

1 NOVEMBER 2017

THE GREAT NORTHERN HOTEL, PETERBOROUGH

MEETING NOTES

**PRESENT:**

Acting Chair: Melanie Laws  
For Customer Council for Water (CCW): Bernard Crump (part)  
For Environment Agency: Melissa Lockwood  
For Natural England: John Torlesse  
For National Farmers Union (NFU): James Copeland  
For the Customer theme: Graham Dale (CCW)  
For the Environment theme: Richard Powell (Chief Executive of the History of Advertising Trust), Anna Martin (GroundWork), Chris Barnard (Ouseburn Trust)  
For the Communities theme: Lesley Crisp (Citizens Advice), Caroline Taylor (Essex Community Foundation) and Mary Coyle (Independent Member)  
For Economic Impact theme: Steve Grebby (CCW) and Sarah Glendinning (Confederation of British Industry)  
Water Forums Independent Author: Sarah Young

For the Company: Heidi Mottram, John Devall, Ceri Jones, Richard Warneford, Elaine Erskine, Alan Brown (part), Martin Lunn (part), Richard Murray (part) and Ellis Furlong (part)

PhD Student: Fiona Calder

Ros Shedden (Water Forum Secretary)

**NOTES AND ACTIONS**

**Members met with the Acting Chair and the Water Forum Secretary without the Company**

**1. Welcome and apologies**

Melanie Laws (MJL), Acting Chair, welcomed everyone to the meeting; she said Jim Dixon (JDi), Chair, was planning to return early in 2018. Members asked MJL to extend their warmest regards to JDi.

MJL said Environment Agency's John Giles, Natural England's Hannah Campbell, CCWater's Robert Light and Colin Wilkinson, along with four independent members, Jo Curry (Changing Lives), Joseph Surtees (Money Advice Service), Professor Mark Reed (Newcastle University) and Iain Dunnnett (New Anglia Enterprise Partnership), and the Company's Claire Sharp and Louise Hunter had given their apologies.

**Board engagement**

MJL said she and JDi had met with the Board on 17 October 2017. The Board had thanked the Water Forums for the key contribution they make to the Company's work and the support they are providing to the business planning process. JDi had in turn thanked the Board for encouraging such a transparent and co-operative culture in the Company, whereby the Forums receive the information they need.

Paul Rew, Head of Audit Committee, confirmed that all directors want to work closely with the Water Forums in relation to PR19. It was agreed to maintain regular and open dialogue, so directors can contribute at appropriate stages in the process. JDi will consider adding a standing item to the Water Forums' agendas on engagement with the NWL Board.

Members agreed that they needed to make every contact with the Board count. They asked the Chair to create an active programme of engagement, acknowledging Ofwat's Aide Memoir on Board and CCG relationship (Action Chair/Company). They also asked for an INeD to attend their January meeting if possible (Action Company). MJL said that she had also met with Margaret Fay (INeD) who had been given the customer engagement portfolio by the Board.

## **2. Notes and actions of the last meeting (18 September 2017)**

Members approved the notes of the last meeting of the Forums. Notes on the actions are held in the action log in Appendix 2.

## **3. Company members joined the meeting**

MJL welcomed Company members to the meeting and asked HM if she had any news to share.

HM said the Company was planning to publish a long-term strategy document. Members welcomed this.

## **4. Business Plan Update – Business Plan Overview**

Members had been supplied with a Business Plan Overview paper and a draft narrative and they had deliberated on this, and the emailed views of absent members, before the Company entered the meeting. The summary note on this deliberation is in Appendix 1.

Heidi Mottram (HM) asked members if they felt the Company had been ambitious enough, MJL summarised the earlier points made by members.

MJL said members had welcomed the Overview and Business Plan papers, and found it helpful to see early iterations of the Business Plan. They had noted that the plans were very much in draft and would be formed and changed as outcome of triangulation and other activities impact on them.

## **5. Business Plan Update - Outcomes Language Review**

Members had been supplied with a paper overview and a detailed report on the Company's Outcomes Language Review (Paper 5.0). Elaine Erskine (EE) explained that Outcome statements were developed for the first time during the PR14 planning. They had consulted extensively with customers on the choice of subject and the language at that time.

EE said that during the Defining the Conversation customer engagement it became apparent that customers did not understand them, it was clear that more words were needed in the statements. This 2017 consultation had been purely about the language – asking the question 'did people understand the words'.

Members said this had been a really good piece of work; they were impressed with how the rationale for change had been evidenced and said the Outcome statements were much improved. They noted that this was exemplary work.

Members also noted that there were some areas where, perhaps, the wording could be further improved. These were noted by the Company, however members expressly said they did not want to impose their ideas over those of the customers.

Members asked if businesses had been surveyed. EE said the Company had asked key stakeholders but not businesses. Members noted that the emergence of Retail has created a different dynamic. EE said the Company did still talk to businesses, it just had to be sure it notified the businesses' Retailers. Forum business members offered to assist the Company with this in the future.

## 6. Business Plan Update – Drinking Water Quality

Members had been supplied with a paper summarising the Company's current performance and laying out how it was planning to improve further (Paper 6.0).

Alan Brown (AB) presented the key points from the paper. He started by referencing DWI's new compliance measure, Compliance Risk Index (CRI). The calculation of this had been included in the paper on members' request.

Members and the Company noted that CRI:

- was a good measure because it better represented the source to tap 'Water Safety Plan' approach;
- was unlikely to be understood by customers in the way 99.97% is;
- was not so useful for incentives because it was volatile; and
- was not sensitive to extreme incidents such as the recent United Utilities Cryptosporidium event (note that the current measure is also blind to these type of failures).

AB said the measure was in its infancy and other measures may be added, eg an Event Risk Index (ERI) which would make incidents more visible in performance reporting.

Members were concerned that:

- Customers would want to know about water quality and, when compared to other companies, the Company had gone from 'mid-table' to be near the bottom, customers might think their drinking water quality had deteriorated; AB agreed, it was paradoxical that the Company would have such different positions for the same underlying results.
- The index could skew investment - where minor failures had an inordinate effect the treatment would be costly, eg if the Company decided to remove Metaldehyde. Ceri Jones (CJ) said all measures inadvertently skewed in different ways; the current measure was skewed by small zones – CRI had issues but was an improvement.

Members noted that the Company had misquoted from the CRI performance statistics (slide) – saying it was 4<sup>th</sup> and 7<sup>th</sup> when it was actually 19<sup>th</sup> and 16<sup>th</sup>. AB said yes, on preparing for the meeting he had realised how this would be understood and would correct this in future.

Members asked what the Company was doing to move up the CRI table (slide 3). AB said the Company's ambition was to get to 100% compliance, it was starting with its assets as these were under its control:

- With regard to turbidity, the parameter with the largest impact, it was planning to invest at 15 water treatment works in this period (2015 – 20), after this improvement in treatment it would be in a much better position.
- In Essex, where three pesticide failures had caused almost 50% of the risk score, resource management (rejecting resources which contained untreatable pesticides) had already resulted in a significant reduction in pesticide concentration.
- The Company intended to build on its resource and catchment management and explore how improvements to resilience can be gained in combination with improved water quality management.
- With regard to discolouration the Company had achieved year on year improvement using many techniques, some of them were innovative; it intended to continue this improvement.

AB said there remained a significant risk of failure at customers' taps due to plumbing metals nickel, copper and zinc. This was due to substandard plumbing materials being available on the open market, and the lack of awareness of customers of what they should buy. The Company was working in partnerships with Local Authorities. Also, AB was Chair of a Water Regulations Advisory Scheme (WRAS) working standards group. The Group was working with Trading Standards, their aim was to reduce the use of these products by giving customers more information at the point of sale. This was a multifaceted approach, and would be a slow burn.

Members asked about the Company's approach to the water treatment, treating works as though they were 'Food Factories'. AB said the food analogy was working, it was driving a disciplined and vigilant culture.

Members expressed interest in how the Company was exploring opportunities to address the Metaldehyde issue and asked:

- if the Company knew if the contamination was all associated with one product; and
- what role the Company should take compared to those of the polluter.

John Devall (JDe) said this was a significant area to cover, he offered to meet members outside of the meeting so they could look at this in detail on behalf of the Forums. The Company took the action to hold a catchment session for members (Author's note – this workshop was held on 11 December 2017).

Members were intrigued by the fact that the Company was to pay penalties on its Taste and Odour performance, when it was industry leading. AB said the Company had learned lessons in its remarkable improvement in Taste and Odour complaints. After improving its control of chlorine, it had found that problems were then more often solved using customer conversations - customer had more influence over taste and odour issues than the Company. This participation approach had potential to affect other areas (eg plumbing metals as discussed above).

Members challenged on the apparent large increase in supply point failures - why it happened and why was it ok now and why only in one area. AB also said that the statistics appeared to show large changes, this is because there was only a small number of sample failures, about 60 failures out of 150,000 samples in a year.

Members asked if the UU incident had effected the way the Company operated – had there been any lessons to learn. AB said most lessons on Cryptosporidium had been learned and set down in the Badenoch Report (December 1990), Cryptosporidium was easily removed by appropriate treatment barriers. The UU Report had highlighted practices which went against Badenoch principles - the Company did not have these issues. However, it was looking at the lessons to be learned with regards to customer engagement in incidents.

Members asked for a more technical discussion on drinking water quality – the Company said it would include this in its 2018 Water Days at Horsley and Layer water treatments works (Action Company).

Authors note: In their 10 October pre-meeting members had asked for DWI attendance at one of their meetings. AB believes that DWI would be happy to attend where the Company determines that its input would add value. The Company will ask DWI to attend at a future session to review the Company water quality plans (Action Company). The PR19 submissions were made to DWI in late December; the schemes put forward were:

- extension to catchment management (increase in number of officers);
- full lead service pipe replacements for vulnerable customers plus the removal of all lead in six named rural supplies which will include the cessation of phosphate dosing;
- replacement of the Lartington to Longnewton dual trunk mains with a new single pipe (37km), plus new link main from Whorley Hill SR to Shildon to support central area (resilience and discolouration drivers);

- flow conditioning capability to be extended to 90% of strategic mains from current 25%. Includes installation of line valves and flow monitoring, under the Discolouration driver; and
- new SR built at Springwell to support the Derwent north supplies from Mosswood. This will provide increase resilience to this area of supply to manage down WQ and supply events and reduce risk from a works outage.

## 7. Water Resources Management Plans

Members had been supplied with a Water Resources Management Plans 2019 update paper (Paper 7.0).

Martin Lunn (MLu) said the Company's Draft Water Resources Management Plan would be submitted to DEFRA on 1 December. DEFRA would then publish companies' plans, probably in January, for twelve weeks of consultation.

### Supply Levels of Service

With regards to water resources, MLu said the Company was very resilient. MLu went on to brief members on the Company's proposals for Levels of Service.

With regard to customer research, members asked, if customers had been asked about Phase 2 (Drought Order Ban). MLu said no, because Phase 2 measures would not affect customer any more than a Phase 1 (Temporary Water Use Ban). Members noted that there were big differences in acceptability of risks between the two geographical areas.

With regard to terminology, members asked about the frequency of events; was this a DEFRA term. Members thought that customers would not be able to make sense of return periods. They thought that percentage chance of restrictions would be much easier to understand.

MLu said the use of return periods was explicitly required by DEFRA, he described a return period of 1 in 250 years as 'never' and the higher ones as 'never ever'. However, he agreed with members that customers would be confused if a 1 in 20 year restriction occurred in consecutive years, which is always possible.

Members therefore challenged, and asked if, for customer engagement purposes, if a return period could be presented in a more meaningful way, for example an 8% chance in 30 years.

Members noted that Ofwat was looking for behaviour change to conserve resources, and customers' participation in this.

MLu said that working with customers was important. Recent research had reported that as much as 40% of leakage could be on the customer side; he acknowledged that supply pipe ownership could help, however internal losses (eg from dripping taps and toilet cisterns) had also been found to be significant.

Author's note – in their earlier deliberation members had noted that for leakage - the Business Plan narrative did not align with the WRMP – the position was later clarified by MLu - in the initial Business Plan narrative the percentage reductions were pre-convergence (Water Industry Leakage Converged Methodology); the WRMP figures were from the estimate of what the convergence leakage figures will be in 2020.

### Metering

With regard to customer engagement, MLu said the Company had no mandate for compulsory metering. Therefore, the Company was proposing a change from a selective metering strategy (ie on change of occupier) to a "customer choice" optant metering strategy.

MLu said the selective metering strategy had become less and less effective largely the same properties were changing hands, so low numbers of additional meters could be expected from this option. The “customer choice” option would involve the Company fitting meters into 10,000 existing empty meter boxes per annum. Then, for a period of two years, supplying customers with information on what their charges would have been if they were on a metered charge – they could then choose to switch to metered billing.

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Members noted that there were empty boxes in place because the Company had replaced the communication pipes and installed a meter chamber over the last 30 years of mains renewal. Members also noted that the revert back option was important to customers, MLu said the approach the Company was taking amounted to effectively giving customers up to four years of having a meter to revert back.

Members agreed that this was a good scheme.

Members asked for the latest household metering numbers. MLu said that the Company would supply them. Author’s note – see metering numbers below:

- Essex:
  - for 2016 – 17 - 59% were metered;
  - by 2019 - 20 the forecast is that 64.2% will be metered; and
  - by 2024 - 25 the forecast is that 72.2% will be metered.
- Suffolk:
  - for 2016 - 17 - 66.45% were metered;
  - by 2019 - 20 the forecast is that 68.9% will be metered; and
  - by 2024 - 25 the forecast is that 72.7% will be metered.

Members asked if the Company communicated on leakage as it installed meters. MLu said yes, this was a good time to have dialogue on leakage and other water efficiency measures.

Members noted that Ofwat was signalling a Water Efficiency Outcome Delivery Incentive. MLu said it would not be right to use a per capita consumption (PCC) measure, he cited assumption differences across companies which could create comparison issues. HM said if Ofwat insisted on an ODI a consumption per property would better than a PCC.

MLu said, from a practical perspective, for customers to get down to dramatically low levels of consumption, customers would need a change in their personal behaviour. Members and the Company noted that this made an ODI even more inappropriate, as customers’ bills would go up because they have saved water.

## **8. Business Plan Update – Waste Water Service**

The Company had supplied Members with an update paper which gave an overview of the waste water service, a summary of performance to date, a summary of waste water customer and stakeholder engagement, and some proposals from its PR19 Business Plan (Paper 8.0).

Members noted that the Company had good SIM scores related to contacts where customers were reporting sewer flooding – they asked how it had achieved this. Ellis Furlong (EF) said it was operating under its Sewer Flooding Lite initiatives – this had set:

- arriving with Technical Support alongside the CCTV operatives – this allows us to investigate the issue whilst also engaging with the customer;
- the problem identified immediately, and resolved quickly;
- full explanation of the process for customers so they understand exactly what is going to happen;
- a single person to case manage each property related sewer flooding; and
- warm handover from NW staff to partners where appropriate.

Richard Murray (RM) and EF presented on some aspects of waste water historical triumphs and challenges. They then went on to highlight the activities the Company planned to focus on in the future; they said The Company's past performance would be taken as a springboard; it was proposing to move beyond the regulation - examples of this would be:

- a Green Fund;
- development of resilient Communities;
- increase its working in partnerships;
- extend its working with customers to build regional resilience; and
- continuing to lead in Bio Resources.

Members found the proposals were in line with the positive approach they had seen in the Business Plan Overview. They asked for clarification on the following:

- For sewer activities where customer participation and behaviour change was needed to achieve service improvements (eg to reduce the amount of wipes entering sewers which would eliminate preventable blockages), how could both the behaviour change and its effect be measured and assured? EF said the Company had already measured change; it had gone into areas with severe issues and had been able to measure the improvement. In some areas they had found a 25% reduction in sewer blockages. They regarded this to be a good place to start to build from. Members noted that participation itself can give benefits to those who take part (eg Water Rangers) – they challenged the Company to measure these benefits as well. EF said internally NW do measure the amount of participation through all of its community engagement and participation initiatives. For example we measure the number of people involved in water rangers and the number of people who can recall our Rainwise messages. All of this positive work would increase its customers overall perception of the company and impact on its Future Customer Experience Measure (C-Mex) a common measure for PR19.
- Sewer issues - the Company had stated that 83% of sewer flooding issues were attributable to misuse - was this normal - how does this compare to the industry? EF said companies no longer share the breakdown of causes in relation to issues on the network and so the Company was unable to compare across the industry. However NW are active members of both the Sewer Network Abuse Prevention groups for the industry and through 21<sup>st</sup> Century Drainage. From these groups it was aware that sewer misuse was associated with the majority of issues occurring on the network. Together with its partners it was working to increase awareness of the issues at all levels including politically and tackling the issue head on with manufacturers of wipes.
- The Green Fund, members asked:
  - would this be a voluntary fund – RM said yes, it would be a voluntary fund;
  - had this been done before – HM said they had never seen it; and
  - what had customers said – RM said in earlier environmental research customers said they were surprised with what the Company did, and they indicated that they wanted more; this was going out for further research; Members asked if the Green Fund would be this just for waste water – RM said the idea came from waste water research, but the ambition was to take it much further, eg into the Essex & Suffolk area, and also into working in the communities.

- With regard to sewer flooding – members asked:
  - With regard to seeing the sewer flooding performance from historical Public Sewers and the recently Transferred Drains and Sewers – members said they originally thought this indicated a lack of problem ‘ownership’ by the Company (it could be in denial) – they now noted that the analysis of the separated data gave useful information on the problem and how it could be solved.
  - On improved response time – would this apply to business customers as well; where this happens to business customers on their own land. EF said yes.
  - The Company’s aspiration of zero flooding by 2030 – members challenged - was this possible with the randomness of weather? RM said it was an audacious goal and that although it would be very difficult having an audacious goal could help them to think differently. The aspiration was part of our PR19 draft narrative which was still being worked on.
  - Removing the standalone repeat flooding measure because the new common measure includes repeats – members challenged - this could take emphasis away from people who were flooded more than once. HM said this was a good challenge, the Company will look at this. There were about 50 repeat sewer flooding contacts last year. HM said that members should be reassured that, although sewer flooding could be a really bad experience, the flooding in these properties was minor in comparison to hydraulic flooding or river flooding.
  - Would the Company invest in separating sewers to reduce flood risk? EF said yes, however it was really difficult to completely build a new system. The Company had a hierarchy of solutions – some involving getting the surface water out. The Company will provide more information on the hierarchy on the Waste Water Day (Action Company).
- With regard to sewer ownership, members noted that the transfer of private drains and sewers in 2011 meant that sewers connected to the public sewerage system which were shared by two or more properties or drains which were outside of the boundary of a property became the responsibility of the Company. However, any properties which were connected after 1 July 2011 were not subject to this transfer because Section 42 of the Flood and Water Management Act was not enacted and their sewers would be the responsibility of property owners.
  - Members challenged and said that this was surely building another legacy problem. Richard Warneford (RW) said the Company would work with the Government on this. Members challenged - could the Company not just adopt them? Members asked about the standards that these sewers were being built to – they noted that developers need to be involved in SuDs. RW said the Company had good relationships with the developers. Local Government Planners enforced the rules, but in practice this was more a partnership approach.
  - Members asked for a deep dive on this area; RW said the Company Developer Services Manager, Les Hall would attend their January meeting (Action Company).

Authors note on Section 42 properties:

- **Number of affected properties** - since 1 July 2011 approximately 23,500 new properties in the Northumbrian Water operating area have been added to Company systems for billing purposes, numbers have increased year on year from 5,900 in 2012 to 7,770 in 2014.
- **Service levels** - following the transfer of private drains and sewers the Company agreed that it would offer customers whose properties were connected on or after 1 July 2011 the same level of service as those served by transferred assets or public sewers ie attending when a customer contacted us and fixing their issues where it could.
- **Sewer flooding responsibility** - where customers experienced flooding due to hydraulic incapacity the Company would not look to implement a scheme as this would be the developer’s responsibility. However, the Company has found that sewer flooding due to hydraulic incapacity in Transferred Drains and Sewers’ to be is very rare.
- **Standards** – One of the reasons the Company felt able to make the decision to provide the same level of service at the time was because it believed that the supplementary transfer as a result of the implementation of National Build Standards would occur in the 2012, this has not happened. Also, for the Company to adopt these sewers a developer would need to submit an application and the assets would need to have been constructed in accordance with the standard set out in Sewers for Adoption 7<sup>th</sup> Edition. This standard is higher than developers are currently required to construct to in order to comply with Building Regulations so understandably there is a reluctance for develop

to do this as there is an increased cost associated with it for them. The higher design standard is one of the main reasons why Section 42 has never been enacted.

- With regard the Combined Sewer Overflows (CSOs), members asked:
  - Customer engagement on CSOs showed a strong feeling that CSOs with high numbers of spills should be eradicated. Could customers have been responding to the recent Thames huge spill, rather than the diluted spills which occur in normal operations?
  - Should the CSOs fundamental questions be asked?
  - Should the Company ask if sewers should be separated?
  - Should Company take responsibilities over ownership of surface water?
  
- With regard to pollution performance members challenged the Company on:
  - Category 1s and 2s could be more transparent, if they included in performance measures with the Category 3s. RM said that, if Cat 3s were eliminated then Category 1s and 2s would also be eliminated. RM said that this and Ofwat measure. Melissa Lockwood (MLo) said Category 1s and 2s were subject to enforcement and possible high fines, therefore to include them in performance measures could result in double counting. Members noted that, as Enforcement Undertaking was sometimes available to companies instead of prosecution and prosecutions were not always successful, Category 1s and 2s could be hidden – for transparency these should be included. MJL said she would take this to Ofwat at the next CCGs Chairs meeting (Action Water Forums Chair).
  
- With regard to customer engagement – members noted that they had seen excellent engagement (eg the Flooding Workshops) and flawed engagement (the early CSO Research) – they challenged the Company to put the good and the bad in its Business Plan narrative; the story of how it learnt the lessons and improved over the planning period is a really good one – it should find ways to grade events/campaigns by quality objectively; and record the dynamic of the groups. HM said this was a really good challenge.

## 9. PR19 Business Plan update – Assurance Dashboard

Members had be provided with the October update of the Company Dashboard.

Members made three observations:

- they found the two amber colours difficult to distinguish;
- they would like the Company to provide one slide of commentary, indicating where it was in the process; and
- they would like the Company to continue to provide its 'Plan on a page', ie its high level illustration of the PR19 process timelines.

## 10. Water Forums Report to Ofwat

With regards to the design of their Report, members noted that different versions of their CCG report could be needed for different audiences (eg customers and Ofwat). Ofwat may split the Report and manage it in pieces (eg customer engagement and governance). Therefore, it needed stand-alone pieces and some way of bringing it together.

With regards to getting their Report noticed by customers and Ofwat, they agreed they needed a communications strategy (Action Chair and Company).

Members considered the work that they had already done and how this could be used in their Report. They considered that the following collateral could be started (1 November 2017):

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- governance activities (appointment of the Chair, formation of the new Forums, way of working);
  - members activities (eg their waste water engagement activity); and
  - some completed customer engagement items (eg Outcomes Language).

Members noted that customer engagement would be substantially more complete after the “Triangulation” activity in February, and therefore substantial reporting on this could then start.

Members requested the Author and the Company to hard wire their forward programme with their Report, so they could understand how each activity informed sections in their Report (action Author and Company).

#### **11. Next steps**

The next Forums meeting will be held on 26 January 2018. In the interim, customer engagement is ongoing; the Company will notify and invite members as events are set up.

**Following the meeting, members broke the meeting to resume in camera. Members held their meeting review in this session. MJL prepared a summary of this review, this is in Appendix 1.**