

Minutes of Meeting 8 – 12th July 2017

at Purton WTW

Attendees

Peaches Golding OBE (Items 1 to 10)	Chair	Mel Karam <small>part</small>	Bristol Water (BW)
Tony Denham	Deputy Chair	Ben Newby	Bristol Water
Jeremy Hawkins	Report Writer	Sue Clarke	Bristol Water
Dr Mark Taylor	Natural England (NE)	Bethan Stone	Bristol Water
Jeremy Bailey	Environment Agency (EA)	Patric Bulmer <small>part</small>	Bristol Water
Alison Sleightholm	Western Power Distribution (WPD)	Anna McKeon	Dialogue by Design (DBD)
Dr Tabinda Rashid- Fadel	University of the West of England (UWE)	Eleanor Tweddell	Bristol Water
Prof. Chad Staddon	University of the West of England (UWE)	Matt Draper <small>part</small>	Bristol Water
Cllr Terry Napper	Mendip District Council	Naomi Kent	Blue Marble (BM)
Michael Barnes	Consumer Council for Water (CCW)	James Holman <small>part</small>	Bristol Water

Apologies

Cllr Robert Cleland	North Somerset Council (NSC)	Luke Hasell	The Story Group
Cllr Mhairi Threlfall	Bristol City Council (BCC)	Dr Danielle Wain	University of Bath (UB)
Alex Hastings	Independent (AH)	David Wilson	Duchy Home Farm

Minutes

1. In camera session before main meeting	
Minutes are confidential and not published.	
2. Chair's Report, previous minutes, challenges and actions	

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The Chair welcomed everyone to the meeting, which took place at Purton Water Treatment Works. Panel members would have an opportunity to have a guided tour of the control room at the works later in the day.

The Chair presented a series of slides. She made the following points.

- She attended the Ofwat CCG’s chairs meeting at which the regulator set out its expectations on companies to empower water customers by using data to personalise the relationship with the water user and by unlocking value from customer data to assist vulnerable customers. There are many things the Panel will want to challenge BW on relating to this, on how customers can be engaged to do more to save water and on choices on where BW’s money is spent.
- The Panel’s customer sub-group has attended BW’s research events workshops and other activities relating to PR19 customer engagement.
- The Panel made a pre-consultation response to BW on its Drought Plan. The company should be congratulated for exceeding its customer response target for this Plan.
- The Chair took part in the BW Board’s recent strategy away day.
- She also met with Blue Marble to discuss the scoping of BW’s engagement with vulnerable customers.
- Any comments that members wish to make on the forthcoming Panel’s Annual would be welcome sooner rather than later
- The Ofwat PR19 methodology was published for consultation yesterday. Ofwat will be focusing on great customer service, resilience, innovation and affordability/vulnerable customers at the next price review.

The Report Writer asked about non-exec director attendance at the Panel’s meetings. This worked well at PR14 and provided a useful link between the BW Board and the CCG. BW agreed to consider this.

The minutes from Meeting No. 7 were accepted.

The Actions from Meeting No 7 were reviewed (a status report had been circulated). All actions had been or were completed.

The Deputy Chair reported that the latest summary of the Challenge Log had been emailed to members. Of the 463 challenges in total, 229 + 103 = 332 had been cleared, 103 of these had resulted in changes to BW’s policies or documents, Four had resulted in no

**Action:
BW**



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<p>further action and 127 (27%) remain outstanding and will be subject to ongoing monitoring. The full Challenge Log is on the FTS.</p>	
<h3>3. Customer Sub-Group update</h3>	
<p>The Deputy Chair provided a verbal update from the Sub-Group's recent activities.</p> <p>The most recent meeting of the Sub-Group was on 6 July. BW will place all the documents reviewed at that meeting on the FTS.</p> <p>All Panel members are encouraged to read these documents in particular:</p> <ul style="list-style-type: none"> The results from BW's recent customer segmentation analysis and the comparison and reasonable fit with the composition of BW's online panel are very interesting. BW's paper entitled 'Customer engagement into the environment'. The results of the recent deliberative research into resilience (which the Report Writer attended), particularly the participants' priorities for investment before and after receiving cost information. The reasons given for participants' decisions are interesting. <p>Any comments from Panel members on the above would be welcome.</p> <p>BW's online scenario game is still in development but Panel members are encouraged to use it when it's finalised. The sub group has approved the game in principle.</p> <p>Accent's reports into the recent water resources research work reports were handed out.</p> <p>The Panel would be receiving an update on BW's proposed vulnerable customer engagement later in this meeting.</p>	<p>Action: BW</p> <p>Action: All Panel members</p>
<h3>4. Customer engagement update</h3>	
<p>BW handed out quarterly Progress Report Q1 2017/18. The Chair noted that everything is materially on track.</p> <p>The Deputy Chair asked BW if it is going to refresh the online panel to bring it into line with results of the wider customer segmentation exercise. BW replied that not a big change is needed but it will actively try to recruit additional members to the panel.</p> <p>The Deputy Chair asked if BW will analyse the results of the online panel by segment, ie on</p>	<p>Action: Include in Challenge Log</p>

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<p>respondents rather than members. BW replied this may not be possible but that the online panel results are being used only as a guide to customers' views.</p> <p>The Deputy Chair said that disclosure is important for the research results that are used for decision-making. The Chair asked if the results of every piece of research undertaken will be run through the segmentation 'sieve' and would there be the opportunity to do additional research if a particular demographic is under represented? UWE (TR-F) asked if there would be any deep dive into the customer segments. BW said it would map the results back to segments to test representation. It will be able to present the results at the next Panel meeting and have a discussion with the Panel about whether more research is needed.</p> <p>The Chair asked BW what it is doing with the engagement results to change the way it operates. BW referred the Panel to its 'Experience by Attribute' paper as evidence of where changes are already being made. However, an issue such as low pressure may need significant investment but would only benefit a few customers. WPD suggested that customer support needs to be justified for investment that benefits only a few customers but has greater societal value. The company will need to demonstrate where the investment versus priority line is drawn based on the engagement results obtained.</p> <p>The EA said that it is really important to have process checks to review the purpose of the research, how much control the research has on the outcome and on the bill. The Panel needs to keep pausing and checking this and would need a regular reminder of the context. BW agreed that such a process needs to be introduced.</p> <p>The Deputy Chair raised a concern about the volume of information that will come out over the forthcoming months. BW replied that it thinks we're through the bulk of reviewing the engagement methodologies. The results need to be triangulated and NERA need to do their work first.</p> <p>EA asked where are we on the journey and where are we aiming to get to. BW said that this could be presented at the start of each Panel meeting and for each paper presented and agreed to do this.</p> <p>NE referred to the BW paper entitled 'Customer Engagement into the environment'. EA and NE were meeting with Patric Bulmer later in the day to discuss its content but NE considered the paper contained gaps in BW's strategy, for example its ambitions around biodiversity and habitats and linkage of these with the results of its customer engagement. BW agreed to update the paper accordingly.</p> <p>The Report Writer asked if BW's external assurance of its business plan submission will include the robustness of the linkage of the results of its customer engagement and its investment plan. This is a critical component of the plan. BW agreed to consider this.</p>	<p>Action: Include in Challenge Log</p> <p>Action: Include in Challenge Log</p> <p>Action: Include in Challenge Log</p> <p>Action: Include in Challenge Log</p> <p>Action: Include in Challenge Log</p>
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<p>A paper on the proposed triangulation methodology was handed out. The sub-group had seen this at its recent meeting.</p> <p>CCW said it would be very useful to have an example to show how triangulation works. BW agreed to provide this.</p> <p>The Chair drew the Panel’s attention to the diagram on p2 illustrating the different types of research across the various service attributes. WPD said the chart and NERA’s paper were very helpful. However how does BW know it is testing all the right things in the right way? Also, at the end, when balancing everything, there will be an amount of subjectivity. The Chair added that BW will need to have clarity on what is has done and why. How does the Panel use its skills and knowledge to augment the BW knowledge? BW said it regards the Panel as a proxy for customers and that it also has an assurance role with regard to the engagement process.</p> <p>MDC expressed concern that the charities on the Panel were not present today and that the Panel’s ability to comment and challenge on vulnerability and affordability was reduced as a result. UWE (RT-F) said that it is important that such gaps are addressed.</p> <p>UWE (CS) commented that he has to challenge the company both as a customer and an academic. Has BW considered testing the sensitivity of its engagement results? How deep should he go with his scrutiny and where? The Chair replied that challenges should go as deep as possible to help BW become the best performing company.</p> <p>EA and NE left the meeting to talk discuss BW’s paper “Engagement into the environment’.</p>	<p>Action: Include in Challenge Log</p>
<p>5. Customer research on vulnerability update</p>	
<p>BM presented a series of slides on the vulnerable customer engagement project objectives, an overview of the proposed approach, an update on current status and an example of the sampling structure. These slides had been presented to the sub-group last week. The project is currently towards the end of the scoping stage. The plan is to compete the study and report by October this year.</p> <p>BM asked if the Panel could suggest any further data sources it could use for the project. UWE (TR-F) thinks there could be (eg water consumption by different ethnic groups, obesity, dental health, etc) but it is important how the results are used to influence thinking. There is potentially the opportunity to improve the health of certain customers through drinking more water. The Chair noted that Bristol is deemed to be the healthiest city in UK but drinks the least water. MDC mentioned the linkage between water consumption and cancer treatment.</p> <p>CCW questioned whether 20 customer interviews are sufficient given that there is a</p>	<p>Action: Include in Challenge</p>

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<p>wide range of circumstances surrounding vulnerability. BM said that this may be considered further.</p>	Log
<p>UWE (TR-F) suggested changes in demographics might need to be considered (greater impact on older people as time goes on).</p>	
<p>The Chair asked how BM had devised its sampling approach. BM said it had come from its literature research.</p>	
<p>UWE (CS) suggested that festival-goers might be considered. This group often opposes Fluoridisation of water and bottled water is drunk because of this. It may be a small group and there may be misinformation and misunderstanding amongst it. BW said it has some data on this and can identify these types of people.</p>	<p>Action: Include in Challenge Log</p>
<p>The Deputy Chair stressed the need to document the results of this engagement and the decisions taken, especially as these may benefit only a small number of people. BW noted this.</p>	<p>Action: Include in Challenge Log</p>
<p>The Panel were invited to input to the planning for the stakeholder and customer interviews.</p>	
<p>WPD asked which were the biggest group on the BW’s vulnerable customers register. It’s the elderly in the energy sector. WPD also asked about BW’s strategy for vulnerable customers. BW noted these questions and will respond in due course.</p>	<p>Action: Include in Challenge Log</p>
<p>The Chair asked if there was any cross over between the forthcoming vulnerable customer engagement and with the wider customer segmentation data. BM said it will be looking at this.</p>	<p>Action: Include in Challenge Log</p>
<p>The Deputy Chair asked how the non-registered or hard to reach will be picked up in the research. BM said its researchers will consult stakeholder organisations as a source of information and will also ask questions as they go to try and pick up these groups.</p>	<p>Action: Include in Challenge Log</p>
<p>CCW asked whether there was any merit in surveying non-vulnerable customers as part of this project, perhaps as a control group. This may inform the acceptability of investment intended to help vulnerable customers. BM replied this is a qualitative survey but this was an interesting point nonetheless and it will consider it.</p>	<p>Action: Include in Challenge Log</p>
<p>CCW also asked if BM intended to undertake any pilot studies. BM said it would not be but would distribute survey materials to the Panel in advance (start Sept). The Chair asked BW to schedule in a telephone conversation for Panel members at that time.</p>	<p>Action: BW</p>
<p>UWE (CS) said UWE would be happy to help with the analysis of the qualitative material that will come from the study. BM thanked UWE but said that all interviews will be</p>	

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<p>recorded and themes would be drawn from the transcripts.</p>	
<p>6. Introduction from Mel Karam and tour of Purton WTW control room</p>	
<p>Mel Karam joined the meeting and introduced himself to the Panel. He described his background and experience in the utility and consulting sectors. He also explained his initial views of the company after joining BW and set out his vision for its future, particularly the business needing to have a long view with regard to its strategy. He very much values the challenge and input from the Panel and looks forward to working with its members.</p> <p>Panel members were then given a guided tour of the control room at Purton WTW.</p>	
<p>7. 2016/17 performance data</p>	
<p>BW presented a series of slides summarising its performance in 2016/17 against its PR14 commitments. All data had been subject to assurance from Atkins.</p> <p>All 21 Performance Commitments (PCs) come from BW’s PR14 business plan and resulting price determination by Ofwat. In 2016/17 15 PC targets were achieved and six were missed. One of these has a penalty (metering).</p> <p>There is a potential reward for the SIM performance but this will be confirmed when the other companies’ results are known.</p> <p>The following key points were noted:</p> <p>A1 – unplanned interruptions. There were no major supply interruption events during the year. This is not the case this year as a big burst has occurred. There was freezing post Christmas but BW was able to limit the impact of the resulting bursts on customers.</p> <p>A2 – low pressure. The Chair asked what BW is doing about the slight deterioration on low pressure over last year. BW said it is looking to rezone its supply in certain areas but it will report back to the Panel on this.</p> <p>B1 – population centres >25,000 at risk of asset failure. BW is on schedule to reduce the performance to zero.</p> <p>C2 – hosepipe bans. This is a measure of resource availability and the risk of hosepipe bans. There was a 1 in 99 year risk last year. A 1 in 50 year risk was calculated in 2016/17 as the weather was much drier.</p>	<p>Action: Include in Challenge Log</p>

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<p>D1 – Mean zonal compliance. Performance improved partly due to a lower number of failures on customers’ pipework (over which BW has little control).</p> <p>F1 – leakage has gone up but is within target. BW’s team has updated its leakage calculation methodology resulting in a higher figure. The Chair asked if Ofwat’s considers BW is being transparent over its reporting and data. BW said it has not heard back yet from Ofwat.</p> <p>G1 - meter penetration. BW is now undertaking selective metering.</p> <p>H1 - total carbon emissions. Performance has improved over the previous year but the target was missed. The use of some standard industry definitions has increased the assume level of carbon used. UWE (CS) asked if transport to work was included. BW said not but this is in line with the standard water sector approach. MDC asked if Hinckley Point being put back has any effect on emission targets. BW said not.</p> <p>H2 - raw water quality of sources. Target of ‘deteriorating’ was met. Next year’s performance is likely to be ‘marginal’ (again meeting target). Both NE and UWE remarked that ‘deteriorating’ is not a good way of communicating success on this measure and looks poor from the outside. BW should consider finding a more appropriate form of words such as “in line with expectation” or similar. BW replied that the nomenclature used is as defined in the price determination.</p> <p>H3 - Biodiversity Index. The target was met by undertaking planned tree planting and working with local schools. The Deputy Chair noted that Atkins had concerns over BW’s reporting methodology last year. Were they happy this year? BW replied that they were as satisfactory improvements have been made and are ongoing.</p> <p>H4 - waste disposal compliance (environmental discharges from treatment works). The target for the year was missed (as it was last year). More than half the failures were at Barrow TW. BW’s team is looking at the problem which relates to difficulties in obtaining samples.</p> <p>G2 - per capita consumption, PCC has gone up since last year but the target was met. The dry weather last year will have had some impact on PCC.</p> <p>I1 - % customers in water poverty. Target was met but numbers in poverty have risen since last year. BW explained this is a statistical issue and that data come from an external provider.</p> <p>J1 - SIM. There was improved performance over last year and BW is anticipating being in the industry top five for SIM but it will have to await for other companies’ data to be published to confirm this.</p>	<p>Action: Include in Challenge Log</p> <p>Action: Include in Challenge Log</p>
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<p>J2 - General satisfaction from surveys. Performance improved from last year but the target was missed again. BW can't compare itself with others as reporting methodologies and targets differ.</p> <p>J3 - value for money. The reporting methodology is based on customer surveys. BW had used the SIM methodology last year in error. It has restated its performance last year and this year as a result and has explained this to Ofwat. This year's target was met but last year's target was missed as a result of the restatement. Atkins are happy with the new reporting methodology.</p> <p>K1 - ease of contact. A similar reporting methodology issue to value for money applies to this measure. The target was missed this year. Atkins are happy with the new reporting methodology.</p> <p>L1 - negative billing contacts. This year's target was missed. Increases in the reported number of negative billing contacts have occurred due to a change of definition (categorisation of contacts). An action plan is in place and is already reaping benefits. The Deputy Chair asked whether the reported number last year should be restated. WPD questioned the need to change as comparability between years is important. On the issue of restatement, BW said it now has a 'green' assurance report from Atkins. The quality of data has improved. The Chair stressed the need for BW to tell the story in the right way to maintain and build confidence from Ofwat and from customers. The key messages should be about more robust processes and improved data quality.</p>	
8. Water Industry National Environment Programme (WINEP)	
<p>EA and NE gave an overview of WINEP and the Water Industry Strategic Environmental Requirements for PR19 (WISER). WINEP is a programme of projects and schemes to satisfy WISER.</p> <p>The purpose of WISER was explained by EA, its strategic objectives and the EA's expectations for PR19 (Statutory, Statutory Plus & Non Statutory).</p> <p>NE presented a series of slides on its view of WISER including its expectations. BW has only one European site (Chew Valley Lake). This site is fine and BW has no obligation to do anything different.</p> <p>NE explained BW has three SSSIs (3 lakes; Chew Valley, Blagdon and Cheddar). All three are currently in favourable condition but the water quality isn't good due to algal blooms. BW needs to continue with its catchment schemes but NE is concerned they will not be included in WINEP as they are a continuation of PR14 activities and Ofwat will deem them to be maintenance.</p> <p>BW presented its response to current WINEP and DWI requirements for PR19 including its</p>	

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<p>thoughts on likely WINEP projects and some non-WINEP environmental proposals</p> <p>MDC expressed concern over the level of elver extraction from the River Parrott but agreed to discuss this with BW separately.</p> <p>The Chair asked BW if it is content that its customer research links to the environmental planning it is undertaking. BW said it is looking at testing of specific environmental projects with customers and has discussed this with EA and NE today. The Chair added that customers may not be able to interact on specific schemes but on strategic longer term issues. EA said customers need to be taken on a journey to be sufficiently informed to contribute. BW said it will be looking again at these issues next week and will update its environmental engagement paper.</p>	<p>Action: Include in Challenge Log</p>
<p>9. Drought Plan update</p>	
<p>BW presented an update on its Drought Plan (see slides).</p>	
<p>10. Water Resources Management Plan update</p>	
<p>BW presented an update on its WRMP (see slides).</p> <p>BW explained that the main differences between WRMP now and that published in 2014 include not making allowance for a power station supply and also adopting a more risk willing approach on headroom. No major interventions are planned.</p> <p>The Chair left the meeting after this item.</p>	
<p>11. In camera session after main meeting</p>	
<p>Minutes are confidential and not published.</p>	