

**PORTSMOUTH WATER Ltd**  
**CUSTOMER CHALLENGE GROUP (CCG)**  
**TELEPHONE CONFERENCE CALL MEETING HELD ON FRIDAY 2 MARCH 2018**

**ON THE CALL:** Charles Burns (Federation of Small Businesses), Karen Gibbs (CCWater), John Hall (John Hall Consulting), David Howarth (Environment Agency), Doug Hunt (Atkins), Lakh Jemmett (Chairman), Simon Oakley (Chichester District Council), Paul Barfoot, Tamara Breach (Secretary), Mike Kirk (PW Chairman), Steve Morley, Helen Orton, Neville Smith (all Portsmouth Water)

Scott Reid (ICS) – Part of the call.

**APOLOGIES:** Caroline Brook (Winchester City Council), Douglas Kite (Natural England), Andrew Lee (South Downs National Park) Ingrid Strawson (CCWater), Jon Stuart (Havant & District CAB), Raife West (Havant Housing Association), Heather Benjamin (PW Non-Exec), Georgina Caruana, Rod Porteous

**IN ATTENDANCE:** Mark Mills, Chris Manning

**ACTIONS**

NS requested that he be able to take this opportunity at the opening of the meeting to brief the Members on the recent acquisition of South Downs Capital which ultimately owns 100% of Portsmouth Water by Ancala Partners LLP. He advised that David Owens, Industry Partner for Ancala will be joining the Board of PW, but other than this it is "business as usual". Ancala have a keen interest in the PR19 process and the development of Havant Thicket. NS invited any questions.

NS answered several questions from members, after which LJ asked that if any Members had any further questions could they please email NS direct, as the acquisition was not part of the role of the CCG.

**1. MINUTES AND ACTION LOG**

**1.1 Minutes from the Meeting held 2 February 2018**

The Minutes were agreed.

**1.2 Action Log**

LJ explained the detailed underpinning item 56 on the Action Log.

LJ asked if there was any update regarding Havant Thicket. NS advised that further discussions were being held with SWS regarding terms. PRT will be responsible for building the reservoir, SW will pay over the long term through the bulk supply. Need to put together how we will approach the project management and tender including planning in the WRMP.

LJ asked if an assurance could be given that the acquisition would not have an impact on Havant Thicket. NS advised Ancala are very keen to develop Havant Thicket.

*Scott Reid (ICS) joined the meeting*

**2 CUSTOMER RESEARCH**

SR gave a brief introduction to the meeting about research carried out so far, discussing in detail the information provided in the meeting papers.

SR advised that a sample of 564 customers had been received which was a good size across the demographic. It was highlighted that the low age band was under represented but those in in the A and B groups were overrepresented. The survey was re-opened to boost the low age group. 60 complete surveys have since been received, taking the number of completed surveys to 630 providing a much better representation. SR also advised that the data would be weighted to align with the population.

SR continued to provide detailed explanation of the analysis.

LJ asked what the next steps would be going forward with the information received. SR commented that PW would need to think how they wish to use the information collected. Further analysis needs be designed towards understanding what penalty/reward system customers might support.

HMGO commented that it is important to recognise the key areas of service have clear convergence. The core function of the business is supported by the research. Some further work which may be needed to consider the balance between the lower priority areas.

LJ agreed but asked about the methodology on weighting where there is divergence. HMGO advised we would not overly weight any segment.

SR continued to provide his comments on the updated analysis.

LJ noted that Biodiversity and Environment were at the bottom on both preferences but came 3<sup>rd</sup> under financial incentives? HMGO commented that there was a distinction between what customers feel is a priority and what you should receive reward for. There is a reluctance to give high reward for something the company "should" be doing rather than going above expectation.

SR commented there was no expectation that the results would map exactly. LJ requested further clarification regarding this point, which was given.

Discussion was held around the information detailed in Table 7 of the papers.

CB asked if the new owners would be involved in deciding the rewards/penalties. HMGO advised they will have a member on the Board and therefore will have a voice in the approval process.

LJ requested more detail about which ODI related to the statutory requirement and which were customer preference. This would be provided as part of future reports.

SM

NS commented the Company will now need to consider how it presents its rewards and penalties in light of the customer research and Ofwat expectations.

***MM joined the meeting***  
***SO joined the meeting***

### **3 FUTURE RESEARCH PROGRAMME**

SM detailed the papers explaining that there will be four tranches of research carried out over the next six weeks and advised that a WRMP plan would be published on the website today (02/03/18).

NS commented that the next CAP is 17 March. It will focus on the WRMP and resilience.

SO asked if reference would be made to the Councils local plans in the WRMP. SM advised it was.

SO asked if there was a link to the Havant BC Plan. SM advised all the documents had been printed but would consider how best to address this.

SM

CB asked that is changes are made, a reference would be made that the printed document is different to the website version. SM confirmed it would.

SO asked if reference was made to the public enquiry about abstraction. SM advised this came under the Southern Water enquiry.

SO asked at what stage that will have an effect? SM advised the starting point is that the EA want SW to abstract less from the Rivers Test and Itchen and therefore need us to provide a bulk supply, leading to Havant Thicket.

SO asked when a decision would be made from the enquiry. SM advised it was approximately a three week process and would expect a decision mid-summer.

JH asked if the plan had made any assumptions of the impact of licence reform. SM advised that it did not take account of this reform, as required by the guidance.

JH asked if the Havant Thicket Reservoir was entirely a winter source. SM confirmed it will be and is often referred to as Havant Thicket Winter Storage Reservoir. JH commented it would be good to use this wording to make it clear.

CB asked if Southern did not take the bulk supply, how Havant Thicket would be funded. SM advised that, reservation charges would be made every year by Southern, irrespective of actual usage. This would cover the build cost.

KG asked why the Company chose the minimum period of 25 years when most other companies have responded with 60 years. SM commented that the Company is in a healthy position with good opportunities to support Southern and felt the 25 year period was appropriate.

CB asked if the payback on Havant Thicket would take 25 years. SM advised it could be longer and charges would be made accordingly. It depends on the length of contract Southern are willing to enter into.

LJ asked if the Engagement Plan included liaising with the farming community. SM commented not explicitly, but we do look to JH for feedback from this area and the NFU were a consultee. We could use staff from Catchment Management to enter into research with the farming community. JH agreed there should be some form of separate engagement. SM commented this would be progressed outside the meeting.

SM

SM advised the meeting the WRMP was being sent out to approximately 300 organisations.

D Howarth asked why the questions were "closed" questions. NS responded that the questions have to be quick and easy to respond to. Our objective is to get a "quick" survey response from a large number of customers.

LJ commented that we could optimise the answers by asking "why" when someone answers no. SM replied we would take another look.

KG commented that it needs to be made clearer when meters are being used to collect information versus for charging purposes. SM agreed. He thought this was clear in the consultation.

#### 4. **ASSET HEALTH ODIs**

MM gave a quick overview of the papers and invited questions.

KG commented it was good to be able to draw a line under the customer engagement work that had led to this point.

LJ asked for clarification as to how the bespoke ODIs had been reached. MM commented that they had looked at what would represent a good measure of asset health. Something that the Company could pass easily was not considered a good measure and therefore the ODIs selected were what were considered to be most challenging. HMGO commented that Ofwat had a tick list which most had already been covered and only left with a small number to choose from that would be relevant, so there was a basic process of elimination.

LJ asked if MCZ regarding lead was no longer relevant. NS responded that the new CRI would still reflect individual lead failures but would measure the impact on the total customer base.. Under CRI, a company suffers a harsher penalty if large number of properties are impacted as a result of a failure. It would reduce the impact of a failure that only impacted on one property. The new methodology will effectively measure how assets are managed the risk that customers face and is deemed to be a better measure.

D Hunt asked if the "How Asset Health ODIs chosen" could now be closed. This was agreed and LJ confirmed this was now closed.

***MM left the meeting.***

***CM joined the meeting.***

## **5. ENVIRONMENTAL ODI**

CM detailed information in his papers to the meeting, explaining what work the Catchment Management Team are doing, including the work being carried out with partners. He advised that any ODIs should align with the WINEP and that there are two schemes associated with ground water protection and a biodiversity scheme.

D Howarth confirmed the final WINEP would be issued at the end of this month and would not expect any changes after this. CM went on to say that research with customers show they like what PW are saying they will deliver in the NEP and there should be a delivery incentive for delivering more than the requirement.

HMGO clarified there are effectively two ODIs, one being the WINEP and one about enhancement.

LJ commented that considering this was a strong area, were the Company missing a link with land owners and farmers. SM commented the WRMP was primarily about volumes. CM commented that quality is a fair comment and should ensure consistency.

SO commented that the link between WRMP and quality is that if you do not get quantity right, then this affects the ground water supply. SM confirmed this is indeed true.

***CM left the meeting.***

## **6. BILLING AND DEBT MANAGEMENT**

PAB requested questions regarding the Billing papers.

KG asked if the Members would be able to see the proposals for the business plan. PAB & HMGO confirmed that there are no specific initiatives that will be presented to the CCG, this paper is providing background information.

JH asked why there was a dramatic difference between the household debt written off between the years. HMGO responded this was mainly down to economic conditions. We understand that debt advisors will advise a customer to stop paying their water bill first as this cannot be cut off, unlike other utilities.

JH asked if other customers would have to carrying the £398,000 being written off this year. PAB confirmed yes, equating to approximately £1.20 per connected property.

PAB commented that the younger debt year by year is being more actively managed, it is historical debt, whereby someone is still in the customer database, and the Company struggles to recover. Customers registered as living within our area of supply debt will not normally written off. The historical debt does go up every year but as long as we have a dialogue with customers

to start paying the debt it will not be written off. Once in dialogue with the customer, some of the debt may be written off when they start making payments as part of the “pound for pound scheme”.

CB asked if water is the first bill debtors are advised to stop paying due to not be able to cut off the supply. HMGO confirmed and also commented that we are also unable to use pre-payment meters.

SO asked that if customers are aware they cannot be disconnected how can there be a downturn in the bad debt. PAB commented that work is being carried out on engaging with customers earlier that are showing poor payment patterns so there should be less of an impact and we also have the social tariff so that some payment is being received. We have found getting customers on to the direct debit scheme is a helpful tool to ensure payment is received.

## **7 METERING TRIAL REPORT**

PAB discussed the interim report that gave a flavour of what has been done and how challenging the engagement with customers is. Most customers are not in favour of meters and do not want to change billing basis.

KG made an observation that the PW findings are consistent with that of Thames Water. The fact that even when customers can see they would be charged less they are still not in favour of switching to a meter. It would be insightful to understand what these customers concerns are.

KG also asked if PW will be sharing the information collected from customers. PAB confirmed this will be at the next update.

**PAB**

SO commented there was a lot of resistance to metering and yet in the WRMP PW have an ambitious target to switch 5,000 customers to meters, when 7,500 includes new properties. SM agreed it is an ambitious target.

PAB commented that if a change of behaviour could be achieved without switching there would still be benefits in the reduction of capita consumption.

## **8 BURST DATA**

SM went over the papers supplied in RCP absence.

HMGO commented that in relative terms the infrastructure is in good shape.

No questions were received.

## **9 ANY OTHER BUSINESS**

### **9.1 Draft Water Resources Management Plan**

SM advised this is on the website. No questions received.

### **9.2 Draft Assurance Plan 2017-18**

SM advised this is undertaken on an annual cycle and the Members will have the opportunity to have a look and comment whether they feel the balance of the audit is right.

### **9.3 Date of next Meeting**

The date of the next meeting was confirmed as Friday 6 April 2018 and would be held at Head Office. HMGO noted that the dates for future meetings would be re-circulated for information.

**TB**

SM advised the Members that HMGO, PAB and LJ will be meeting with Ofwat on 8 March 2018 to discuss customer engagement.