

# Your Water, Your Say

# Minutes of the Meeting held at Peninsula House, and by video conference on Wednesday 24 May 2023 at 6:00 pm

## Present:

*Kevin Johnson (Independent Chair)*

*Susan Davy (SD)*

*Paul Boote (PB)*

*Laura Flowerdew (LF)*

*Lisa Gahan (LG)*

*John Halsall (JH)*

## 1. Welcome

The Independent Chair welcomed attendees to the first South West Water 'Your Water Your Say' meeting.

Attendees were advised that this meeting is being recorded for the purposes of formally writing up the session, following the approval of which the recording will be deleted, and that questions and answers will also be kept until all actions are addressed.

Attendees were advised as follows:-

- They may enable live captions which are auto generated
- They may access the BSL function using the interpretation button
- They may ask questions and raise a hand;
- That a signed translation is available; and
- Technical difficulties should be emailed to Orient during the event.

Due to the numbers of people involved in this meeting it is not possible to have all cameras switched on but when questions are asked, that individual's camera will be enabled.

## 2. Introduction by Independent Chair

The Independent Chair advised that he has been appointed by Ofwat and CCW as an Independent Chair for a series of open challenge sessions with each of the water companies in England and Wales, that CCW is the consumer advocate and Ofwat is the economic regulating body in the water sector.

As regards South West Water, this Group includes Bournemouth Water and Bristol Water but for the purposes of this evening's meeting the term South West Water (SWW) will be used.

This session is part of the price review process, known as PR24, which sets price controls from 2025 to 2030.

This session and the later session in the Autumn are in addition to the normal engagement that SWW has with its customers, it does not replace any regular SWW activity.

The Independent Chair's role is to facilitate constructive challenge, not to make any decisions, other than who is invited to speak and when, to encourage open discussion and that to ensure that this meeting is accurately recorded.

Evidence, insight and customer engagement are all part of the PR24 process, so attendees are encouraged to both challenge and engage with SWW but this session must be constructive and respectful.

The Q&A speech bubble is available at the bottom of your screens and you may type in a question at any time.

The agenda for today is that SWW will be invited to speak first, for no longer than 15 minutes, following which there will be at least one full hour for questions and answers.

The questions and answers will be taken under four key headings:-

1. A clean reliable supply of water
2. Protecting beaches and rivers
3. Adapting to climate and population challenges
4. Affordability and trusted customer service

I will take as many questions as possible, covering as many areas as possible so please avoid statements and general chatting and focus on questions in order to maximise this session.

All questions submitted will be put to SWW and CCW will facilitate that process and ensure all specific queries are addressed. Colleagues from CCW and Ofwat are also joined on the call to observe the session. Remember, this session is about SWW's plans.

At the end of this meeting I will explain the next steps.

### **3. Introduction by Susan Davy, CEO of SWW**

The Independent Chair introduced South West Water's Chief Executive Office, Susan Davy for the SWW presentation.

SD thanked KJ and provided attendees with background on the Group under the Pennon banner as follows:-

- SWW was formed over 30 years ago by Devon & Cornwall;
- It was joined in 2015 by Bournemouth Water;
- Followed in 2020 by the Isles of Scilly; and
- Finally, in 2021, Bristol Water joined the organisation.

SD advised attendees that her role is to ensure that all taps and loos work at all times and particularly so during the summer months when 10m visitors flock to the south west to enjoy the region, its sights and its beaches.

The area covered by SWW has an economy the size of greater Manchester and is home to 100,000 business and 13,000 farms, has 860 miles of coastline, four national parks, the first national marine park, a UNESCO biosphere in North Devon and 10 areas of outstanding natural beauty, so I'm acutely aware of the environment in which we operate and the care that we need to show for our region.

Running a water company is effectively running a water recycling system for the region, 90% of water comes from rivers with reservoirs acting as storage, in fact none of our reservoirs are connected direct into our water stream works; that means smooth operation relies on the health of these rivers.

We treat the water and make it safe to drink according to world quality standards.

SWW has:-

- 25,000 km of pipes;
- 653 wastewater treatment works;
- 24,000 km of sewers; and
- Removes 500,000 tonnes of unflushable items each year

The Pennon Group spends £900m every year managing this water recycling system with the majority of those funds spent on running and maintaining the system. The amount paid back to lenders is a modest return, through dividends, which provides for long term investment. These payments are equivalent to a reasonable interest rate and for the average family the cost is 16p in every £1. The Group pay its fair share of taxes and offers fair paid jobs, as a fair pay employer.

The organisation speaks to its customers every day and the main message being heard is that a clean safe supply of water will always be top priority but customers worry about insufficient water due to climate change/drought and volumes of new housing. Our customers want to make the most of this region, to utilise its outside spaces and they want storm overflows, a feature of our Victorian sewage system, to stop.

SWW recognised that the use of storm overflows has to change and agrees that a single spill is one too many and that this must be fixed.

When SWW took ownership of the water business 30 years ago, in the SW half of all households and businesses discharged untreated sewage straight into the sea. Our bathing water quality was low with only 28% passing stringent tests, in fact, we were called the Dirty Man of Europe.

Fast forwards to today and, by investing over £13b through upgrades like Operation Clean Sweep, all households' and businesses' sewage is treated through 653 treatment works and untreated sewage is now harvested for fertiliser for farms.

For the second year, SWW has achieved excellent bathing water quality standards and we now have some of the best beaches in Europe but more can be done.

As to challenges, the South West remains in the midst of a drought and last year had the driest summer since records began. This must be addressed going forwards and whether you live or visit this region you can expect hotter and drier summers and rising sea levels. That's all putting pressure on water resources and access to

unlimited clean drinking water. With the sea levels rising, it will pose risk to SWW's sites and assets.

In addition, we are facing the possibility of an increase of 500,000 residents.

We are already responding and our plans in future will tackle what you most care about.

Customers say safe clean drinking water is their top priority and as individuals on average we use 140 litres of water every day and whilst SWW will ensure that this both looks acceptable and tastes great, we will encourage everyone to use less, we will fix leaks, install smart meters to allow consumers to control their usage and provide rainwater butts for free.

SWW is also looking to secure new and sustainable sources of water which is why we are investing in new water resources, and in preparing for the long term, we're working with our neighbours in Wessex Water to support the wider region for the benefit of all.

We aim to ensure customers and visitors are able to visit their favourite beach all year round knowing that storm overflows are minimal, if at all, and for half of the projects that we've planned to tackle storm overflows we will aim to use natural solutions rather than relying on concrete or chemicals.

SWW is also aware of its carbon footprint and has set a zero-carbon target.

We must also protect rivers and wildlife and focus on environmentally sensitive areas, repurpose sludge and turn it into energy and we continue to restore moorlands with 125,000 hectares of habitat including peatlands, hedgerows and we are currently investigating protecting and encouraging sea grass.

SWW has sought to keep bills as low as possible but to meet our future water needs increases could be £9 a month for SWW customers, £3 a month for Bournemouth Water customers and £2 a month for Bristol Water customers. Bournemouth and Bristol customers will also receive a bill from their wastewater provider.

SWW is aware that some customers are financially stretched and currently 100,000 customers receive support under our schemes to avoid water poverty.

This region is special and SWW's goal is to provide high quality water for all, we are not there yet but we are well under way and will work with all the region and their representative and look forward to your feedback and questions.

#### **4. Discussion & Questions**

The Chair thanked SD for her presentation and reminded attendees that they can ask questions under the following four key headings:-

1. A clean reliable supply of water;
2. Protecting beaches and rivers;
3. Adapting to climate and population challenges;
4. Affordability and trusted customer service.

The Chair thanked the attendees for their time and opened the meeting to questions and queries.

#### **4.1 CLEAN RELIABLE SUPPLY OF WATER**

**Q1 Can you provide leakage rates for 2017 to 2022 and what plans exist, together with timescales for a faster and comprehensive reduction in leakage rates?**

SD On SWW's own infrastructure 13% of water disappears through leaks, there is another amount of around 5-6% of what SWW produces that leaks on customer premises – our aim is to reduce this rate for our own infrastructure and customer leaks with a target of single digit percentages as quickly as possible. Every month SWW fixes 2,000 leaks across the region and we will be increasing the resources to both fix and use the best technology e.g. satellites and data driven information system, to identify and fix and limit wastage.

**Q2 Bournemouth Water Customer – I've received 41 years of uninterrupted supply until 30 March 2023 when pressure dropped substantially, since then there has been no change despite several discussions with managers and engineers. How does the effective cutting off of a water supply, leaving a couple of pensioners high and dry, fit with the company's statement "customers are at the heart of everything we do"?**

JH The customer was thanked for raising this issue and JH apologised for the inconvenience. SWW does use pressure management to help reduce leaks but is always cognisant of the impact on customers of such activity. It is disappointing that this has gone on for so long and SWW will follow this up quickly after this call and establish what the solution is and fix it.

**Q3 Can you explain the decline in water quality since Bournemouth Water was acquired?**

JH SWW is not aware of a problem with water quality but is aware of reports of 'green water'. These are not harmful to health but it is reported differently and so reflects upon the definition of water quality, this has always been an issue for this region. SWW is changing the way it operates the water treatment works at Knapp Mill to reduce the risk and putting in a new plant and ultraviolet decontamination. This will reduce the risk of the issues raised but ultimately the solution is a new water treatment works at Knapp Mill which will cost around £100m. This has been approved and the contract is being finalised by SWW, and when that goes in we will be able to make sure that those water quality issues are completely removed.

**Q4 Has SWW changed its methodology for calculating leaks and if not what has prompted Ofwat to investigate?**

SD SWW is focussed every day on tackling leaks, to reduce the 13% on our infrastructure and 6% on customers' side, and we have to make returns to the regulators about what we have done. Following a submission the regulator has raised some questions and SWW will be open and transparent in responding to these. SWW respects the need of

the regulator to question these things and that is the process that is currently taking place.

**Q5 The Newquay weather station reports higher than average rain in 2022 so why are we still in drought?**

SD We are in a drought, following the hottest driest period last year that this region has ever seen. The region relies on its rivers and reservoirs for water and remains in drought as we still need to build up reservoir resources. The rain is fantastic and these resource levels are increasing since Autumn 2022 and everyone using less water but we do not yet have sufficient. We are nearly there and we consider it important that we continue with restriction to protect the environment, to keep it healthy and we have full reservoirs ready to release into that environment when needed.

**Q6 Bristol Water Customer – Will we ever have a daily usage limit imposed as a result of population increase and climate impact?**

SD SWW is aware of pressures on the system and its resources so we will be investing in new reservoirs, one of which is in Bristol (Cheddar Two), to provide more resources to the greater south west region but we also want people to have tools and a toolkit to use less water every day. We are working on a combination of more resources and clever usage such as smart metering or different charging.

**Q7 South West Water Customer - The NHS dental service is in a poor state and I've been told that adding fluoride to water helps to strengthen teeth. Is it added to our water and if not, what needs to be done to add?**

JH SWW do not put fluoride into any water but we do have low levels of fluoride in our raw water supply. This type of decision is not made by water companies, it is made by UK Health Surveillance and whilst some water companies have been asked to add fluoride, SWW does not and we have not been asked to do so.

**Q8 Do you have a credibility issue, multiple promises have been made since the 1989 privatisation, the purpose of which was to deal with the Victorian infrastructure that was already causing problems. 35 years later and we are still discussing this. The plan for 2025-2030 looks good but what has happened since 1989 and what can water companies do to overcome the credibility issue?**

SD SWW is aware that we are in the spotlight, 30 years ago half of the region's waste water and sewage from homes businesses was not treated but discharged raw into the sea and the region had the lowest levels of bathing water quality standards. £13bn has been spent to improve this situation and SWW have installed 650+ treatment works to ensure all waste water is treated. Drinking water quality has

improved significantly and water loss has improved in terms of reduction times, with the average reducing to 5-10 minutes, down from over an hour and we have added to the reservoir resource. SWW has been investing but we have made sure this has been done in a measured way, from a bills perspective, to keep water affordable. There is more to do, we are facing climate changes and a Victorian network with storm overflow safety valves which are damaging the work done to improve things.

## **4.2 PROTECTING BEACHES AND RIVERS**

**Q1 So far combined storm overflows only tell us how long sewage is released, when will you be able to tell us how much is released into rivers and bathing water?**

SD Monitoring is now in place across all 1,400 combined sewage overflows, providing data constantly. These do tell us when and for how long a release takes and the focus is now on reducing the number of spills down, one spill being one too many. SWW has recently launched its WaterFit Live web site which provides data on beaches and water quality and is moving into real time data release. This continues to be discussed internally and we will look at this quickly for further improvements.

**Q2 Bristol Water Customer - Why should customers pay for the sewage part of bills when sewage doesn't appear to be treated or disposed of properly?**

JH There are a number of reasons why storm overflows occur, and we are working on this. We've reduced the number of times it occurs by 50% in the last couple of years and we're continuing to carry out investments to our infrastructure.

LF Bristol Water only provides clean water, Wessex Water provide waste water services. SWW treats 98% of waste water, only 2% goes through storm overflows in times of heavy rainfall, it is important to treat waste water and our aim is to treat it all.

**Q3 Pennon Group figures suggest that every household pays £100 in dividends to shareholders, is that correct?**

PB The previous presentation set out the different areas we have to spend on; we spend around £800-900 million a year through investment on infrastructure - clean water, waste water as well as the ongoing operational spends. Out of the £900m that we will spend in total, 8% will be spent on interest and 8% on dividends which roughly does equate to £100m. This is an important number as our plans for 2025-2030 represent a challenge and a lot of investment is needed. It is important to remember that funding from investors is important in improving water provision and investors wish to see a return on that investment. Investor confidence is also important for the future.

SD It is important to remember that two thirds of the Group's shareholders are pension funds and charities and a great number of these rely on income from those dividends.

**Q4 When the River Lym was tested in February there were high levels of E-coli during periods of no rainfall, funding has been allocated in 2025 to fix the issues**



**causing the pollution in the river, can the funding be brought forward to protect the public?**

JH The last agency measure of the Lym was categorised as 'Fair' and SWW will be meeting on site with the River Lym action group to discuss perspectives and working closely with them. In the event that bringing forward investment will improve the situation; this will be done.

**Q5 Are we prioritising the right things, it is difficult to establish the criteria and establish if we are getting best value for money, what drives the prioritisation process?**

LG SWW spends a lot of time talking and listening, we aim to understand what our customers want, supported by an awareness of our legal and regulatory obligations, we encourage attendees to take part in the engagement process and assist with the process of deciding where priorities are focussed, when, where and how. WaterFit Live will be followed by a plan for storm overflows, followed by further information that customer want and have asked for.

SD There is a prioritisation, we are focussing on the bathing waters, due to the nature of our region, but we want to hear from customers if they have other concerns.

**Q6 SWW promoted HomeServe to insure against leaks but the service is not good and water is being lost, can this be brought in-house to improve customer service?**

LF HomeServe work with SWW and the intention is that they deal with leaks quickly. SWW has not looked at bringing this in-house but does expect a high-quality service to be provided and wants to know if the service is not acceptable. SWW will follow up after this call.

**Q7 Farmers nitrogen run off is an issue and how is SWW dealing with this?**

JH SWW works closely with a lot of farmers across the region, as well as local authorities and the biggest opportunity is working with the Environment Agency, who have the ultimate control, to understand the discharges into rivers.

LG SWW works with over 100,000 hectares of farmed land and where we think the land is having an impact we liaise with owners/users, advise them and fund investment with them to assist in reducing this impact. Where we are having an impact we do our bit as well. By 2030 we will have worked with farmers across an area the size of Dartmoor National Park to improve this situation.

**4.3 Adapting to climate change and population challenges**

**Q1 If the dire prediction about global warming materialises, securing our water supply is critical so what plan have SWW got for the commissioning and building of desalination plants?**

LG SWW knows that by 2050 we have to find ways to take 200m litres less water from rivers if we are to make sure those rivers are not harmed by human needs. SWW is

looking at a number of areas, have to firstly get our leaks down and save water, help customer to use less water and invest in new supplies, desalination is one part of this. SWW has bought and repurposed three quarries for new sources of water, Cheddar Two reservoir is the biggest to be built in the UK for 33 years and we want to bring on other sources in the short term so the region become less dependent on taking water from rivers. Desalination is happening and SWW is also looking at recycling more.

SWW currently operates a desalination plant on the Isle of Scilly so we know how to run these and Cornwall will have one in next year.

**Q2 Why are we using rainwater to flush toilets when buildings can collect rainwater, this could have been done 70 years ago?**

LG 80% of houses that will exist in 2050 exist today, whilst new houses should be water efficient we do need to tackle our existing stock. In the short term SWW provides water butts, we have given out 100,000 water saving devices to assist with shorter showers and toilet flushes and encouraged wise water usage. We continue to work with our stakeholder to retrofit the 80%.

**Q3 Water company advised a customer that they were using too much water but didn't enquire about the personal situation which included a sick relative that results in high levels of water usage?**

LF SWW recognises that this is an important issue, whilst we want customers to use less water in general we appreciate that there are reasons why, for some households, this is not possible. SWW has support tariffs available for customers with high water usage needs as well as a priority services register which ensures that if you need water as a priority this is maintained.

**Q4 Who should be liable for the costs of upgrading and improving the water infrastructure?**

PB There have been great steps made in terms of bathing water, water quality, drinking water and waste water treatment. There has been a lot of investment which has delivered benefits. In terms of being liable, we are talking about new changes and new investments for even further improvements. SWW is aware of its liabilities and made changes but also provided for new investment for further improvements and acceleration of the programme to improve.

**Q5 The sewage system is not fit for purpose, is there any new thinking about alternative options for dealing with sewage such as reed beds and also water collection systems in a more joined up manner?**

JH SWW do have reed beds in the region but they take up a large surface area, the Group invests a lot of energy and time looking for innovative solutions and is working with Exeter University in this area.

SD SWW is just about to submit its Drainage and Waste Management Plan and has been working with councils and other stakeholders to get the right solutions to resolve

problems, this includes reedbeds, and this will be published next week. SWW would love to get rid of wet wipes from the system.

#### **4.4 Affordability and trusted customer service**

##### **Q1 Some customers are struggling to pay water bills and getting threatening letters, what are SWW doing to help people with the cost-of-living crisis?**

LF SWW is helping a huge number of customers, we are aware that this is a challenging time for people and have helped over 100,000 customer over the last few years to ensure there is no water poverty. SWW continues to do a huge amount in this area to try and support customers who are encouraged to get in contact to see how SWW can support.

##### **Q2 There is a huge demands being placed on all services in Cornwall by the tourist industry, the community is being careful with water but visitors are not and the community is picking up the cost, how are SWW addressing this?**

PB SWW recognises that tourism is a huge challenge to bills and is currently looking at a way to view bills more equitably and fairly. We are looking at progressive and innovative ways of charging, to pick up on these elements of demand and considering pilots and trials to encourage water saving.

##### **Q3 SWW recently allowed a discounted bill rebate, would others benefit from this rebate?**

LF SWW don't offer rebates going backwards but do offer a number of tariffs for those who cannot pay their bills, this will be followed up.

##### **Q4 Why are your bills so high when executives are paid millions in pay and bonuses?**

SD I have addressed dividends already and the need for investment and provide for returns to investors. As regards executive pay and bonuses, I am paid well to do an important job and the executive team take their responsibilities very seriously and are incredibly lucky to serve the region. My CEO salary detail are in the public domain, I take a base salary and there are bonuses dependent on performance across a range of measures, paid when we perform, the vast majority of these are in shares in the business. This year I will not be taking any bonuses. I and the team are focussed on delivering for our customers and communities and getting it right for the region with no excuses.

#### **5. Next Meeting and Any Other Business**

The Independent Chair thanked the contributors and attendees, noting the engagement shown today and the interest in Your Water Your Say.

All the questions asked will get shared with SWW and responses provided. Attendees can still submit a question to CCW within 24 working hours, as part of this session, so

by midday on Friday 26 May you may submit your question to [yourwateryoursay@ccwater.org.uk](mailto:yourwateryoursay@ccwater.org.uk) making it clear your question relates to SWW.

The presentation from SWW earlier will be available on the SWW web site and a written record of this meeting available within 21 days.

Another session will be staged in the Autumn, following the PR24 submission, and that will look at tonight's issues and how that shaped the final PR24 submission.

The Independent Chair thanked colleagues at CCW and Ofwat and SWW for staging this session.

There being no further business, the meeting closed at 8:00pm