

**Attendees**

Peaches Golding OBE	BWCP Chair	Iain McGuffog	Bristol Water (BW)
Tony Denham	BWCP Deputy Chair	Sue Clark (to item 6)	Bristol Water
Jeremy Hawkins	Report Writer	Jim McAuliffe	Bristol Water
Cllr. Michael Gay	Mendip District Council (MDC)	Richard Price	Bristol Water
Tamsin Sutton	Environment Agency (EA)	Toby Woolway	Bristol Water
Dr Tabinda Rashid-Fadel (item 2 on)	NHS	Alex Smethurst	Bristol Water
Jon Johnson (item 4 on)	Consumer Council for Water (CCW)	Nigel Sanders (items 7 and 8)	Turner & Townsend (T&T)
Dr Mark Taylor (to item 6)	Natural England (NE)		
Fran Begley	South Bristol Advice Centre (SBAC)		
Gudrun Limbrick	Consumer Council for Water (CCW)		

**Apologies**

None received
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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 final slide pack to all Panel members on 22<sup>nd</sup> June (ref: '23062021 BWCP Meeting – 2020-21 Performance – Final.pdf'). A draft version of this file had been issued on 18<sup>th</sup> June, pending the inclusion of slides from T&amp;T.</p> <p>The Chair welcomed everyone to the meeting.</p> <p>She said the Panel’s particular focus today will be on the proposed acquisition of BW by Pennon (and what this will mean for customers), and the company’s performance in 2020/21 against its PR19 commitments.</p>	

<b>3. iNED Update</b>	
<p>The iNED reported that the next meeting of the BW Board is on 24<sup>th</sup> June, the day after this meeting. He will provide the Board with a verbal update from today's Panel meeting.</p> <p>He noted that, at the last Panel meeting, the Chair mentioned she would be happy to be included in the process of appointing a new Chair of the BW Board. The company was on the verge of appointing a new Chair at that time. The Pennon announcement has meant that appointment has been deferred, and the candidate has been informed. The existing Chair has agreed to stay on until CMA process has been completed. Currently BW doesn't know what the future holds for the constitution of its Board.</p>	
<b>4. Pennon update</b>	
<p>BW provided an update on the proposed Pennon acquisition. Currently, nothing changes in relation to BW's business and its commitments. The CMA referral process has yet to commence. The CMA will be advised by Ofwat. A CMA Enforcement Order has been issued which stipulates the two businesses are kept separate during the CMA process and that there should be no communication between them. At end of process the CMA will assess the impact on Ofwat's ability to compare performance across the industry and the benefits of the merger, if any, for BW and its customers. The CMA and/or Ofwat may place conditions on the merger.</p> <p>The CMA may want to engage with the Panel during the process, but this isn't certain at this time.</p> <p>BW doesn't know what Pennon's plans for BW are. It's a large, listed company in the south-west with a large investment programme. With Bournemouth Water, Pennon has been recreating the water company's brand.</p> <p>The Chair asked how customers will be assured that BW's services during the CMA process remain uppermost in the company's mind. BW replied that its priority is running the business as well as it can during the CMA process. It will properly engage with Pennon after the process is complete. It is understood the Pennon CEO very much values the BW brand and wishes to retain it. It is believed that the CEO also wants to access the talent and know-how in BW. BW describes the mood amongst its staff as 'nervous excitement'. There may be opportunities arising from a takeover. BW's customers will receive the benefits from the FD business plan in the meantime.</p> <p>The Chair noted that the mood and motivation within the company is very important. If these are lowered, then the delivery of BW's ambitious plans will be affected. She asked how the Panel will know where the areas of staff nervousness and anxiety are. BW replied that its current Board and senior management team will continue. It is very conscious of staff reaction but remains cautiously optimistic. Its leadership team have run many employee engagement sessions and consider that staff in customer services and in the</p>	

field are feeling positive. There is a desire to make sure the company performs well and is ready to showcase how it delivers for customers.

The Deputy Chair asked if the billing software update will go ahead. BW replied that it is progressing but that it is taking the opportunity to do a review to make sure the plans are robust. This review has nothing to do with Pennon. Pennon will have a view if and when the takeover is successful. BW will conclude its review and make its decisions accordingly. It will then engage with Pennon as necessary.

The Chair noted the current billing arrangements with Wessex Water. The Panel will need timely assurances of any changes and how customers remain served. BW agreed to do this.

MDC noted that how the BW senior team and staff feel about the takeover matters a great deal. It very important to maintain focus on the business and customers during this time of uncertainty. Matters such as governance, accountability and partner engagement also remain important. BW will need to demonstrate that it has used these to continue to drive the business forward. He asked if BW could comment on Pennon's environmental performance. Iain noted that SWW had the highest bill in the industry and that he spent a long time at SWW working on local community engagement. He also noted that the Bournemouth Water Futures Panel has been kept separate from SWW. It may be that SWW would adopt a similar concept with BW.

EA said it recognises the benefits of scale and efficiencies that the takeover might deliver. It cautioned that SWW has been a poor performer against its Environmental Performance Assessment (EPA) and has concerns that this may have an impact on BW's customers. BW replied that SWW's pollution incidents are from its wastewater activities so can't foresee an issue with BW's environmental performance.

BW speculates that that the CMA will look at the small company premium test that Ofwat uses and will assess what might happen to the industry if BW isn't separate and what effect this has on benefits to customers.

CCW noted that it has been having conversations with BW over the company's proposal to change is Leak Stop policy this July. CCW wondered if it is a good idea to make changes now if Pennon then changes things again causing possible confusion with customers. BW replied that it still needs to deliver its business plan. While recognising that the landscape has changed, it will nonetheless make the right decision for BW and its customers.

NE said that it has had no dealings with SWW apart from the water resource planning work by the West Country Water Resources Group (WCWRG), on which SWW is leading on environmental plans. NE has concerns about the balance between water supply and environmental protection. BW replied that SWW leads on behalf of all the companies on the WCWRG. NE said it doesn't agree with SWW's approach and a similar view is held by the other companies. Discussions are ongoing, however.

**Action:  
BW**

<p>The Chair reminded the meeting of her concerns, expressed to the BW Board at its last strategy day, that the governance arrangements of the WCWRG exclude the customer. There is nothing that enables the customer to express their views. The customer has no voice, and this is of huge concern to the Panel. The BW Board appeared to agree with this point and that she was right to be concerned. The Chair asked if there is mechanism for the Panel to push this further. Some other regions' water resource groups have a different approach to customer representation.</p> <p>BW replied that the right place to discuss is the Panel's forthcoming Environmental Sub-Group (ESG). BW also said it will make sure that the WCWRG board discusses this topic. The Chair said that BW can only give its customers' view, not the others across the region. EA asked if an independent chair to WCWRG is to be appointed. BW replied it is not sure but may find out this Friday's WCWRG meeting. BW asked NE to raise these issues at the WCWRG meeting as well. BW thinks the Chair's challenge is an important one and will take it forward as best it can. The iNED also agreed to take it to the BW Board.</p>	<p><b>Action: BW</b></p>
<p><b>5. Minutes, actions and challenge log</b></p>	
<p>The Deputy Chair had sent information to the Panel members in advance to save time at today's meeting. He asked if the information could be taken as read. No questions were raised.</p> <p>The Deputy Chair referred to the minutes of last meeting. There were no comments on them and so were accepted.</p> <p>The Deputy Chair referred to the formation Panel's ESG. BW has suggested a date of 15<sup>th</sup> September. The Deputy Chair noted that this date is also the Panel's agenda setting meeting. The Deputy Chair said that the Panel members would discuss the timing of this meeting in its in-camera session after this meeting and he will liaise with BW accordingly.</p>	<p><b>Action: Deputy Chair</b></p>
<p><b>6. Sub-Group Updates (CESG and SCSG)</b></p>	
<p>The Deputy Chair had sent CESG and SCSG updates to the Panel members in advance of this meeting in order to save time today. He asked if the information provided could be taken as read. No questions were raised.</p>	
<p><b>7. Annual Performance Summary 2020/21</b></p>	
<p>Slides 3 to 43 relate to this agenda item.</p> <p>BW provided an update on its 2020/21 performance. The following points were raised by the Panel members:</p>	

<p><u>C-Mex and D-Mex</u></p> <p>It was noted that it was the company’s ambition to be 5<sup>th</sup> in the industry on C-Mex and D-Mex.</p> <p><u>Priority Services Register</u></p> <p>It was noted that there were seven customers dissatisfied with the PSR out of 450. The Deputy Chair noted that letters had been sent out to possible PSR customers. He asked if BW contacts those already on the PSR. BW replied that all PSR customers are contacted once every two years.</p> <p><u>Water poverty</u></p> <p>The Deputy Chair expressed surprise that the latest result was 1% as it had always been zero during the last AMP. BW said the actual number was 0.63% which was rounded up to 1%. Circumstances this year were affected by Covid 19. The Deputy Chair asked BW what it intended to do to improve performance. BW replied it intends to focus its efforts more in the geographical areas with high water poverty it has identified.</p> <p><u>Customer debt</u></p> <p>MDC asked about levels of debt and longer-term indebtedness. The latter is not a metric required by Ofwat. MDC considers it would be useful to understand trends in long term debt. He is concerned that unresolved indebtedness, largely caused by the pandemic, results in negative impacts on customers’ credit ratings and drives a downward spiral. BW replied that it monitors the number of people in debt. Offering debt advice surgeries is part of its Social Contract work. MDC asked if BW is seeing a large increase in short- and long-term indebtedness. BW is not aware of big changes but will check.</p> <p>SBAC noted that difficulties arise for many people who can’t use the phone to seek advice and that such people are difficult to reach by the support agencies. There are many people not coming forward for help. SBAC hasn’t been able to hold its usual drop-in sessions because of the pandemic. It is starting to see a resurgence of debt problems and that this may only be the start of a bigger problem this year.</p> <p>The Chair said that companies need to be more innovative in finding individuals in debt. However, people are starting to go out more now that the Covid risk is falling. BW must be ready to flex itself to deal with any increase in water poverty.</p> <p>CCW noted that many water companies haven’t seen a huge increase in customer debt as yet. However, many are bracing themselves for when the furlough scheme ends. BW agreed and noted there that there will be a lag effect. Although it’s underperformed, against its water poverty target this year, the metric enables it to better target its</p>	<p><b>Action:</b> <b>BW</b></p> <p><b>Action:</b> <b>BW</b></p>
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assistance. It has increased its customer support by 8% but recognises that it still has work to do.

Voids

The Deputy Chair noted that metering potentially void properties has helped BW meet its target this year. He asked if this was also a way of increasing meter penetration. BW agreed and confirmed this it is the intention of targeting voids in this way.

Water quality (CRI)

It was noted that one incident in November 2020 contributed 1.7 to the 2.32 CRI total.

Supply interruptions

The Report Writer asked if the 'areas of improvement' listed on Slide 22 are a direct result of the three major interruptions that incurred in 2020/21. BW replied that the improvement initiatives were already being applied during the year and that these, plus a cultural shift towards keeping customers in supply, had mitigated the effects of other interruptions that had occurred. One of the three major incidents has been caused by a third party. Communications with landowners and developers have been stepped up as a result.

EA asked what action is being taken to predict where bursts may happen. BW said it is now using smart visual analytics to bring to life monitors and sensors on the network to identify potential problems. In addition, mains renovations are targeted on risk areas associated with water quality, ground conditions and leakage.

The Deputy Chair welcomed the work BW is doing to minimise the disruption from interruptions, but he noted that this is reactive. During this year, the Panel would like to do a deep dive into the proactive work the company is now undertaking. The Deputy Chair will liaise with BW over setting this up.

MDC welcomed the company's GIS-based analysis but noted that such systems do not link with those of other utilities. It would be good if BW could take the initiative on creating and sharing the cost of a 'meta-GIS' containing all utility assets. BW noted this.

The Chair asked if BW had experienced quicker and easier access to interruption sites (as one of the impacts of the pandemic had been less traffic), and whether there will be any legacy from this. BW said the lighter traffic had improved access and its ability to close roads. However most bursts happen in the early hours when water pressure is at its highest, and traffic is light at such times.

**Action:  
Deputy  
Chair**

<p><u>Network resilience</u></p> <p>MDC asked about the delays to Glastonbury Street resilience improvements. BW replied that this ‘delay’ is a function of the way the metric is reported. The project is on track to be delivered within the five-year period as required by the FD.</p> <p>The Deputy Chair asked why BW only has a single water resource zone if this makes the ‘Risk of severe restrictions in a drought’ metric very sensitive. BW replied that it has a single zone to enable it to move water effectively around its area. Resilience of the network is high because of this.</p> <p><u>Leakage</u></p> <p>MDC congratulated the company on its leakage performance in 2020/21. BW replied that its leakage has fallen 25% since 2015. The Chair added that the CMA may have concerns about a take-over of BW removing the company performance from Ofwat’s industry comparisons on leakage.</p> <p><u>PCC</u></p> <p>The Report Writer noted that the pandemic had caused a rise in household PCC and a fall in non-house consumption. He asked if overall water into supply had changed materially from the previous year. BW replied that it had not.</p> <p><u>Raw water quality</u></p> <p>EA said that it would be very helpful to have detailed information on BW’s raw water quality in advance of the ESG meeting in September. It would also like to start conversations around the development of local lake models in AMP8. BW noted these requests.</p> <p>The Deputy Chair said he would re-circulate the ten environmental actions on BW raised by the Panel last year in advance of the ESG. The Chair called for Panel members to raise any other issues they’d like to discuss at the ESG.</p> <p><u>ODIs</u></p> <p>The Report Writer asked if BW’s external assurance had covered the calculation of the rewards and penalty amounts for 2020/21. BW replied that it had.</p> <p><u>Local community satisfaction survey</u></p> <p>The Deputy Chair referred to the 88.2% result from the local community satisfaction survey but noted that only 52 stakeholders had been surveyed and only 17 had replied. This is not good and asked how BW can improve the participation in 2020/21. The Panel</p>	<p><b>Action:</b> <b>BW</b></p> <p><b>Action:</b> <b>Deputy Chair</b></p>
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<p>needs more detail on this and would like to discuss at next CESG meeting. The Deputy Chair will write to BW about this and mention it in the Panel’s Annual Report.</p>	<p><b>Action:</b> Deputy Chair</p>
<p><b>8. Reporter assurance summary</b></p>	
<p>Slides 44 to 53 relate to this agenda item</p> <p>T&amp;T presented an overview of its assurance work for BW.</p> <p>The Chair asked if T&amp;T’s process establishes efficiency and effectiveness of BW’s reporting. T&amp;T replied not directly, but that it does extend back to the source of performance data and identifies and challenges the key risks to accurate reporting, for example the use of spreadsheets or links in the process.</p> <p>The Report Writer enquired how the impacts of the risks identified were assessed. T&amp;T replied the impact is associated with the risk of inaccurate reporting.</p> <p>The Deputy Chair noted that T&amp;T had reviewed two reporting methodology documents and asked how these had been selected for review. T&amp;T replied that this year had been a familiarisation exercise due to the disruption to BW’s business at mid-year 2020/21 caused by the CMA FD referral. It intends to review further methodologies in detail at the next mid-year stage. BW added that the assurance focus in 2020/21 had been on water quality reporting methodologies due to the calendar year reporting timetable for these data.</p> <p>The Deputy Chair noted that seven material reporting issues had been identified by T&amp;T and asked if they have now been resolved. T&amp;T confirmed they had been. The most common finding was that, while BW had been checking the information, it hadn’t recorded this in all cases.</p> <p>The Chair congratulated BW on its reporting assurance findings and noted that five years ago Ofwat had had little confidence in BW’s Business Plan information. The Chair also welcomed the new approach to assurance that T&amp;T had brought.</p>	
<p><b>9. Regulatory updates (CMA, PR24 consultation)</b></p>	
<p>BW presented slides 54 and 55 for this agenda item which covered its thoughts on Ofwat’s proposed approach to PR24.</p> <p>BW said it would be very happy to engage further with the Panel on its thoughts, particularly if the Panel is considering making its own response to Ofwat’s proposals. The Deputy Chair agreed to liaise with BW on this.</p> <p>CCW said it is running two workshops on its proposals on market engagement and assurance, one of which on 2<sup>nd</sup> July is for CCGs. It recommended attendance as it would</p>	<p><b>Action:</b> Deputy Chair</p>



<p>enable scope for further discussions and may help inform stakeholders' responses to Ofwat.</p>	
<p><b>10. AOB</b></p>	
<p>The iNED said he had identified three themes from the meeting which he will be taking to the BW Board.</p> <ul style="list-style-type: none"> <li>• The implications of the proposed Pennon acquisition for customers. Associated issues included the motivation levels of BW staff to deliver the FD outputs, the Panel's concerns over SWW's environmental performance, and the risk of the dissipation of BW's industry leading performance on leakage.</li> <li>• The Panel's concerns over water poverty and the company's plans to tackle this given the risk of increased debt levels this year.</li> <li>• The lack of customer representation in the governance structure of the WCWRG.</li> </ul> <p>No additional points were raised.</p> <p>The Chair thanked BW and the Panel members for their contributions to the meeting.</p>	
<p><b>11. In camera session after meeting</b></p>	
<p>Minutes are confidential and not published.</p>	