

MINUTES OF THE WATERSHARE PANEL MEETING (PUBLIC) – 13 December 2022

Present

Panel Members:

Lord Matthew Taylor – Chair (MT)
 Nick Buckland – Vice Chair (NB)
 Carole Theobald (CT)
 Mark Duddridge (MD)
 Adrian Bratt (ABr)
 Richard Lacey (RL)

In attendance:

Independent Report Writer - Jeremy Hawkins (JH)

Customer attendees:

Customer 1 (C1)
 Customer 2 (C2)
 Customer 3 (C3)

Expert Advisors:

Catherine Jones – CCW (CJ)
 Kevin Ward – EA (KW)

SWW Representatives:

Susan Davy – Group Chief Executive Officer (SD)
 Dr Lisa Gahan – Regulatory Director (LG)
 Iain Vosper – Operations Director – Wastewater Services (IV)
 Adele Barker – Group Chief People Officer (ABa)
 Laura Flowerdew – Chief Customer and Digital Officer (LF)
 Michelle Davies – Head of Strategy (MD)
 Sue Clarke – Head of Customer Experience for BW (SC)
 Matthew Baxter - Head of Customer Systems & Billing (MB)

Observers:

Tony Denham – Deputy Chair Bristol Water Challenge Panel (AD)

Apologies:

Fergus Mitchell – NE expert advisor (FM)

1.	Welcome and introduction to the meeting
1.1	The Chair welcomed everyone to the WaterShare+ (WS+) Panel public meeting, particularly the customers that had joined. He appreciates the attendance of customers, explaining they effectively become part of the Panel for the day in its review of SWW’s performance and service activities.
1.2	The Chair introduced the role of the WS+ Panel in holding SWW to account against the company’s promises in PR19. Whilst much is being delivered, inevitably the Panel papers and discussion focus on any difficulties the company is experiencing and its responses to

	external events. He made it clear that customers are welcome to contribute to this process.
1.3	All Panel members and expert advisers introduced themselves.
1.4	The CEO of SWW welcomed the customers attending the meeting and introduced the SWW team.
2.	Approval of minutes
2.1	The minutes of the meeting held on 4 October 2022 were approved.
3.	Company performance
3.1	The company provided an overview of SWW’s performance as reflected in Ofwat’s recently published Water Company Performance Report 2021-22 and the company’s more recently-published half year results for 2022-23.
3.2	The company said that the first three years of the current price review period had been dominated by the coronavirus pandemic, this summer’s drought, and the ongoing cost of living crisis. It has delivered 80% of its PR19 Performance Commitments, achieved 100% bathing waters compliance for the second year running and has halved environmental pollutions compared to last year. In relation to the cost of living and its commitment to eliminate water poverty, the company is providing £78m of support to customers who are struggling to pay their bills. Noting the drought issue is ongoing, the water demand during the peak period this summer was equivalent to the 2050 forecast demand modelled by SWW during PR19, as a result of changing demographics post-pandemic, as well as the hot weather.
3.3	The company recognises that it has more to do in reducing environmental pollutions (it is on trajectory to get back on track) and leakage (where it is back on track).
3.4	C1 complained about the recent discharge of sewage into the sea at St Agnes.
3.5	The company replied that subsequent sampling and analysis have shown that it was sediment from soil erosion (from farming activities), not sewage that had been discharged. The culvert concerned takes water from a stream and is not a SWW asset. SWW said it can work in the catchment with local stakeholders to collaboratively help alleviate such issues however, others contribute to river quality outside water companies and there is a need to make sure that all catchment partners work together. More generally, Pennon wishes to stabilise its good performance at bathing waters and reduce environmental pollutions. It has seen reductions in pollutions and hopes that it will also achieve its best ever sewage treatment works compliance in 2022-23.

3.6	C2 remarked that saying that SWW achieving 100% bathing waters compliance but admitting continuing to pollute watercourses doesn't make sense. He questioned the measurement methodologies.
3.7	The company replied that the methodologies for measuring bathing water compliance and of pollutions are the responsibility of EA and Defra. Combined sewer overflows (CSOs) operate in heavy rain and the resulting discharge is largely rainwater.
3.8	EA added that it undertakes periodic bathing water sampling. An average compliance assessment is calculated over the bathing season. A 100% compliance result from this doesn't mean that the compliance standard is met all the time. In some cases of heavy rain CSOs will have spilled and bathing water will contain sewage effluent. The methodology allows a wet weather waiver to be applied on such days if the CSO has operated as intended.
3.9	C2 challenged whether SWW's infrastructure planning is good enough given that this summer's drought put so much strain on water resources. He also noted there was no reference to hosepipe bans in the company's presentation today and asked why these restrictions were introduced so late in the summer.
3.10	The company replied that its water resource planning looks forward 25 years and includes its forecasts of population growth and climate change. It makes sure the company's infrastructure is resilient. Building new reservoirs is a challenge across the sector. Most reservoir plans are rejected. SWW has been buying former quarries as potential sites for new reservoirs. All supply options such as desalination plants and even towing icebergs to the region are also considered.
3.11	The hosepipe bans were introduced in August because there were exceptional temperatures and low rainfall in August and September. The resource position has benefitted from the wet weather in October and November. The lessons learned from this summer's drought will go into the 25-year plan. Cornwall was a pinch point. The Colliford Lake strategic reservoir feeds into the River Fowey. The river is in a poor state due to the drought. There is a need to have a more diverse mix of sources including desalination. The hosepipe ban did result in a drop off in demand, and although this has since crept back up and shifted later in the day, the ban was helpful. The company also referred to its Stop the Drop customer incentive in Cornwall which is offering £30 off bills to customers in this area if the reservoir reaches 30% capacity by the end of December. This incentive is the first of its kind in the industry. It is already resulting in a sustained reduction in demand.
3.12	C1 asked why the company doesn't modernise its equipment to deal with wet wipes.
3.13	

3.14	<p>The company said that wet wipes cause significant problems in the sewerage network, less so at STWs. To replace or separate the existing sewerage network would be uneconomic. Macerators on toilets are also an option but both potential solutions would still result in the plastics in wet wipes getting into the environment. The strategy must continue to be the education of customers not to flush such wipes.</p>
3.15	<p>C1 asked if the existing reservoirs could be further excavated while water levels are low to increase their capacity.</p>
3.16	<p>The company said that reservoirs would have to be completely emptied to allow such excavation and that this is impractical as it would disrupt water supply. As mentioned previously other additional water resources are being considered.</p>
3.17	<p>C1 asked where the desalination plants are going to be sited.</p>
3.18	<p>The company replied that feasibility studies are underway and eight or nine potential sites are being considered. These will be publicised if any go to planning application.</p>
3.19	<p>The Bristol Water Challenge Panel Deputy Chair noted the recent Ofwat press release in which SWW was referred to as one of the worst performers and that the resulting £6m regulatory penalty would be returned to customers. He asked when this will happen.</p>
3.20	<p>The company replied that most of this penalty was due to a major water supply interruption caused by damage by a third party who dug through both the main and then continued to dig and also then cut the reserve main. The company is seeking recompense from this party. Customers will see bills reduced next year because of the penalty.</p>
3.21	<p>C3 asked why SWW can't be bothered to locate its water mains and provide this information to third parties. It appears the company doesn't care that its assets get damaged.</p>
3.22	<p>The company refuted this. Utility data protocols exist. All assets are mapped, and the data are kept up to date. Contractors are required to carry out pre-dig tests. This third party didn't follow the protocols and SWW is taking legal action against it.</p>
3.23	<p>C3 said he had experienced at first hand the awful smell and mess of sewage pumped onto Holcombe beach. Budleigh Salterton had also been badly affected. He asked how the company executives justify their salaries, company profits and dividends in the light of such occurrences.</p>
	<p>The company replied that reducing sewage spills at Holcombe is an area of focus and priority. There was an incident in February this year. It said CSOs are safety valves and</p>

<p>3.24</p> <p>3.25</p> <p>3.26</p> <p>3.27</p>	<p>discharge 95% rainwater. The company considers there is much misinformation around this fact. It referred to its WaterFit programme this year which includes investment in stormwater storage, the separation of foul and stormwater sewers, public education around sewer misuse and work with catchment partners. It encourages the public to report pollutions. Often sewage is not the only cause.</p> <p>The company offered to discuss the issues at Holcombe separately with C3.</p> <p>KW also offered to look at frequently spilling overflows, including Holcombe, outside this meeting.</p> <p>NB noted that WaterUK is looking to get frequently spilling overflows banned and asked what SWW is doing in this respect.</p> <p>The company replied that it is supporting WaterUK in its work.</p>
<p>4.1</p> <p>4.2</p> <p>4.3</p> <p>4.4</p> <p>4.5</p> <p>4.6</p> <p>4.7</p>	<p>4. Supporting customers – affordability</p> <p>SWW provided an overview of the challenge of affordability, the company’s current and planned support to customers and the accessibility to this. Affordability data sources and the Stop the Drop campaign were also covered. The company asked the Panel for its comments on its work on affordability</p> <p>MT said Panel has been tracking the company’s work on affordability.</p> <p>NB asked if the company has been testing customer opinion on subsidising support tariffs beyond the current planned 7% target of customers receiving such support.</p> <p>The company said it would be seeking such opinions through its PR24 customer engagement.</p> <p>NB asked about any lobbying of government over extending its £50 rebate on customer bills.</p> <p>The company replied that it is up to government to decide on this. Local MPs are also keen to understand the government’s position. A decision is expected in the coming weeks.</p> <p>MD said that there is evidence that when customers are supported with an affordable tariff their water usage goes up. This suggests that customers who are struggling to pay their bills may be facing health and social issues and there is a need to understand this. This is getting lost in the dialogue.</p>

4.8	The company replied that it considers these issues to be important areas to focus on and understand. It promotes water efficiency alongside providing financial support. It accepted that more detailed information on customer behaviour towards water use is required.
4.9	ABr asked if SWW interacts with other utility companies over affordability and consumption issues.
4.10	The company replied it uses dual messaging on the link between water and energy consumption. CJ added that CCW is also working on similar communications.
4.11	MT challenged the company's target to eliminate water poverty by 2025. Water poverty is defined as 5% of household income. He is aware that SWW is the only company in the industry with such a target. He asked how confident the company is in achieving this, given increases in inflation.
4.12	The company replied that, while it aims to achieve the target, it is a real challenge especially as some people are now on benefits who traditionally wouldn't have been. Getting landlords to have meters fitted in their rented accommodation is also an issue. The company is developing new ways of communicating with and reaching out to customers.
4.13	MT added that he is aware SWW's provision of support with water bills also helps identify the eligibility of customers for other social benefits and helps customers therefore access significantly more help than that limited to water bills.
4.14	C1 expressed concern over the loss of a human voice in the provision of customer service by telephone. Voice bots are only useful if a customer has a single issue.
4.15	The company agreed that it is important that people hear a human voice. Its call centre staff are trained to talk to customers directly and how to have the right conversations around affordability. However, some customers find it difficult to talk as they are embarrassed about their financial situation. Having such discussions via digitally enabled channels may be beneficial in these circumstances.
4.16	C1 gave the company credit for its provision of free water saving devices. He considered there is scope for providing more free water butts and suggested the company could attend more local fairs to get its messages across.
4.17	The company said it has provided 80,000 free water saving devices this year including 15,000 water butts. It attends local fairs as part of this work.

4.18	C3 noted the graph showing the rate of refill of Colliford Lake and the associated Stop the Drop campaign. He expressed his unease over dividend payments, particularly that only some customers receive such payments paid for by all customers.
4.19	The company responded that it is an asset intense business and requires investment either through equity or debt. Dividends are important in facilitating this. Levels of return are monitored by Ofwat and are at their lowest ever level since privatisation. SWW is a listed business with two thirds of shareholders being pension funds, charities, and employees. The recent WS+ offering provides a £13 bill reduction or one share to every household customer, currently worth £9 (plus bill reduction to cover the difference) and with an anticipated 5% return on investment.
5.	PR24 Overview
5.1	The company presented an overview of Ofwat’s PR24 process, its timetable, and the challenge it is expecting from the WS+ Panel.
5.2	MT said the WS+ Panel has up to now been scrutinising the implementation of SWW’s PR19 commitments and the issues it has been facing in relation to these. The work is now morphing into also looking at the company’s plans for PR24. The Panel has established two working groups; one to review customer engagement, affordability, and intergenerational fairness; the second to look at the technical and delivery aspects of the company’s PR24 business plan. Ofwat has asked the companies’ Independent Challenge Groups (of which the WS+ Panel is deemed to be one) to undertake a significant amount of scrutiny. This will present a considerable time challenge. MT hopes that the customer attendees at the Panel meetings will contribute to the independent challenge process as subgroup work eventually is reported to the Panel meetings.
6.	Q & A session
6.1	The Chair explained that this part of the agenda was to receive and respond to specific questions from customers as well as the Panel, though most of these had been taken in the early agenda items. He asked if there were further questions.
6.2	C1 asked if he could receive the slides presented at today’s meeting.
6.3	The company said the slides had been circulated in advance, but if not received it would send a link to these immediately.
6.4	C1 asked if he will be invited to attend future meetings. The company and MT said that any customer is welcome to attend the public WS+ Panel meetings and added that they appreciated today’s customer attendees staying until the end of the meeting as it had run over time.

6.5	C1 asked if Pennon will be looking to expand further after acquiring Bournemouth Water and Bristol. The company said that it will look at further expansion if this is beneficial to the Pennon Group.
6.6	RL noted that, following the acquisition of Bournemouth Water five years ago, its customers have benefitted from service improvements.
7.	AOB and meeting closure
7.1	The Chair thanked everyone for their contributions, and especially the customers for making the time to attend and for sharing their questions and thoughts.
7.2	The next public meeting will be held on Tuesday 28th March 2023.
7.3	The meeting was closed.