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22 JUNE 2023

**MEETING HELD IN PERSON IN PETERBOROUGH**

**MEETING MINUTES**

**PRESENT:**

Chair and Independent Member: Melanie Laws

For CCW: Graham Dale

For the Environment theme: Richard Powell (Vice Chair and Independent member), Roger Martin (Environment Agency), James Copeland (Vice Chair and NFU)

For the Customer theme: Simon Roberson (Independent member), Lesley Crisp (Independent member), and Mary Coyle (Independent member)

For Customer Engagement Panel (CEP): Nikki Stopford (CEP Chair) and Karen Cooper (CEP Consultant),

Water Forum Independent Author: Sarah Young

Water Forum Independent Secretariat: Ros Shedden

Water Forum Independent Consultant: Martin Silcock

For the Company: Heidi Mottram (by Owl), Andrew Beaver, Louise Hunter, Ross Smith, and Elaine Erskine

Company Secretariat: Judith Huffee

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

Melanie Laws (MJL) welcomed Water Forum (WF) members to the meeting.

Apologies had been received from Melissa Lockwood (EA), Barbara Leech (CCW), Janine Shackleton (CCW), Iain Dunnett (New Anglia LEP), John Torlesse (Natural England), and Sarah Glendinning (CBI).

Members had no interests to declare.

Members agreed the minutes of the 24 May 2023 represented a correct reflection of the meeting and there were no matters arising.

MJL said the aim of the meeting was for members:

- to receive Board Sub-Group feedback;
- to hear and challenge on the Company's Business Plan Bronze Book, i.e. the first draft of the 2023 Business Plan;
- to hear their Independent Advisor's update;
- to hear the Customer Panel update; and
- to start to shape and write their PR2023 Report.

**2. Board Sub-Group feedback**

MJL, Nikki Stopford (NS) and Martin Silcock (MS) had attended the Board Sub-Group (BSG) on 20 June 2023 and given an update on the Forum work to date.

Members noted that the Board had already received a paper from MS on his work.

With regard to the Company's plan to use some catchment solutions, BSG members asked what customers thought of this. Also, customers' expectations of the Company and its shareholders was discussed.

### 3. **Bronze Book**

Members noted they had received a draft version of the Bronze Book and a copy of the Company's presentation (10 slides).

MJL welcomed the Company, including Heidi Mottram (HM), to the meeting.

HM said she wished to give members an introduction to the evolution of the Bronze Book.

HM started from the water industry perspective and the Company's consideration of whether Customer Challenge Groups, now called Independent Challenge Groups (ICGs) were beneficial in developing a customer-focused plan.

The Company had actively supported the concept and the Company's WF had been enhanced with the expertise of the Customer Engagement Panel (CEP), Martin Silcock (MS) and the independent secretariat.

HM said the Price Review 2023 (PR23) had been a very different PR process when compared to PR19, it was more prescribed by regulatory processes.

HM reminded members of the build-up of the plan and how the Company had gone about building it (see slide 3). She said the Company was close to the end of the process, however it:

- still had concerns on affordability and other issues to tackle in response to customer and WF challenge; and
- was still in ongoing conversations with regulators, particularly on Advanced WINEP and WRMP.

Members noted that with regards to vulnerability, and affordability of the bill increases the Company would need to provide more customer support. Also the proposed use of nature-based solutions in the Company's plan had a degree of uncertainty in some respects as there was a national debate ongoing about their use.

HM said the Company had a high degree of confidence in its plan, however there was still a lot of work to do and was ready to hear members' views.

Under the context of affordability, Graham Dale (GD) asked if this was behind the change to shareholder structure (i.e. CKI involving KKR). HM said no, this should be regarded as a positive thing, not an indication of any issues.

AB thanked WF members for their high quality work so far and then gave a presentation of progress.

AB described the Company's enhancement packages (see slides 4, 5, and 6).

Members noted:

- on additional investment to combat asset deterioration, water companies had a duty to maintain assets and therefore the Company regarded this work as, in effect, statutory;
- on Enhanced WINEP, the Company was still in discussions with the EA;
- on Ofwat's willingness to pay research, Ofwat had abandoned its work to date, it had a new approach which was 'top down', and on what Company had seen to date it was giving similar results to its own;

- on Repeat Sewer Flooding, the Company had decided to keep the Performance Commitment but without penalties and rewards;
- the Company believed its Plan would stand up well in comparison to other water companies
- Ofwat had planned many more new Performance Commitments in the wastewater area, where the Company performed well;
- on affordability, the Company said it would move to the 5% limit - but would guarantee 3% for existing customers on social tariffs. Members challenged that the subsidy could all be paid by customers, and that was not 'sharing the burden': Challenge: Company; and
- on bespoke ODIs, the Company said the evidence needed to support a proposal was significant and the Company had not applied for any, however it would commit continue to report performance on previous outcomes.

MJL then thanked the Company for its openness and support throughout the process, through what members recognised was an enormous amount of work.

Members made specific statements regarding elements of the report which were recorded and relayed to the Company.

On customer engagement, HM said there needed to be careful articulation of the balance of views and the needs to be reflective of the proportion of people in the different groups.

Members noted that customers were giving their views in the context of whatever was influencing them, e.g. politically. The concept and definition of 'Acceptability' ought to be reviewed nationally after the PR. Action: Company.

On the Bronze Book:

- AB agreed to update changes and put outcomes of challenge in shared area: **Action: Company.**
- MJL asked members to send their views with paragraph references and some general reflections to RoS by 30 June 2023. These would be collated and sent to the Company as working feedback: **Action WF.**

**The Company left the meeting.**

#### **4. Independent Advisor Update**

Martin Silcock (MS) had previously supplied WF members with a presentation (10 slides) to support his update.

MS summarised the objectives of his work to date (24 May 2023) and noted his progress and some key points:

- enhancements cases (Slide 3);
- storm overflows (slide 4);
- update on biodiversity (slide5);
- update on river water quality (slide 6);
- update on – Business Demand (slide 7);
- update on operational Green House Gases (slide 8);

MS also gave his initial reflections on the Bronze Book and his next steps.

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## 5. Customer Engagement Panel (CEP) update

Members noted that the CEP was following the WF criteria (Appendix 1). The CEP had some focus on looking back and essentially more focus on looking forward.

Members noted:

- the CEP needed to see a narrative line of sight from customer engagement into the Business Plan (the golden thread);
- the regulatory bias of Ofwat's approach had affected how companies had set about their customer engagement, but the Company had been responsive and had made changes to make it more engaging;
- on triangulation, broad comments made in the bronze book would need to be evidenced;
- the business buy-in and understanding of the inputs and outputs of customer engagement needed to be evidenced by showing how projects/investment had been influenced by customer research and engagement;

NS asked for members views on what they had seen if they had attended the Customer Engagement events. **Action: WF Members.**

**The meeting concluded with a Report writing session and an in-camera review session for Forum members.**