

Minutes of Meeting 20 – 27th November 2019

Attendees

Peaches Golding OBE	BWCP Chair	Iain McGuffog	Bristol Water (BW)
Tony Denham	BWCP Deputy Chair	Claire Miller	Bristol Water
Jeremy Hawkins	Report Writer	Jim McAuliffe	Bristol Water
Cllr. Michael Gay	Mendip District Council	Ben Newby	Bristol Water
Michael Barnes	Consumer Council for Water (CCW)	Sue Clarke (items 1 to 6)	Bristol Water
Dr Tabinda Rashid-Fadel	NHS	Alex Smethurst	Bristol Water
Dr Mark Taylor	Natural England (NE)	James Holman	Bristol Water

Apologies

Mike Bell	Consumer Council for Water (CCW)	Tamsin Sutton	Environment Agency (EA)
		Cllr. Karin Haverson	North Somerset DC (NSDC)

Minutes

1. In camera session before main meeting	
Minutes are confidential and not published.	
2. Chair update	
<p>The Chair welcomed everyone to this 20th meeting of the Challenge Panel.</p> <p>The Chair presented her report for the period August to November 2019, the main points of which were included on slides 4 to 6 handed out at the meeting. BW has placed the slide pack on the File Transfer System (FTS).</p> <p>The presentation covered:</p> <ul style="list-style-type: none"> • The Chair’s activities since the last meeting • Towards the Draft Determination (DD) and AMP7 	

<p>The Chair reported she had a meeting with BW’s CEO earlier in the week to discuss the timetable for the Final Determination (FD) and BW’s Social Contract (SC) work. The discussion also included Ofwat’s view on what learning from the SC might be rolled out across the sector. BW said that Ofwat is visiting BW next spring to discuss the SC further.</p> <p>The Chair considered it helpful to think about how the success of the SC might be measured and in which areas (and how) Ofwat might codify success. See item 6 below for further discussion on this.</p> <p>The Chair also reported that she had attended the South West CCW conference which highlighted customer vulnerability. BW said it had found the conference useful in obtaining further ideas on tackling vulnerability in the sector. The Chair noted that GDPR issues were preventing customers’ details being shared at present. She also said the Panel needs to increase its expertise in areas such as vulnerability and debt.</p>	
<p>3. Acceptance of previous meeting’s notes</p>	
<p>The minutes of last Panel meeting (No.19) were accepted as a true record.</p>	
<p>4. Review of outstanding meeting actions</p>	
<p>The Deputy Chair outlined the current position on the actions outstanding from recent meetings. This position was circulated by BW on a handout at the meeting. There are four actions outstanding. BW said one has now been cleared. The Deputy Chair confirmed this after the meeting. It is expected at the remaining three of the four will be cleared over the next three to four months.</p>	
<p>5. Review of outstanding challenges</p>	
<p>The Deputy Chair handed out a summary of the Challenge Log position and a schedule of outstanding challenges.</p> <p>There are nine outstanding challenges. Many of them are waiting for the FD to come through and the start of the new AMP period in April 2020.</p> <p>In addition, it is the intention to start a new Challenge Log at the start of April 2020 to cover the next five-year AMP period.</p>	
<p>6. CESG and Social Contract update</p>	
<p>The Deputy Chair presented his updates on a number of slides (see slides 9 to 27).</p>	

The CESG update covered:

Metering messaging - there are some interesting and surprising results about customer behaviour resulting from BW's recent engagement on metering. BW said is taking some of the results forward in its new metering campaign.

Beat the Bill research – this is a new metering initiative (with an updated purpose and methodology)

Network Focus Groups – these Groups were held in July 2019. Four areas were explored with a sample of customers; operational response, pressure management, self-serve & appointments and traffic management.

NE asked if BW has discussed smart billing with its customers. BW said not as smart metering technology doesn't exist yet. However it does pick up higher-than-average usage and alerts the customer to this. BW's ability to monitor consumption would be made better with smart meters however. The Chair noted that winter usage is often different to summer usage.

MDC noted that the effectiveness of Facebook as a communication tool depends on the audience you are trying to reach. Videos are a good idea but younger people may typically watch a video for only 12 secs. There is a need to get a message across quickly and that different demographics have different needs. BW agreed.

Web analytics capability – to understand user behaviour on the BW website to help inform improvements to customer communication and service.

Draft Determination Research – a lot of work had been done in a short period. BW had engaged with 822 customers in a three-week period. CCW had also engaged with a further 537 BW customers.

C-Mex update - this is first time the Panel has seen results for 2019/20 (which is a pilot year for C-Mex). The Q1 results were disappointing but Q2 were much better. The Q3 results (for the period to end December) are due in February. It was noted that there are live issues with C-Mex both within BW and Ofwat and that the measure may be modified for 2020/21.

BW mentioned the current customer service challenges it is facing as a result of implementing its new operating model in October this year. Ownership of work planning and scheduling activity is now in-house. While BW believes the new model is the best for the company and for customers, there have been some teething issues. It said these issues, and the knock-on effect on some areas of customer service, were to be expected. In particular the speed with which issues are being resolved has dropped and this will inevitably have a knock-on detrimental effect on the customer perception of the company. Urgent issues are being dealt with well but some routine activity is being affected. The

Chair asked when the company thinks it will have all the issues resolved. BW said resolution should come early in the new year. C-Mex performance in Q4 will probably fall as a result but BW reminded the Panel that this is a trial year for the measure.

What's coming up - the Deputy Chair alerted the Panel to the Customer Engagement Sub-Group's request that the Panel be involved in three engagement initiatives but no dates have yet been set by BW for these.

National Data Share – there has been a hiatus in the Data Share caused by GDPR issues. This is an industry-wide issue, not just for BW, and should be resolved by early 2020.

Hard to reach research – this has covered work with foodbank partnerships.

Vulnerability staff training – designed to improve staff's understanding of the needs of vulnerable customers and the most effective way to engage with such customers.

The Deputy Chair then provided an update on the company's Social Contract (SC) initiative and the work of the Panel's Social Contract Sub-Group.

He drew the Panel's attention to the company's mid-year SC update report which will be published during week commencing 2nd December. A draft of the report is on the FTS.

He also noted that a draft forward SC programme will be published by BW in January. There is inevitably some overlap with other customer engagement work.

The company's mapping of its SC initiatives with the Bristol One City Plan and the UN Sustainability Goals had been particularly welcomed by the Sub-Group. The Chair emphasised that the SC being benchmarked against the UN goals gives an international perspective and credibility to the work. Linkage with the One City Plan provides good local credibility. Mapping is important to understand success and demonstrates that the SC initiatives are wider than just what the company is doing.

BW said that the three listed water companies had mapped their AMP7 Performance Commitments (PCs) to the UN sustainability goals.

7. Mid-year performance update

BW presented its mid-year performance update, the details of which are included on slides 28 to 48. 62% of targets have been met.

The Deputy Chair noted that, based on this performance BW is forecasting, one reward is expected the end of the year (for leakage performance). CCW has reported that BW is the industry leader on leakage.

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The Deputy Chair asked if having a full Negative Water Quality Contacts audit in January is normal. BW confirmed that it is and Atkins do the audit and will report to the Panel in July.

BW provided detailed explanations for its forecasts to miss its end-of-year targets for unplanned minutes lost and meter penetration.

The Deputy Chair noted that the unplanned minutes lost PC has forced the company to change the way it operates and its response to water loss incidents. BW said that it has changed some aspects of its operations but that it always had Arlington tanks to deploy. However it now uses these tanks and responds in a different way to ensure customers are always in supply. CCW noted the 12.12 mins/property target on Slide 35 doesn't tally with the target information presented on Slide 43. BW said that the 12.12 mins/property target is the shadow measure (for the AMP7 PC) and the definition is different.

MDC asked if BW knows if the incidence of supply losses is changing over time. BW said that bursts is a leading indicator of supply loss and it monitors bursts accordingly.

It was noted that the company has 'amber' forecasts for per capita consumption, SIM, general satisfaction from surveys and ease of contact from surveys.

NE said that raw water quality is a poor indicator in that there is no way to assess whether performance is impacted by company action. There is a range of factors that affect algal blooms. NE recognises however that that definition of the PC changes in the next AMP.

Formatting problems were noted on slides 35 and 37. BW agreed to correct these slides and place the correct versions on the FTS.

**Action:
BW**

With regard to the calendar year metrics, it was noted there are 'amber' forecasts on Mean Zonal Compliance and waste disposal compliance.

MDC enquired how much BW promotes the use of compliant plumbing parts and fitters. BW said that non-compliance with water regulations relating to plumbing is a big issue. The industry WRAS scheme is in place. BW lobbies the industry accordingly, works with developers and places associated information on its website. BW recognises there may be more that can be done with videos and is exploring this.

**Action:
BW**

The Deputy Chair asked about the timescale for the overall AMP6 penalty impacting on customer bills. BW said the penalty will be reflected in the FD. The revenue ODI penalty is spread over the AMP7 five-year period. The RCV OD penalty is spread over a much longer term.

BW mid-year performance reporting format (a report plus an interactive page on the website) was reviewed.

<p>The Chair remarked that the comparative reports work very well. NE asked about the purpose of the performance trend lines. BW said it is attempting to show historic performance (relative movement over recent years). CCW noted that customers may find it hard to understand that if a trend is dropping this could mean performance is improving. The Report Writer suggested the trend lines could be coloured green or red accordingly. BW agreed and suggested as an alternative that the boxes in which the trend lines appear could be coloured green or red. It will consider this for future reporting.</p> <p>The Chair said that, as usual, the Panel will be submitting a Statement to the BW Board on the company's mid-year performance and associated assurance.</p>	<p>Action: BW</p>
<p>8. Mid-year assurance</p>	
<p>BW presented its mid-year assurance activities and results. Slides 50 to 56 relate to this agenda item.</p> <p>NE asked if the assurance on the raw water quality performance looks into what the numbers mean and the appropriateness of the indicator rather than just whether the numbers are correct. BW replied that the assurance only assesses the reliability and accuracy of the data.</p> <p>In response to a question from the Deputy Chair, BW said the Atkins mid-year assurance report is not published.</p> <p>The Chair asked if the Panel should be worried about the red methodology assessments on slide 54 (relating to Pelican). BW responded by saying the issues will be addressed by the end of the reporting year.</p> <p>The Chair referred to the assurance results for the AMP7 for shadow measures saying they provide confidence on these for AMP7. However, C-Mex, D-Mex, and CCW complaints show red or amber at present. BW replied by saying there is no regulatory obligation to do the assurance on these measures at this time but that its ambition is to improve to amber or green by the start of the AMP7 reporting period. The current results provide a focus for improvement.</p>	
<p>9. Strengths and weakness statement</p>	
<p>BW outlined its work on its updated Strengths and Weaknesses assurance statement. Slides 60 to 72 relate to this agenda item. BW said that whilst Ofwat still requires companies to do this assessment, there is longer any published outcome from the regulator.</p>	

<p>BW said that all high-risk items reported this year will also be high-risk next year. This is not a reflection of poor data but of the impact of misreporting if its control and assurance measures were lacking.</p> <p>The Chair asked if the various mitigations are time limited. BW said the timings of the mitigations generally depend on when the data are published. Some data is published at mid-year (Oct), some at calendar year end (Dec) and some at the end of the reporting year (March).</p> <p>MDC enquired if there is there a customer-friendly summary of the assurance regime and results. BW replied that there isn't but that this exercise is more about self-regulation and transparency so it can be held to account. It believes customers are more interested in performance rather than data quality.</p> <p>The Chair asked if there anything that might come up in the FD that would change the timescales for the assurance mitigations. BW felt this would be unlikely. However the FD might change the definition and content of some metrics in which case BW will reassess its reporting risks accordingly.</p>	
<p>10. Update on charges 2020/21</p>	
<p>BW presented an overview of its proposed charges for 2020/21. Slides 72 to 75 relate to this agenda item.</p> <p>It was noted that the proposed charges are based upon the DD. Actual charges will be dependent upon the FD and the next inflation index update.</p> <p>The Report Writer asked if the indicative fall in charges next year (based on the Draft Determination) is larger than occurred five years ago (after PR14). BW said the percentage fall in charges at PR14 was slightly bigger.</p>	
<p>11. AOB</p>	
<p>No other business was discussed.</p> <p>The Chair thanked the company for the material presented at the meeting.</p>	
<p>12. In camera session after main meeting</p>	
<p>Minutes are confidential and not published.</p>	