

**PORTSMOUTH WATER Ltd  
CUSTOMER CHALLENGE GROUP  
MEETING HELD ON FRIDAY 3 AUGUST 2018**

**ATTENDING:** Charles Burns (Federation of Small Businesses), Karen Gibbs (CCWater), John Hall (John Hall Consulting), Doug Hunt (Atkins), Lakh Jemmett (Chairman), Douglas Kite (Natural England), Andrew Lee (South Downs National Park), Simon Oakley (Chichester District Council), Ingrid Strawson (CCWater), Raife West (Havant Housing Association), Heather Benjamin (PW Non-Exec), Tamara Breach (Secretary), Steve Morley, Helen Orton, Neville Smith (all Portsmouth Water)

**APOLOGIES:** Caroline Brook (Winchester City Council), David Howarth (Environment Agency), Jon Stuart (Havant & District CAB), Paul Barfoot, Georgina Caruana, Rod Porteous

**ACTIONS**

- 1.2 Feedback to Company including CCG Log**  
LJ advised most points from their log had now been covered off.
- Douglas Hunt gave a summary of outstanding items including:
- AIM – waiting any further feedback from the EA. SM noted this would be discussed later on the agenda
  - ICS Reports – Would like to see the detail from the initial survey. SM would arrange for these to be sent onto IS and LJ by ICS.
- 2. MINUTES AND ACTION LOG**
- 2.1 Minutes from the Meeting held 6 July 2018**  
The Minutes were agreed.
- 2.2 Note of Meeting re Environment ODIs**  
SM included meeting note of 14 June in papers for CCG records.
- 3. PR19 – OUTSTANDING CCG ISSUES**
- 3.1 ICS Calculation of Rewards & Penalties (CCG Action log - CE8)**  
Scott Reid from ICS joined the meeting on the telephone.
- SR described the methodology that had been used in the first piece of research undertaken in February on rewards and penalties and specifically how the willingness to pay was calculated from the customer research.
- LJ asked if there was support from the customers for the RORE range, as there seemed to be inconsistencies with the Ofwat methodology. SM advised his comment was accurate based on the data we had received thus far, but the Company would test this issue further as part of its acceptability testing of its plan.
- 3.2 Customer Engagement on Financial Issues (CCG Action log - CE9)**  
SR provided a summary of the paper reporting on the July focus groups. Two sets of focus groups were held with customers from different demographics. Two groups were held in the Chichester area and two groups were held in the Portsmouth area.
- The focus groups were designed to understand customer views relating to the financing issues required in the Business Plan. Customer support was given for PW to make a case for the small company premium to the cost of capital. The Groups also had strong opinions about paying more today to ensure future investment and felt this was a sensible strategy if bills remained affordable.
- HMGO noted that at the time of the research, our plan indicated that bills would remain at their current levels (before inflation). Customers were surprised that bills would not need to increase.

IS commented she attended the focus groups and felt they were very well run, customers understood and engaged with the issues and there was some very positive feedback from the customers about the Company. CB agreed.

**3.3 Approach to Acceptability Testing (CCG Action log - CE10)**

A brief summary was given of the approach to acceptability testing, due to start in early August. SR commented that the survey had developed further since the papers were circulated. SR advised that the survey now reflected the Company's latest plan with the proposed performance commitments for ODIs and a reducing bill level.

Specifically the survey would test the acceptability of the bill profile and the plan to construct Havant Thicket Reservoir, emphasising how the reservoir will help our water stressed neighbours, provide an environmental benefit without any impact on the PRT water customer bill.

SR that the survey was being tested today (03/08/18) and would be launched week commencing 06/08/18. SR noted they expected a quick turnaround ready for the final Business Plan submission.

SM commented that at the CCG telephone conference call scheduled for 16/08/18, he would expect to be able to give an indicative results from the survey. SR agreed and advised they would be tracking the results as they came in.

KG commented that CCWater would provide on the acceptability testing. This was noted and appreciated.

**KG**

**3.4 Acceptability Testing (CCG Action log - AT1)**

HMGO circulated a late paper regarding the bill level and briefly summarised the content. This will be going out to consultation as it differs to the Ofwat modelling/methodology.

LJ asked when the CCG were likely to see the Business Plan. HMGO advised the draft plan was going to the Board on 09/08/18 and a copy could therefore be available for the CCG the week commencing 13/08/18.

**HMGO**

KG commented it would be helpful to look sections of the plan relating to customer engagement. SM and HMGO agreed and this would be available in the document to be circulated.

Discussion was held surrounding the commitments that are not being taken forward and whether consideration would be given to allocating this the customer willingness to pay for river restoration to other environmental ODIs. The Company would consider this and further.

**SM**

JH asked if the results from the surveys would be put on the Company website in the same format. HMGO advised the business plan will be published on the website but without the appendices.

LJ asked if all data collected is in line with data assurance policies. HMGO said it was.

**3.5 Customer Preference Triangulation Table (CCG Action log CE8)**

HMGO described how the tables translated into the business plan document with the intention of giving confidence as to how the research/ODIs/target and delivery were linked.

**3.6 AIM (CCG Action log WR4 & CE8a)**

SM advised the meeting that discussion had been held with the EA and Natural England, with a note distributed, looking at options for the AIM schemes. The Company propose to revert to its original proposal relating to Northbrook at a Q95 flow in the Hamble.

LJ advised the view of the CCG was that PW were not being as ambitious as they could be with regard to high water events and the environment. SM replied that providing a bulk supply to Southern Water during a 1 in 20 event meant headroom

would be very tight, therefore scope to reduce abstraction at other sites was limited. The PRT bulk supply effectively supports the flows on the Test and Itchen, and is achieving the principle of the AIM.

LJ commented that does providing Southern Water with a bulk supply mean they will not consider investing in a long term supply? SM replied that their issues in Hampshire are far greater than what we can bulk supply and investment is required.

### **3.7 Bursts (CCG Action log - AM1)**

SM briefly that the new definition will exclude ferral repairs from the aggregate repairs value.

LJ asked if there was any comparative data. There was for one year, 2017/18 and SM would forward accordingly.

**SM**

### **3.8 Confidence in Operational Targets (CCG Action log - AM2)**

HMGO explained that there had previously been an issue with the data quality for water quality contacts and this paper puts those issues into context.

SM gave a brief summary highlighting that many of the new ODIs had risks associated with data quality, given many were based on new Ofwat methodologies.

### **3.9 Proposed ODIs**

SM gave a summary of the how the rewards and penalties had been determined, highlighting the introduction of enhanced payments. SM noted that it was recognised there was not a strong support from customers, and these structures are based more on the Ofwat methodology than the customer research.

HMGO read the Ofwat methodology on enhanced rewards and penalties to the meeting for reference.

NS felt it was important to comment that Ofwat expect you to be in their range, irrespective of what customers have said. Ofwat expectation is the resultant payments equate to 1-3% of RoRE.

***JH left the meeting***

### **3.10 Bill Level Indication**

HMGO stated the likely bill level will be £97 on average over AMP7 in constant prices.

### **4 Any other Business**

AL asked if the Company was aware of the Wessex Water EnTrade in the Poole Harbour Catchment Initiative. HMGO replied she was and would watch its development with interest.

In JH absence, SM advised the meeting he had requested an update on the impact of the current dry weather conditions. NS advised that despite the recent dry period, ground water levels are higher than their LTA and likely to be at the LTA if this current dry period continues. The Company has met all customer requirements and provided 10MI/d to Southern Water in their Sussex zone. The Company continue to monitor the situation.

CB asked for an update on the new head office project. NS advised there was a high probability that this was no longer going to happen and was currently on hold.

NS took the opportunity to thank the CCG members on behalf of the Company for all their effort during the past year in particular and noted there had been some good challenges put forward by the CCG.