

### Attendees

Peaches Golding OBE	BWCP Chair	Iain McGuffog	Bristol Water (BW)
Tony Denham	BWCP Deputy Chair	Sue Clark	Bristol Water
Jeremy Hawkins	Report Writer	Jim McAuliffe	Bristol Water
Cllr. Michael Gay	Mendip District Council (MDC)	Ben Newby	Bristol Water
Michael Barnes	Consumer Council for Water (CCW) (part)	Toby Woolway	Bristol Water
Dr Tabinda Rashid-Fadel	NHS (part)	Alex Smethurst	Bristol Water
Dr Mark Taylor	Natural England (NE)	James Holman	Bristol Water
Tamsin Sutton	Environment Agency (EA)	Richard Price	Bristol Water
Cllr. Karin Haverson	North Somerset District Council (NSDC) (part)		

### Apologies

None received

<b>1. In camera session before main meeting</b>	
Minutes are confidential and not published.	
<b>2. Chair update</b>	
<p>The meeting was a video conference call because of the ongoing Covid-19 situation.</p> <p>BW had emailed a 66-page slide pack to members in advance of the meeting. These have been placed on the File Transfer System (FTS).</p> <p>The Chair welcomed everyone to the 1<sup>st</sup> meeting of the independent Bristol Water Challenge Panel for the new five-year AMP (AMP7).</p> <p>She reminded everyone of the purpose of the Panel and of the 600 plus challenges it had raised during AMP6, 25% of which had resulted in changes to BW's policies, procedures and its PR19 Business Plan.</p> <p>The Chair thanked all the Panel members for their contributions during the last five years.</p>	

<p>She also thanked the company for its openness, transparency and cooperation during the period.</p> <p>The primary purpose of today’s meeting is to review the company’s performance against its PR14 Performance Commitments (PCs) in 2019/20 (and through the whole of AMP6) and for the Panel to consider its 2019/20 Assurance Statement to the BW Board.</p> <p>It was noted that this was Ben Newby’s last Panel meeting as he now has a new role in BW as Director of Transformation. Ben explained the restructuring of the company designed to meet the challenges of PR19. He noted the need to transform and improve capability and efficiency to achieve this. Water treatment and distribution operations and customer contact will be more aligned and will form a wider Operations Directive under the leadership of Richard Price, the BW Chief Operating Officer (COO). Richard will now be the sponsor of the Panel. Iain and Sue will continue in their current roles and will provide the necessary continuity. Ben thanked the Panel for its inputs and challenges in AMP6.</p> <p>The Chair thanked Ben for his openness, availability to the Panel and she wished him well on behalf of the Panel in his new role.</p> <p>Richard introduced himself and the work of his Directorate.</p> <p>The Chair welcomed Richard and said the Panel is looking forward to working with him.</p>	
<b>3. CMA update</b>	
<p>BW reported that the CMA referral process is ongoing. The CMA has undertaken a virtual site visit and the Chair attended this and had provided a short video for it outlining the Panel’s role in PR19 and its findings. Formal hearings are coming up in July/August and a provisional decision is expected from the CMA in early to mid-September.</p> <p>The company’s case relates primarily to efficiency of costs, costs of capital plus some of the regulatory incentives. The CMA has decided not to investigate the PR19 PC targets and so BW predicts these are unlikely to change.</p> <p>The Chair outlined the Panel’s involvement in the CMA process to date including a meeting with Ofwat, a third-party hearing with the CMA (and the other CCGs chairs involved with CMA referrals) plus the virtual site visit mentioned above. She said that Ofwat had made it clear that it found only a few areas where it is in dispute with the work and findings of the Panel and the translation of its findings into the Business Plan. Ofwat’s issues are not primarily related to the quality of BW’s customer engagement.</p> <p>She added that there are some similarities and differences between the work and findings of the four CCGs involved. The CMA is listening and gathering information and has been</p>	

<p>keen to understand the Panel’s findings and opinions. Overall the CMA appears to be concerned about the value customers get from their water companies.</p> <p>BW said it will keep the Panel updated on two industry issues which may come out of the CMA referral process namely; does the regulatory framework need to be as complex as it is and; what role do customers have in water company planning.</p> <p>The Deputy Chair asked if BW predicts any material impact from the recent announcements of changes at the top of Ofwat and CMA. BW does not see anything specific at this stage as the changes at Ofwat are strategic in nature, to consider climate change and water resources and to have a dedicated director dealing with Wales. It was noted that CCW have independently made some similar structural changes to Ofwat</p>	<p><b>Action:</b> <b>BW</b></p>
<p><b>4. Actions and challenge log</b></p>	
<p>Slides 8 and 9 relate to this agenda item.</p> <p>The Deputy Chair outlined the current position on the Challenge Log. The position hasn’t changed much in the last month. BW has provided an extensive document explaining how it is clearing the challenges. The oldest challenge dates from 7<sup>th</sup> March.</p> <p>A similar situation exists with meeting actions. Some actions have been addressed but the position is well under control.</p>	
<p><b>5. Updates from sub-groups</b></p>	
<p>Slides 10 to 14 relate to this agenda item.</p> <p>The Deputy Chair reported that there had been meetings of both the Customer Engagement Sub-Group (CESG) and the Social Contract Sub-Group (SCSG) since the last Panel meeting. All details of these meetings, including the material presented and the notes taken at each are on the FTS.</p> <p>The Deputy Chair covered the following points from the CESG and SCSG meetings (see slides for more details):</p> <ul style="list-style-type: none"> <li>• Annual Customer Survey</li> <li>• Stakeholder and Business Continuity Survey</li> <li>• Vulnerability</li> <li>• Social Contract publications</li> </ul> <p>The Chair noted that there hadn’t been a meeting of the Environmental Tripartite Group for a long time (several years). The Panel has longstanding concerns on the clarity and the measurement performance on the Biodiversity Index (BI) and raw water quality (algal blooms) and the Panel would like to further challenge and address these.</p>	

<p>BW said it will work on addressing these issues this year with the Panel and with EA and NE. It is keen to demonstrate that environmental improvements are included in its Social Contract and go beyond the regulatory PCs. It suggested a specific meeting to discuss this, perhaps in the autumn, and would welcome suggestions from the Panel. The Panel welcomed the company’s suggestion and will discuss its response in its in-camera session after this meeting and advise BW accordingly.</p>	<p><b>Action: Deputy Chair</b></p>
<p><b>6. Covid-19 update</b></p>	
<p>Slides 15 and 16 relate to this agenda item.</p> <p>BW provided an update on the impact of the ongoing Covid-19 pandemic on its operations and on customers.</p> <p>The Chair thanked BW for the update. She noted that the increase in numbers on the Priority Service Register was a positive indication of the company’s help for customers during the pandemic.</p>	
<p><b>7. Questions and answers</b></p>	
<p>There were no additional questions posed at this point in the meeting.</p>	
<p><b>8. 19/20 performance and assurance</b></p>	
<p>Slides 18 to 45 relate to this agenda item.</p> <p>BW provided an overview of its performance in 19/20, the resulting incentives in AMP6 and the external assurance it has received on its performance information.</p> <p>The Deputy Chair asked when the improvements at Blagdon will be implemented. BW replied it doesn’t have a date yet but some investment is being considered and a decision on this is expected in the second half of this year. It would like to have the work completed for the end of 2020.</p> <p>MDC asked about the statutory obligation to meet regulatory compliance targets at Blagdon and also meeting what customers may also want. Does BW’s environmental outlook and ambition go beyond just meeting regulatory targets and can the timing of Blagdon can be brought forward? BW replied its Social Contract includes other environmental initiatives beyond its statutory obligations. It is currently looking at options for Blagdon but the situation is complicated and includes the long -erm viability of fish farming at the site. It will proceed as quickly as possible but it needs to consider the impact on a range of stakeholders. MDC said at least an overall timescale would provide reassurance. BW replied it would be happy to provide the Panel with more detail.</p>	<p><b>Action: BW</b></p>



<p>same basis in AMP7. BW replied that the incentives in AMP7 are in-period rather than end-of period which brings any rewards or penalties closer to when the performance takes place. It is hope this will make reporting clearer.</p> <p>The Chair noted the £3.70 impact on bills in 2021/22 from the AMP6 incentive payments BW will receive and asked how this amount compares across the industry. BW said it won't know until companies report in their Annual Reports this summer and only then if they report this information (which is not obligatory).</p> <p>The Deputy Chair asked if the Panel should hold onto our its report until mid-July when some indication of the relative impact on bills may be available. BW replied that it won't be doing that calculation and that it would also have to have information from other companies which as mentioned above may not be available. It also said any such calculation would be theoretical and would involve guesswork and assumption.</p> <p>The Deputy Chair enquired about the amber assurance assessments from Atkins at information subset level. He would like more information on this and to read the Atkins report to look at the detail. BW said it is happy to share the Atkins report with the Panel and it emailed this to members during the meeting.</p> <p>NE asked about the scope of Atkins assurance process for the environmental PCs and ODIs. BW said that the scope is the same for all PCs in that Atkins review data collection and reporting methodologies. NE asked, for raw water quality (algal cells), does the assurance cover the methodology for sampling locations, data time series and performance causes and effects. BW said the assurance does cover sampling data but just provides assurance that the data flow follows the methodology. NE suggested the Panel should take a deeper dive to see the detail behind Atkins' work. The Chair agreed a deep dive would be beneficial. BW said it would be happy share the data presented to Atkins. Atkins also look at the big schemes as part of the WINEP sign off. BW mentioned that this is the last time it will be reporting on the algal bloom information as the raw water quality measure in AMP7 is different.</p> <p>The Chair said the Panel will discuss this further in its in-camera session following this meeting and will let BW know its requirements in due course.</p> <p>The Chair also said the Panel will provide its final Assurance Statement to BW by 2<sup>nd</sup> July.</p>	<p><b>Action: Deputy Chair</b></p> <p><b>Action: Chair</b></p>
<p><b>9. West Country Water Resource Group – Strategic Resource Options</b></p>	
<p>Slides 46 to 54 relate to this agenda item.</p> <p>The BW Water Resources Manager was unable to attend the meeting so BW decided not to present the slides in his absence.</p>	

<p>However BW said it is not going ahead with Cheddar 2 until its clear who's going to pay for it. The ongoing central development process is separate from the customer engagement that will follow it. However if Southern Water doesn't need the water, the £2m development money assigned in PR19 goes back to customers in 2024/25.</p> <p>The Deputy Chair noted that the Gateway 1 process is scheduled for September and asked if BW could provide an update at the Panel's meeting that month. BW said Gateway 1 will be at the end of September so this wouldn't work. The Deputy Chair agreed to contact the BW Water Resources Manager for information on the location of the relevant documents.</p> <p>NE said that both it and EA sit on the Regional Water Resources Steering Group. They are both keen to ensure that, before any water is exported, the region has enough to protect its environment given climate change pressures.</p> <p>MDC said that it is aware that the water resource position in the region is changing in that the West Country now has areas that are at risk of running dry. There are also potential impacts from farming changing from dairy to arable and that government is pushing for higher levels of housing development. It will be good for the Panel to review water resources later in the coming year.</p>	<p><b>Action: Deputy Chair</b></p>
<p><b>10. AOB</b></p>	
<p>The Deputy Chair noted that the Panel needs a better understanding on how to use Microsoft Teams, particularly using the 'hands up' facility to raise questions. He will follow up with BW on this after the meeting.</p> <p>Jim McAuliffe said he would be relaying the following messages to the BW Board as a result of this meeting:</p> <ul style="list-style-type: none"> <li>• The Panel's focus on BW's environmental performance particularly on biodiversity and raw water quality</li> <li>• The need for the Panel and BW to work together on pcc and climate change</li> </ul> <p>The Chair reiterated that environmental issues are very important to the Panel. Deep dives into data and greater exposure to BW's initiatives, including seeing its field work, are important to aid understanding.</p> <p>The Chair thanked the company for the material presented at the meeting.</p>	<p><b>Action: Deputy Chair</b></p>
<p><b>11. In camera session after main meeting</b></p>	
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