

WEDNESDAY 9 JUNE 2021

**MEETING AND WORKSHOP HELD VIRTUALLY VIA MICROSOFT TEAMS**

**MEETING NOTES**

**PRESENT:**

Chair and Independent Member: Melanie Laws

For CCW: Graham Dale

For Environment Agency: Melissa Lockwood and Roger Martin

For the Environment theme: Richard Powell (Vice Chair and Independent Member)

For the Customer theme: Simon Roberson (Independent)

For Economic Impact theme: Steve Grebby (CCW) and Iain Dunnett (New Anglia LEP)

For National Farmers Union: James Copeland (Vice Chair and Independent Member)

Water Forum Independent Author: Sarah Young

For the Company: Heidi Mottram, Andrew Beaver, Claire Sharp, Richard Warneford, Keith Haslett, Jim Strange, Ross Smith and Elaine Erskine

Jill Slater and Jude Huffee (Water Forum Secretariat)

**NOTES AND ACTIONS**

**1. Welcome, apologies and aims of the meeting**

Melanie Laws (MJL) welcomed Members to the meeting. MJL informed Members that Barbara Leech will be joining the Forum as the new consumer advocate from CCW (Simon Roberson's replacement) and will join the meeting in September.

Apologies had been received from Mary Coyle (Independent Member), Anna Martin-Edwards (Groundwork East), John Torlesse (Natural England), Sarah Glendinning (CBI), Hannah Campbell (Natural England), and Louise Hunter (Company).

**2. Notes and actions from the last meeting**

Members agreed the minutes represented a correct reflection of the meeting and there were no matters arising.

**3. Drinking Water Quality Sub-Group update**

Members had been supplied with two papers which had been presented at the last Drinking Water Quality Sub-Group held on Wednesday 19 May.

Graham Dale (GD) updated Members that the Sub-Group had had the opportunity at that meeting to speak directly to the Principal Inspector at the Drinking Water Inspectorate (DWI) who liaises with the Company.

The two areas that were covered were the drinking water transformation programme and also the issue of water resources in Suffolk.

In terms of the drinking water transformation programme, the Company had been in discussions on this programme with the DWI since Autumn last year and had resulted in three formal legal notices being served on the Company. One was to improve the maintenance and inspection of the tanks and service reservoirs which had been showing bacteriological counts quite regularly over the last few years (particularly in the northern region); the second covers documentation on procedures for operating and managing the water treatment works; and the third requires a full hazard review across the Company's water treatment and network asset base in both the NW and ESW areas. The last of these looks at all of the plant and equipment to understand what could go wrong and put in place processes and corrective actions. These ideally would be by design, or by putting adequate controls in place so that issues would be managed very quickly without any risk to customers.

GD's perspective was that the DWI were happy with the engagement that they have had with the Company and the development of the plans. GD thought that Keith Haslett (KH), Water Director, had a good handle on this – KH reviews the plan every two weeks and reports back to the Executive Leadership Team (ELT) every month on progress with the plan. GD thought that performance on water quality would improve over time.

Members noted that it was disappointing that the Company had to get to a point where the DWI had to step in for this improvement to happen and questioned if the quick turnaround in Water Directors may be a factor, but expressed confidence that the focus on this would turn things around. Members noted that it was good to see KH taking a very proactive and detailed approach to this.

On Suffolk water resources the challenge had increased – the latest numbers on water use and water requirements over the next five years showed deficits of 3ml/d on two of the water resource zones (WRZs) and up to 7ml/d on the Hartismere WRZ which was where there were issues with supply last summer. The challenge for the Company was a significant one – a number of options for resolution are being looked at which was pleasing to see and the Company was actively engaging with Anglian Water on resolutions to the problem, directly and through Water Resources East. In the short term, these resolutions would not be in place for this year so there could be issues in the area if there is an extended warm weather period as in 2020.

The supply problem was for non-household customers, with new or existing businesses looking to expand and there was not enough water available for this. It had been anticipated that sites would be for distribution and warehousing type businesses; however, a number of manufacturers, including food manufacturers, had opened, which were high water users. The Company had also exceeded its Redgrave license and was potentially at risk of exceeding it again this year, due to the increase in demand and the issues in the Hartismere WRZ. In terms of the exceedance of the license, Roger Martin (RM) agreed to discuss with Environment Agency (EA) colleagues and follow up with the Forum on what the consequences would be for the Company. (ACTION: RM).

#### **Performance and Delivery Sub-Group update**

Simon Roberson (SR) updated the Forum on the first meeting of the Performance and Delivery Sub-Group, held on Wednesday 19 May, at which an overview was given of the Our Purpose report by Ross Smith (RS) and the Annual Performance Report by Jim Strange (JS).

The Sub-Group had another meeting scheduled on Monday 21 June to draft its statement. The Forum agreed for the Performance and Delivery Sub-Group to proceed with the drafting of the statement.

#### **4. Members' deliberation**

MJL updated the Forum that discussions were being had with the Vice Chairs and the Company regarding a process to respond to Ofwat's PR24 consultation which had been received and circulated.

Members had been supplied with the following meeting papers:

- Our Purpose
- 2020/21 – Annual Performance
- CEO update
- Regulation update
- Customer Engagement and Participation update

Members discussed the papers they had received and prepared for discussion with the Company.

## 5. The Company joined the meeting

MJL welcomed the Company to the meeting.

Members noted the update in the CEO Report on the Office of Environmental Protection (OEP) was helpful and asked if the Company could continue to provide updates. The Forum were also keen to understand the Company's views on the potential impact of the OEP on the Company's business and its long-term capital and revenue planning. The Company advised that the impact was unknown at this time, but the Company would engage positively and keep the Forum updated.

The Company gave an overview of activity since the last meeting and updated Members that it had been busy with the annual reporting process in terms of producing information and carrying out internal and external audits on all the data before it is published. Performance was steady and while the Company was disappointed to be in the position it was with activities around water quality, it was making good progress. Heidi Mottram (HM) and KH have regular meetings with Marcus Rink, Chief Inspector, DWI with the next meeting on Friday 11 June, and felt he had been very happy at the last meeting with the progress that was being made. The Company reported it had a good year in terms of flooding, particularly repeat and internal flooding. Leakage had been challenging, particularly since the turn of the year when there had been a number of freeze thaw events, which had put a few companies under pressure. Generally, things were in good shape.

The Company was now in the process of making plans to bring employees back into the workplace. It had followed Government guidance throughout the pandemic and would be reviewing its plans following any changes announced on Monday 21 June. The Company was expecting a hybrid solution to returning to the workplace, depending on social distancing rules. Work was ongoing to make offices COVID safe with the aim to bring back as many people as possible from the Customer team in particular due to the impact of broadband connectivity and call waiting time. The Customer team at Trinity House, Suffolk had already returned and were very happy to be there.

Members asked for the Company's position on employees entering customer homes in the future and if it had any proposals to test customers' appetite for this. The Company confirmed that this had not been an issue throughout the pandemic and while restrictions had been in place it had very good protocols. The Company was very clear about what activities teams could carry out and what the Company expected customers to do prior to a visit, including discussing with the customer before anyone attended what was going to happen and how they feel about it.

Members asked if customers were aware that employees had been provided with home testing kits and were regularly carrying out COVID home testing. The Company agreed that it would be good to build that in to its customer team scripts and external communications as this would help to reassure customers. (ACTION: Company).

The Company advised that the pandemic had provided an opportunity to think differently around technology, including using video calls for certain customer queries, and therefore only visiting customers properties when necessary.

The Company confirmed that COVID restrictions and working from home had caused issues for the customer centre especially on call handling times. The Company had seen an improvement when the Operations teams had returned to the office and they were very confident that a further improvement would be seen when additional customer teams return to the office. The Company advised that the calls they were receiving had changed in complexity with a high percentage of simple contacts being made via the website or customer app. The Company had seen an increase in complaints mainly due to call waiting times, but they expected this to reduce once more advisers were back in the office.

## 6. Our Purpose

Members had been supplied with a paper by Ross Smith (RS) which was taken as read.

Company advised:

- A project to develop the Company Purpose statement started at the beginning of the year and included both internal and external research. The new statement was due to be presented to the Audit Committee on Thursday 17 June.
- Once agreed and published, they would develop how it would be measured and transparently report against its implementation over the remainder of the current AMP.
- The Our Purpose report will take the place of the Our Contribution report.
- This year was a transition year as the Company does not yet have those longer-term measures in place. Data included was largely carried forward from Our Contribution and included some measures that are not included in the Annual Performance Report (APR).
- The full draft of the report would be circulated to Forum Members w/c 14 June with any comments from the meeting helping to shape that draft version.
- They would welcome input from the Forum on how the Company measure and report against Purpose over the remainder of this AMP.

Members noted:

- The Our Contribution report had focused on the five capitals and some of this especially around the natural capital may come into this report in future. This report focuses on what is important to customers and communities and is not purely a regulatory process.
- Key point to reinforce the message that the core thing around the Company's purpose was to deliver good, clean quality water to customers and take away their waste and sewage. The Company responded that this came out very strongly in research and engagement work. The Company would reflect that in the report.
- Another key point was to really understand who the target audience was. The Company advised that this was targeted to the more informed stakeholder audience. There would be a customer friendly version of the APR information on the Company website.
- It was important to be clear about what the Company wants to achieve for the Forum to understand how to make effective comment. The Company advised that this is based on ambitious goal of being the most socially responsible company and making sure it was accountable on delivering effectively against that.
- It would be useful to have appendices with the measures listed, similar to global reporting standards, so that the audience can monitor progress year on year against defined measures.

The Company agreed to circulate a draft of the Our Purpose report and give the Forum the opportunity to make a statement for inclusion. (ACTION: Company).

## 7. 2020/21 – Annual Performance

Members had been supplied with a paper which was taken as read.

Company advised:

- It had had a good discussion with the Performance and Delivery Sub-Group on Wednesday 19 May from which there were some detailed questions that the Company had addressed in the paper.
- The Water Forum would receive a copy of the draft APR on Monday 14 June for review.
- The Company advised that the net position on penalties and rewards in any year was applied to customer bills with a two year lag - ie 2020/21 is applied in 2022/23. A £7m net position would have a 1% impact on bills and the Company expected to receive a little bit below that figure based on latest estimates. There were still some areas where the Company was in discussions with Ofwat, particularly on exactly how it would calculate the reward for the C-MeX measure, so there was still scope for the figure to change a little. When the Company tested the acceptability of its Business Plan with customers, it had given customers the central case for bill levels but overlaid a range on that depending on how the Company performs on ODIs. The Company was confident that it was operating within that range.

Members noted:

- Customer Service and Experience – the Company came third on C-MeX but its aim was to be in the top two. The Company highlighted it had a big job to improve on the number of and response time to customer complaints. This was mainly due to COVID, including more people at home and leading to higher than expected measured bills, customer call patterns changing, and customers now using different channels to contact the Company. The Company advised that changes in procedures had been made with the complaints teams now working on the frontline and daily conversations on areas of improvement. Tactical plans had been put in place to return to the 2020 baseline and then make inroads on the targets set for this AMP. The Company do not expect to see a rise in complaints when bill increases are implemented following the CMA Final Determination, as the majority of bill complaints come in from customers with measured bills.
- Affordable and Inclusive Services – the Company was ahead of performance for the water poverty measure for year one and was meeting all measures apart from sign-ups for the Priority Services Register. It was currently behind on this measure due to a delay in a data sharing agreement with the energy sector but expected this to be delivered in year two. Members asked if the changes which will be seen in bills in the final three years of the AMP would impact on the percentage of customers in financial difficulty. The Company advised they were currently unable to assess which customers would be impacted but once the bills were calculated for 2022/23 they would be able to assess and see whether or not it could keep customers within the current support levels.
- Reliable and Sufficient Supply of Water - the Company was very pleased with performance on interruptions to supply, and had met the target on visible leak repair. On Per Capita Consumption (PCC), Ofwat had confirmed they were reviewing this measure following the impact of COVID. Members asked how PCC would affect water resource management planning. The Company advised that over the last 15 months it had seen a marked increase in overall demand across all three regions – in the north, the Company usually see demand at 670MI/d and it was currently at 740MI/d going as high as 800MI/d. The Water Resource team are looking at what that would mean in 12-15 months' time and beyond.
- Leakage had been broadly on track until the severe winter weather in February with performance slightly over target for year one. Members asked what more the Company was doing to meet the leakage target. The Company advised that it was looking to get as far ahead of the glidepath as possible in order to compensate for any “shocks” in terms of weather impact. The Company had been through a rigorous find and fix process, bringing in new technology to find more leaks and increased resource to fix leaks quicker, It had more than 1,200 pressure reducing valves across the network, was currently going through an optimisation process, and was trialling new technology to improve speed of finding new leaks.

- Water Quality – the Company was ahead of target on taste and odour, discolouration, and Events Risk Index (ERI) measures. The key challenge was the Compliance Risk Index measure and implementing the DWI Transformation Plan, which the Drinking Water Quality Sub-Group had been fully briefed on.
- Sewerage Service – The Company had hit their target on the repeat flooding measure. For internal and external flooding, they had delivered a substantial reduction but were behind on target. Sewer blockages came in just behind target, for which the Company was reviewing reasons. The Company had seen a dramatic long-term change in customer behaviour in the Bin The Wipe Moment of Change areas and had now seen one customer invoiced for the work to remove blockages due to their actions. The customer paid immediately with no further issues. Members were keen to understand the cost for this – Company to provide details. (ACTION: Company). Members asked what interventions had helped the Company achieve its really good result on repeat flooding. The Company advised that the biggest factor had been a performance management focus, with all repeat flooding being investigated, and doubling of capital investment to back that up.
- Environment – The Company reported that on pollution and water environment improvements they were very pleased with final performance. For greenhouse gases, while they were in discussion with Ofwat over the measure, they had performed better than their target for the year. While they had seen a strong performance on treatment works discharges, there were two discharges on which Company was in discussions with the EA. No results were recorded for bathing water quality this year as this was not measured by the EA due to COVID. The Company was forecasting a four-star position on the EA's Environment Performance Assessment due to be issued in July. Members asked about Storm Overflows (SOs) and the recent television programmes, and how can this be measured to demonstrate to customers that things are working as they should and not operating/discharging when they shouldn't. The Company advised it was heavily involved in industry and national discussions and was part of the Storm Overflows Taskforce. The Company's Annual Performance Meeting with the EA on Wednesday 8 June had been very positive, and included discussion about SOs. Members thought it would be a good idea to bring more people in to look at the data, and this could be something the Company could include in data hacks at the Innovation Festival data hacks. The Company agreed that was a good idea. (ACTION: Company).

**The meeting concluded. Members then resumed in camera and discussed their APR and Our Purpose statements and a meeting review took place – a summary of this review is in Appendix 1.**