

**PORTSMOUTH WATER Ltd
CUSTOMER CHALLENGE GROUP (CCG)
MEETING HELD ON TUESDAY 12 JULY 2016**

PRESENT: Charles Burns (FSB), Caroline Brooks (Winchester County Council), John Hall (John Hall Consulting), David Howarth (Environment Agency), Lakh Jemmett (Chairman), Ingrid Strawson (CC Water), Tamara Breach (Portsmouth Water), Steve Morley (Portsmouth Water), Helen Orton (Portsmouth Water), Neville Smith (Portsmouth Water)

ACTIONS

1. Apologies:

Piers Bateman (Gosport Borough Council), Karen Gibbs (CCWater), Doug Hunt (Atkins), Douglas Kite (Natural England), Andrew Lee (South Downs National Park), Simon Oakley (Chichester District Council), Jon Stuart (Havant & District CAB), Jerry Way (St Richard's Hospital), Paul Barfoot (Portsmouth Water), Rod Porteous (Portsmouth Water)

Welcome:

Lakh Jemmett welcomed everyone to the meeting and introduced Councillor Caroline Brook from Winchester City Council.

Tamara Breach gave the apologies.

1. Minutes & Actions of Meeting Held on 9 May 2016

LJ reviewed the Actions from the last set of Minutes:

SM confirmed he had been in contact with Portsmouth City Council, Gosport Borough Council and Winchester City Council regarding nomination for the CCG and advised that responses had been received from Gosport and Winchester. As per Lakh's introduction, Caroline has joined from Winchester City Council and Piers Bateman from Gosport Borough Council will also be joining.

Greenhouses Gases – SM confirmed this was discussed during the telephone conference call which took place on 30 June 2016.

Social Tariffs – This would be discussed during "Any other Business" and further at the September meeting – Action carried forward.

PB

Performance of Castle Water –SM advised that he had notes from Paul Barfoot in his absence. These advised that PWL are pleased with the progress so far and had carried out two audits, receive weekly updates regarding complaints and account amendments. There are currently three telephone meetings a week, two with operational staff and one with senior staff. Non-household accounts are still PWL customers. HMGO advised that we review all complaints and work in conjunction with Castle Water. LJ asked whether customer service levels were written into the contract with Castle Water, HMGO confirmed it was. A further update will be provided at the next meeting.

PB/HMGO

Highways Activity – At the last meeting SO raised the question whether HCC report on contractors works in the highway. SM confirmed that HCC do, but WSCC currently do not so there is no comparison information available for West Sussex.

Monitoring Plan – This was covered during the telephone conference call held on 30 June 2016.

Customer Engagement Plan – New Customer Panel – LJ requested this be kept on the Agenda to discuss strategies, goals and key metrics. HMGO agreed.

HMGO

2. Mean Zonal Compliance

Carol Lucas and Jonty Stead joined the meeting to present on Mean Zonal Compliance to respond to the CCG request at the previous meeting.

CL advised that during the previous year 15,000 samples had been taken. 4 failed (taste, odour and two lead failures) which meant the MZC was less than 99.95% set out in the ODI. One sample had both a taste and odour failure which equates to two failures in the MZC calculations. Carol advised that when there is a taste and odour failure the following actions are taken:

- Resamples from the original tap (kitchen)
- Sample from alternative tap in original property
- Samples from neighbouring properties (upstream & downstream)
- Water Quality contacts are checked for any T&O complaints in the area

The root cause of this failure was most likely to be due to plumbing work being carried out in the property when the original sample was taken. The stale/chalk taste detected could be as a result of abnormal low water usage resulting in insufficient flow of potable water – water not being flushed through.

Of the two lead failures, one was in a property in an area with no lead piping. The most likely cause was a lead solder joint from previous plumbing work. A lead failure has a disproportionate impact in the MZC because so few samples for lead are taken. The following actions were taken after the first original sample failed against the standard of 10µg/l:

- Resamples from the original tap (Unflushed 19.1µg/l - first sample, worst case scenario; Flushed 6.8µg/l)
- Samples from neighbouring properties (upstream & downstream)
- Samples from nearby road
- Lead results checked for compliance samples taken in this zone for the previous 12 months
- Water Regulations Inspection undertaken – confirmed lead pipes within the property and lead pipe connect to main
- Portsmouth Water replace the lead pipes it owns
- Resamples taken after replacement of pipe (9.6µg/l)

Advice given to customer:

- Customer was advised to replace their pipework, however they have stated that they do not wish to change the internal plumbing in their property.
- We recommended that the water is flushed prior to use for the purposes of cooking or consumption.

LJ asked whether the phosphate dosing is high enough to compensate for the lead pipework being present? CL advised that the phosphate reduces the lead, but does not eliminate it. The lead reading will also depend on how long the water has been sitting in the pipe and when the sample is taken. Our samples are usually taken between 9am – 12pm, we try to take an unflushed sample, as required by the regulations.

CL advised that the Industry has flagged the standard of 10µg/l is now a challenging target as orthophosphate acid will not eliminate lead.

LJ asked for it to be explained how failures can still happen when phosphate dosing is in place? JS advised if pipes are disrupted it can disturb the phosphate coating in the pipes and if copper pipes are also in use in the property this can cause galvanic action which can result in lead dissolving. NS added that phosphate dosing is considered to be effective and clearly if the industry saw a large percentage failure then this would be reviewed. JS advised that a series of tests were carried out to prove dosing was effective in the zones required. LJ

asked if the trials met the levels at that time and now needed reviewing? JS advised we are at the optimum level for the current standard.

CBrook asked why we dose in some areas and not others and how often the areas are reviewed? Should PWL be considering replacing lead pipes? CL advised there is only one zone that is not dosed as that area have very little lead pipework. Chemical dosing is far more cost effective than replacing pipework, the DWI do not support the cost of replacing pipework, which would be a significant cost passed on to customers. The decision to dose is in agreement with local Health Authorities.

IS asked how PWL compare to other Water Companies, CL said we compare very well but because samples permitted are a relatively small number, an absolute a failure can have a disproportionate impact on percentage. Compared to other larger companies which are permitted to take a higher number of samples, a single lead failure at PWL has a higher percentage impact. JC advised we are not allowed to take more samples, the number is set per zone.

DH advised that there are studies being carried out regarding the release of phosphate in to the aquifer, and the model shows the highest proportion (40%) comes from the water industry, with farmers the second highest (38%). JS confirmed he is aware of this new research and the leakage control is something that will be considered in the future in this context.

CL presented a table of lead historic results to the meeting and showed how the standards have tightened as follows:

1995 to 2003 - 50µg/l
2004 to 2013 - 25µg/l
2014 onwards - 10µg/l

JH commented that he felt the results table was very clear and gave a very good demonstration of the effectiveness of the dosing strategy. JH asked if PWL use any other acids in dosing? JS confirmed PWL do not as the pH level is very low due to the high chalk content. PWL do use sulphuric acid at the Itchen but this is not due to lead.

CBurn asked how the zones have changed, JS advised they have reduced from 23 zones to 13.

CL commented the phosphate dosing is carried out in 12 out of 13 zones and advised the following in respect of any regulatory failures:

- Replace any Company owned lead pipes
- Advise customers to replace any lead pipes
- Advise customers to flush water prior to use
- Notify the local authority Environmental Health Offices

CL advised the following actions have been taken to date:

- Presentation to local health professionals in 2013 & 2015, so that information is kept fresh and up to date.
- Initiate meeting held with Consultations Communicable Disease Control for Public Health England South East to discuss an education strategy.
- In discussions with Baby TV (not currently this areas but maybe soon introduced into the local maternity units)
- Website is continually updated
- Offer free sampling and analysis for any requested lead checks
- PW services pipes are replaced on request
- PWL make a financial contribution towards replacement of customer supply pipe

CL advised the following Industry activities that PWL promote:

- Watersafe
A new accreditation scheme for plumbers which brings together other schemes (WIAPS, TAPS etc) and is similar to the Corgi gas safe scheme. This scheme is being encouraged as a benefit to both the water company and the plumber, by being registered on this PWL can provide a list of certified plumbers to their customers and encourage a high standard of work amongst the plumbers.
- WRAS (Water Regulatory Advice Services)
A working group specifically looking at notifications i.e. how to encourage plumbers to notify the local Water Company of plumbing work. Plumbers are not currently pro-active in advising works.
- Audit
PWL will engage Capita to audit the WaterSafe plumbers working in our area to ensure works are carried out to a specific standard.

CL advised the following lead planned activities:

- Education
Planned meeting with Public Health England who are keen to support an education strategy
PW Steering Group – will develop strategy and ensure progress
Audit effectiveness of strategy
- A report will be submitted to the DWI at the end of August on our strategy with annual reporting thereafter

JH commented he felt a good job was being done in a positive manner, the only negative being the phosphate going back in to the environment, JS confirmed the levels are as low as possible. He also commented that the general public appear not to be bothered about lead anymore, as most major lead substances were paint and petrol which have been dealt with and feel that it is acceptable that in the daily intake of water.

CL

CBurn asked if WaterSafe is in local colleges? CL advised that she believes current water regulations are not covered on college courses and that she is already in discussion with the local colleges to have some input in this area. LJ agreed this is a good idea.

Finally, NS informed the meeting that he wrote to Ofwat in February 2016 asking if they would in particular consider making an adjustment to the penalty received due to the lead failure that we could not foresee but has had a dramatic effect on the Company. NS asked the CCG if they wish to consider writing in support of the Company. LJ commented that he had asked for evidence at the last meeting to ensure he was comfortable that the Company were taking the correct course of actions regarding lead failures and after the presentation given by Carol and Jonty asked the meeting if all were in support of the CCG entering into correspondence with Ofwat on this point – it was agreed by the CCG with DH abstaining, therefore LJ will draft a letter of support.

LJ

LJ took the opportunity to congratulate Jonty Stead on his retirement and on behalf of the CCG thanked him for all his work and forbearance.

IS also gave thanks to Jonty, acknowledging his significant contribution to the last price review and his contribution to the industry as a whole, especially delivering the residents of Portsmouth a high quality drinking water.

3. RPI/CPI

HMGO explained to the meeting how the proposed change of RPI to CPI will impact the next Business Plan of PWL.

The CCG thanked HMGO for presenting in a manner then enabled them to understand the implications.

4. Customer Engagement Plan

In PB absence, SM outlined again the presentation PB gave to the last meeting.

Ofwat have flagged in Water 2020 that we must continue to focus on customer engagement and that this should include using day to day contacts. In formulating the next plan we will look carefully at the day to day contacts; we have already started by looking at telephone calls.

As was previously discussed at the last meeting, it is anticipated to engage a Customer Advisory Panel (CAP) made of approximately 12 individual customers and this is hope to be achieved by the end of the Summer for the last quarter of the year.

SM presented a timetable of Customer Research to the meeting starting in the Autumn 2016 until 3 September 2018 when the Business Plan would be submitted to Ofwat.

DH asked what is the expected relationship between the CAP & CCG? Should the CCG be setting a criteria of who the CAP is made up of? It was also noted that time is running short to have this panel in place by the end of August. SM advised that he felt correspondence with the CCG via email or suggested a sub-committee made up of CCG members working with PWL throughout the whole of the business plan period not just on this issue, but ultimately it would be up to the CCG members how much they wished to be involved.

CBrook asked if she could be member of both the CCG and CAP? It was agreed that this would not be appropriate given the respective roles of the Groups.

HMGO explained that an external company would be used to help recruit members for the CAP so that it can be demonstrated the process was independent and would ensure a representative selection.

LJ asked for clarification of the expected goals and purpose of the CAP; SM confirmed they would be used not just for price review but for ongoing processes.

IS noted that the timetable for customer research assumes customer acceptability late in the process, so there is not a lot of time to alter the plan.

LJ commented that PWL needed to ensure there was a structure in place, NS commented that the baseline research will set the Agenda.

SM asked if the CCG wanted to provide a sub-committee to work up TOR for the CAP, LJ replied No, he feels it is important for PWL to drive this. HMGO clarified that they would still touch base with the CCG before the next meeting regarding the CAP. LJ agreed a telephone conference could take place to discuss the plans for the CAP. IS confirmed CC Water will be happy to provide input.

JH asked if other water companies use CAPs, is there already a model in place? SM replied that to his knowledge there isn't any industry model. HMGO confirmed other industries do use them and it can only add value to have better informed customers.

CBurn asked if we would be using a local company to help recruit? HMGO said she felt there was no particular advantage to using a local company and we would be using a national organisation. CBurn commented that the advantages would be local economy and area knowledge.

SM

5. Terms of Reference

This was discussed by members of the CCG at the end of the meeting without PWL representatives present.

Post Meeting Note: The Terms of Reference were agreed and signed by the Chairman of the CCG and the Managing Director for Portsmouth Water.

6. Water Resources Management Plan (WRMP) & Abstraction Reform

SM gave a presentation on the WRMP and Abstraction Reform:

- It is a five year statutory plan
- It compares licenced supply with demand projections over a 25 year horizon
- Need an agreed level of service (resilience)
- Need to understand any reductions in supply driven by environmental requirements and expected growth in demand.
- Wide stakeholder engagement – EA, Natural England, Local Authorities, Wildlife trusts, customers in general
- Need to establish options to meet any gaps between supply and demand
- Need to consider national and regional requirements, such as bulk supplies
- Abstraction Reform is a new development which could impact on the plan

PWL are starting to consult with stakeholders over its next WRMP. PWL are in a good position but we may have to plan for higher population growth. Abstraction is not currently having an environmental impact and so we expect our water availability to remain similar to the current plan.

CBurn commented that the “PUSH” strategy shows substantial growth and SM agreed that the PUSH strategy will be taken into account and will keep the CCG updated on progress of the plan.

LJ commented he had recently had discussions with the EA regarding metering. He advised that a couple of water companies have submitted to Ofwat for compulsory metering based on forecasted demand/abstraction, with this in mind will PWL be doing this to progress metering?

NS replied that only companies who are considered to be severely water stressed can introduce compulsory water metering, PWL are not. He also reminded the CCG that in research, customers had not favoured compulsory metering, but a majority had instead wanted the Company to promote metering to those customers who would benefit from having a meter.

LJ went on to ask if PWL could base a case for compulsory metering on forecasted demand. NS advised that the determination of whether an area is classed as seriously water stressed is based on a number of factors, but is forward looking. The WRMP would include projects for demand and should this and other factors result in a deficit, this may change the classification and compulsory metering would have to be one of the options looked at.

LJ asked in relation to the Abstraction Reform, can PWL foresee the Company becoming water stressed? NS replied that we would not know if we would have a deficit until works are complete, SM confirmed this will be in March 2017.

IS commented that whilst the South East of England has a water deficit, PWL have a good supply and agreed therefore that is appropriate for PWL customers to not be metered but asked if we metered would we have more water? NS noted that metering is typically expensive, but should reduce demand.

With regard to Havant Thicket, at present PWL does not need it, but it might be a regional solution. Water companies in the South East work together to identify regional solutions for individual company deficits.

NS commented that the abstraction reform remained vague, but if as a result we have significant licences removed then we will have to take a different approach. NS also commented that he believes the Abstraction Reform will not be resolved prior to the next plan. DH agreed there is a level of uncertainty.

JH commented that he was in total support of PWL on the water abstraction reform. He attended a recent meeting with NS, Sarah Harding and Henry Leveson-Gower and the West Sussex Growers Association to discuss the water abstraction reform, Portsmouth is fortunate and different to other areas and it is therefore difficult to foresee what the reform for PWL would mean.

CBrooks asked what percentage of homes in the PWL supply area are metered? SM replied 28%. CBrooks also asked if metering is pushed in promotional material? NS replied that we do and that customers can choose whether to have a meter installed or not, the meter can be trialled for up to two years so the customer can decide to switch back if it doesn't work for them.

7. ODI Report

This was reviewed by members of the CCG at the end of the meeting without PWL representatives present.

8. Any other Business

8.1 Social Tariffs

In PB absence, SM briefed the meeting on the introduction of the Social Tariff. The social tariff was introduced on 1 July 2016, on the first day we automatically transferred 800 customers that are on the Southern Water equivalent scheme over and signed up a further 14 customers during the first week.

8.2 Water Matters

SM presented a table to the meeting summarising the results of a survey conducted by CCW titled "Water Matters". The survey is a national survey but the table showed the results for Portsmouth Water in general terms compare favourably over a 5 year average as a whole.

The sample was taken over 150 customers of Portsmouth Water.

CBurns asked what the total in the rank was – SM confirmed 18.

LJ asked what the awareness of WaterSure was. SM confirmed it was low. WaterSure is a specific tariff offered to measured customers who have a high essential use, due to illness or occupancy and in receipt of benefits. NS commented that it does depend on the survey sample, but we are having a problem getting the message across but PWL have created a new position to deal with affordability and those in vulnerable circumstances.

JH commented he was surprised to see PWL ranked 8th when it would normally be placed 1st, 2nd or 3rd in the Service Incentive Mechanism (SIM) survey conducted for Ofwat. SM stated the CCW survey is undertaken with customers in general, whether they have been in contact with us or not, whereas the surveys highlighted by JH reflect the views of those who have come in contact with us.

IS also commented that she was also surprised as public perception does not match the results.

CBrook commented that the results may be skewed on the water hardness.

IS

IS advised the meeting that additional research is being carried out on affordability, a list is being compiled as to what each water company is doing regarding introducing a social tariff. IS to forward link to PB/SM

IS

LJ mentioned that CCW have offered to provide training to all CCG members in preparation for PR19, which is especially useful for those members not familiar with the industry. IS advised the training is planned for October and will advise of dates and location outside the meeting.

9. Date of Next Meeting

It is anticipated the next meetings will be:

w/c 24 October 2016

w/c 8 May 2017

w/c 26 June 2017

It is possible that the October meeting will be changed due to school holiday commitments. A schedule of meeting dates will be forwarded possibly using Doodle.

SM/TB