

**Attendees**

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|-------------------------|----------------------------------|--------------------------|--------------------|
| 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)    | Michelle Davies (item 6) | Bristol Water      |
| Michael Barnes          | Consumer Council for Water (CCW) | Toby Woolway             | Bristol Water      |
| Dr Tabinda Rashid-Fadel | NHS                              | Liz Cornwell (item 9)    | Bristol Water      |
| Jon Johnson (item 7 on) | Consumer Council for Water (CCW) | James Holman (item 8)    | Bristol Water      |
|                         |                                  | Richard Price            | Bristol Water      |

**Apologies**

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| Tamsin Sutton | Environment Agency (EA)            | Dr Mark Taylor | Natural England (NE) |
| Fran Begley   | South Bristol Advice Centre (SBAC) |                |                      |

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| <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 pandemic. BW had issued a slide pack to all Panel members in advance of the meeting.</p> <p>The Chair welcomed everyone to the meeting. She thanked Michael Barnes (CCW) for his contributions to the Panel over the last five years. He has helped the Panel broaden its view on BW’s activities and assisted with comparisons with others in the industry. Michael replied that this may not be his last Panel meeting as the full handover to Jon Johnson may take a little while.</p> <p>The Chair reported that Fran Begley from South Bristol Advice Centre has joined the Panel but cannot attend this meeting. EA and NE have also sent their apologies.</p> <p>The Chair noted that BW had provided an induction meeting for some recent joiners to the Panel.</p> |  |

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| <p><b>3. Minutes, actions and challenge log</b></p>   |                              |
| <p>Slides 5 to 7 relate to this item.</p> <p>The Deputy Chair outlined the current position on the Challenge Log. The position remains good. It is expected challenge 8 will be cleared at this meeting. Four challenges are earmarked for discussion and clearance at the November SCSG meeting, two at the November CESG meeting and one other will have to wait until January next year (after the CMA decision is available).</p> <p>Dates for the completion of most meeting actions have now been now defined. Several are waiting for the date of the Panel’s environmental meeting with BW in October. The Deputy Chair again asked BW for a date to be set for this meeting. The date was later set as 7<sup>th</sup> October at 10am.</p>   |                              |
| <p><b>4. CMA update</b></p>   |                              |
| <p>BW reported that it is awaiting the CMA’s provisional findings. These are now expected in late September.</p> <p>The Chair noted that the chair of the CMA has changed and wondered whether this may have affected CMA’s deliberations and prolonged the process. BW thought not. The referral process has been extended due to the request and provision of further information from Ofwat and the companies.</p> <p>The Chair asked BW how it will keep the Panel aware of and involved with the CMA process. BW will send the Panel a link to the CMA’s findings when they become available. It is expecting a four-week consultation period after this and, depending on the content of the decision, it may be appropriate to meet the Panel during this period. BW noted that the Panel may wish to make a response to the consultation.</p> <p>The Deputy Chair enquired about the additional submissions Ofwat has made to the CMA and whether there is anything in these that the Panel should be aware of. BW said most were responses to CMA’s questions on some PR19 notified items. Many general questions from the CMA were associated with resilience spend (more relevant to the other three appellants) and leakage targets (which don’t particularly affect BW). Ofwat had also supplied new evidence on the cost of finance, much of which was of an academic nature.</p> | <p><b>Action:<br/>BW</b></p> |
| <p><b>5. Customer engagement update</b></p>   |                              |
| <p>Slides 9 to 15 relate to this agenda item.</p>   |                              |

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| <p>BW reported that all face to face customer engagement activities have stopped due to Covid-19. However, over the last month, BW has working with its research partner to investigate ways of converting activities to online and trying to find new ways to conduct research.</p>   |                               |
| <p>Reference was made to the latest CCW Matters report. CCW summarised its findings on BW by saying it was good to see levels of customer satisfaction generally good and overall results are high. The company scored less well on customer awareness of customer rights and responsibilities. CCW will want to look into this further over the coming year.</p>  |                               |
| <p>The Deputy Chair asked BW if it is possible to see performance against these awareness measures over several years as it would be useful for the Panel to take a broader view on the current performance. BW agreed to supply this information.</p>   | <p><b>Action:<br/>BW</b></p>  |
| <p>The Deputy Chair also noted that BW is involved in the building of a national network of research leads and is interested to know more about this. BW replied this initiative came from the last CCW conference. The network intends to share best practice on research and findings. It is also hoped there will be more cross-company collaboration on research. The Deputy Chair welcomed these intentions.</p>  |                               |
| <p>The Chair said it would be helpful if BW could tell the Panel about the issues it is discussing at engagement events and how these affect or inform the company’s approach. This would give the Panel a greater appreciation of the activity. An example is the debt advice workshop. BW agreed to add this information to future presentations to the Panel. The Deputy Chair suggested a good first opportunity would be the Panel’s CESG meeting in November. BW agreed.</p> | <p><b>Action:<br/>BW</b></p>  |
| <p>BW reported that affordability has been a main focus during the pandemic.</p>   |                               |
| <p>The Deputy Chair asked why customers who receive help through the Social Tariff do not necessarily appear on the PSR. BW replied while that such customers may need financial assistance, they may not need the additional help provided through the PSR. All Social Tariff customers are made aware of the PSR and invited to apply if they wish.</p>  |                               |
| <p>MDC enquired about BW’s liaison with signposting agencies such as village agents, Citizens Advice, etc. Has BW found that such agencies are good at signposting the help BW can give? BW replied such agencies are very effective and that the company works closely with them. MDC said it is particularly interested in village agencies and it will try and put BW into contact with some of which it is aware.</p>  | <p><b>Action:<br/>MDC</b></p> |
| <p>The Chair asked BW to remind the Panel of whether there is a cap on the number of households on social tariffs or the PSR. BW replied the PSR isn’t capped. The Social Tariff cap is aligned with cross subsidy on charges and BW has to work out how to pay for this. The Chair expressed concern that customers need to know that the financial assistance might not be there for them. BW replied that customers needn’t be worried. The industry</p>                        |                               |

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| <p>is working on this at the moment. In the current pandemic companies have to keep looking at how to make things work. It is too early to predict the outcome at the moment.</p> <p>The Chair also expressed concern that the forthcoming changes to the furlough scheme might put more people in a difficult situation. She was pleased to hear there is a mechanism and that it at the top of BW's mind. She wondered if Ofwat is looking at its regulations. BW replied that Defra is starting a project on affordability in the water sector. This will feed into the strategic priorities for Ofwat. It will report next year sometime. Ofwat is also working with the industry on the impact of Covid-19 and mitigation measures. This work is its early stages and there is only four months' data available at present. An initial analysis may emerge next month. The Chair noted that the CMA asked the Panel whether Ofwat should be looking at its regulations because of the pandemic.</p>   |   |
| <b>6. Social Contract update</b>   |   |
| <p>Slides 16 to 20 relate to this agenda item.</p> <p>BW reported that Covid-19 has had a significant impact on its Social Contract (SC) activities. BW is tracking things through its SC Steering Group. A further update will be provided at the Panel's SCSG meeting in November and a mid-year progress report will also be produced.</p> <p>MDC noted BW's involvement in the Bristol One City environmental plan but that the company hasn't participated in the Climate Change Strategy being developed by Somerset County Council and local District Councils (including Mendip). There has been a public consultation to decide a framework and strategy for action. BW has not contributed to this. The Strategy is almost finished in draft and about to be published. It will be a living document. It is important because it will affect catchment areas, licensing and water usage amongst many other things. Wessex Water and EA are already involved. MDC would welcome BW's involvement, particularly its comments on the emerging strategy and to see that the BW Board is fully aware of the document and what it says about water.</p> <p>BW replied that its focus to date has been on the Bristol Climate Strategy. It has been engaging with some councils outside Bristol and has been in touch with Extinction Rebellion. The Somerset Strategy hasn't been mentioned in these discussions. BW would be happy to get involved. MDC asked how it can connect to BW. BW replied that Michele Davies will facilitate this.</p> <p>With regard to local councils, MDC wondered how the link to BW beyond the Challenge Panel is working. MDC believes that the adequacy of water supply does not appear to be relevant to planning permission considerations. Given the government white paper on new development and the ambition of house builders, MDC considers these will have a profound impact on the water infrastructure and that BW should be consulted and kept appraised. BW replied that this link does exist. Its Development Team would flag up any</p> | <p><b>Action:<br/>BW</b></p> <p><b>Action:<br/>BW</b></p> |

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| <p>issues. It believes there is enough resilience and supply around the regions generally. BW tracks progress on development and will keep the Panel informed as matter of routine.</p> <p>The Chair expressed interest in BW’s Lakeside Carbon Baseline initiative. BW said it will be engaging with local councils and community schools but the activity has yet to start in earnest.</p> <p>The Deputy Chair said that the Panel is interested in the spread of the SC geographically and demographically and whether there is any built-in biasing.</p>  |                              |
| <p><b>7. Void deep-dive</b></p>   |                              |
| <p>BW presented slides 21 to 29 for this agenda item.</p> <p>The Deputy Chair had previously sent questions to BW on its voids presentation and BW said it would respond separately to him on these.</p> <p>The Deputy Chair asked if BW was working jointly with Wessex Water (through Pelican) on tackling voids. BW said not but void issues are discussed at the Pelican Board.</p> <p>CCW asked if a void has both a water and sewerage connection, would it potentially be counted by both Bristol Water and Wessex Water? BW believes it would be counted by both companies but would confirm.</p> <p>BW added that void comparisons aren’t used by Ofwat in PC target setting. The Chair asked whether the cost of dealing with a water and sewerage void is reported as 50% of a water only void. BW said the full cost of dealing with a combined service void would be reported by both companies but that this is taken into account by Ofwat when setting the incentive rates.</p> | <p><b>Action:<br/>BW</b></p> |
| <p><b>8. Indicative wholesale charges</b></p>   |                              |
| <p>Slides 30 to 37 relate to this agenda item.</p> <p>BW reported it will be publishing its main customer charges in January 2021. However, Ofwat requires companies to publish indicative wholesale charges three months before this. BW’s indicative charges are based on Ofwat’s FD. No account has been taken of what might be in the upcoming CMA decision. BW will provide an update on this at the next Panel meeting.</p> <p>The Deputy Chair asked about the Ofwat process where increases in charges exceed 5%. BW replied that its Board has to confirm in its assurance statement to Ofwat that it has considered the impacts of such increases on the customer groups affected and that it has a strategy to handle this.</p>  | <p><b>Action:<br/>BW</b></p> |

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| <p>The Chair noted that Rateable Value (RV) is used to set some water tariffs. In the last AMP BW went to much trouble to segment customers to inform its engagement and its future plans. It is not possible from the information presented today to see the impact on customer segments of the proposed charges. BW replied that some segmentation has been used based on metering and usage volumes particularly for metered customers (RV isn't used for such customers). Some segmentation is implied in other groups such as social renters. BW hasn't explicitly shown this as Ofwat doesn't require this information. The data are available at a more granular level. BW would explain this at the next CESG. The Chair welcomed this as a way for the Panel to understand any anomalies and potential gaps in the charges' regime and the company's communication of its charges.</p> <p>The Deputy Chair again mentioned the Panel's desire to see reporting of customer information at demographic and geographic levels. BW agreed to discuss this at the next CESG meeting. BW reminded the Panel that the outcome of the CMA may change the charges information. This was accepted.</p> | <p>Action:<br/>BW</p> <p>Action:<br/>BW</p> |
| <p><b>9. Drought Management Plan</b></p>   |   |
| <p>Slides 38 to 40 relate to this agenda item.</p> <p>BW said it would welcome views from the Panel on its draft Drought Plan (DP). The Chair replied that the Panel would be making a response as part of the pre-consultation process.</p> <p>The Report Writer asked when the BW/EA DP workshop would be taking place. BW replied in early October but that EA will be submitting a formal letter to BW on its thoughts around the DP before the workshop.</p> <p>MDC asked if the district councils in Somerset and Somerset CC are amongst stakeholders included for consultation. BW replied they are. It will prepare a list of consultees for the Panel. This was done after the meeting.</p>  |   |
| <p><b>10. West Country Water Resources Scheme Update</b></p>   |   |
| <p>BW updated the Panel on this initiative (which was discussed in some detail at the last Panel meeting).</p> <p>The Ofwat FD requires BW to work with Southern Water and Wessex Water to explore the feasibility and economics of building a second reservoir at Cheddar (plus a treatment works and 160km pipeline) to address potential water resource shortages in Southern's area. The current findings, which are to be reported to Ofwat, EA and RAPID shortly, indicate it will be an expensive undertaking (up to £0.5bn), would have a large carbon impact and would only be used in severe drought circumstances. Ofwat, RAPID and EA will compare these findings with other options.</p>  |   |

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| <p>The Chair noted that the West Water Resources Group (United Utilities, Severn Trent and Dwr Cymru) has recently announced the appointment of an independent chair (Dan Rogerson, the Wessex Water CCG Chair). She noted that the West Country Group is taking a different approach to governance by not having such an appointment. BW replied that its Group has not considered this as its has been working together effectively. Its individual water resource schemes tend to be local and not complex. It notes that there are also independent chairs in the East and South East Water Resource Groups. BW will keep this under review especially if issues become more complex.</p> <p>The Deputy Chair asked if the West Country Group’s report will be published. BW replied it will remain confidential until RAPID and Ofwat publish it. It is likely to go through a query process and possible public consultation.</p> |  |
| <p><b>11. Empowering Community Groups</b></p>   |  |
| <p>Slides 42 to 47 relate to this agenda item.</p> <p>BW reminded the Panel that Empowering Community Groups is a Social Contract initiative.</p> <p>The Chair asked about the random number generator used by BW to select the winning organisations and whether BW has employed any pre-assessment so that only certain proposals go forward. BW replied that it maintains a list of organisations that have applied but haven’t won. It uses a proprietary random number generator. BW stated there is no prior screening of applications other than to confirm they are from bona fide organisations and that that applications represent community benefit projects (and are not fake applications).</p>   |  |
| <p><b>12. Next year’s dates</b></p>   |  |
| <p>The meeting dates were noted and members were asked to put them in their diaries.</p>  |  |
| <p><b>13. AOB</b></p>   |  |
| <p>The Chair asked BW about the recent burst mains it had experienced.</p> <p>BW described the following:</p> <ul style="list-style-type: none"> <li>• Yate (August 2020) was a significant caused event by a third-party contractor damaging a 12-inch main. 8000 people were affected. Rezoning options involved some reversing of flows but the process was slow to minimise the discolouration risk to the water supply. Third party causes were not counted in AMP6 but are now counted in the indicator for AMP7. The event underlines how exposed BW is to one significant event. BW has now introduced further measures to communicate with landowners about mains locations and safe digging practices. It</li> </ul>  |  |

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| <p>is also increasing its analysis of its strategic mains to be better prepared to respond to such incidents. BW said there had been general positivity and lack of complaint from the customers affected suggesting its communications had been effective. BW has yet to see the impact of the incident on C-Mex.</p> <ul style="list-style-type: none"> <li>• Withycroft (five bursts in the general area). A communication failure between reservoirs and pumps is likely to have caused adverse pressures in the local distribution system. Around 2,000 properties had to be managed. Proactive text messaging was used and there were no written complaints.</li> </ul> <p>The Chair mentioned the recent traffic chaos around Winscombe due to the burst main under the A38. A traffic diversion was required for a week. BW said the damage was to a raw water main. It had personnel drive the diversion route regularly to ensure signage was correct. They also had to direct HGVs away from small local roads. The road collapse affected a bus but no one was injured. The cost of repair was high and BW will incur this.</p> <p>The Chair asked about the impact of these bursts on the related ODI. BW replied that the incidents this year mean that the penalty incurred is already around £1.3m. The ODI penalty is capped at £1.5m. BW is confident that its mains mapping and communication with landowners will help both now and in the future. BW is confident that things are going in the right direction but it will always be at risk from significant bursts. BW will bring information to a future meeting to explain targets and its strategy to meet them, including risk mitigations.</p> <p>MDC asked, given that BW will have provided advice and information to landowners, is the company minded to pursue financial remedy from them following negligent activity? BW replied that it does pursue the direct costs of dealing with bursts caused by third parties. It doesn't (and can't) pursue consequential losses (ODI penalties).</p> <p>MDC asked if BW was working with FWAG (a farming advisory group). BW said it is not aware of this Group so would welcome information on it. MDC agreed to provide more details to BW.</p> <p>The Chair asked Jim McAuliffe to convey to the BW Board the Panel's concern over the significant impact to customers of the recent bursts.</p> <p>Jim replied that he had already noted this together with:</p> <ul style="list-style-type: none"> <li>• The CCW research findings on customer awareness and the company's response to it</li> <li>• BW's potential involvement in the Somerset Climate Change Strategy</li> <li>• The impact of price changes on different demographic groups</li> </ul> <p>The Chair also asked that the points raised around the governance of the West Country Water Resources Group be included in Jim's list. Jim agreed.</p> | <p><b>Action:</b><br/><b>BW</b></p> <p><b>Action:</b><br/><b>MDC</b></p> |
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| <p>BW mentioned that CCW will be publishing its annual complaints report on 24<sup>th</sup> September. CCW said that BW has been highlighted as good performer and that its Chief Executive has sent a letter of congratulation to BW. This performance represents a significant turnaround from recent years.</p> <p>The Chair said that, at the next Panel meeting, she hopes to be able to report an indication of Ofwat's considerations on its future customer engagement policy.</p> |  |
| <b>14. In camera session after meeting</b>   |  |
| Minutes are confidential and not published.  |  |