clear on this. BW said it is.</p> <p>NSC noted the current huge pressure for house building and asked whether the WRMP accommodates the resulting increase in demand for water. BW replied that the WRMP does include for this.</p> <p>The Report Writer asked whether the forthcoming deliberative workshops will give participants information on the bill impacts of the proposed reduction in leakage. BW said such information would be available.</p> <p>EA said that it will be challenging BW over its future plans for bulk transfers and drought resilience. BW said that there are many options and that more work on drought resilience work will be done between the draft and final WRMPs.</p> <p>MDC asked what will happen to Wessex’s customers when BW reduces its bulk transfer. BW said that Wessex’s WRMP presupposes that the transfer reduces sooner than BW is planning. There will be consultation and commercial negotiation with Wessex when the time comes.</p> <p><b>The Deputy Chair noted the WRMP lacks a ‘golden thread’ linking customer views and priorities with decisions on water resource schemes. The Panel will need to understand this linkage. BW said that its modelling has done this. The Deputy Chair requested the methodology or explanation from BW together with an example to illustrate its use.</b></p>	<p>Action: Include in Challenge Log</p>
<p><b>10. In camera session after main meeting</b></p>	
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