

---

TUESDAY 31 JANUARY 2023

MEETING HELD VIRTUALLY VIA MICROSOFT TEAMS

MEETING MINUTES

**PRESENT:**

Chair and Independent Member: Melanie Laws

For CCW: Graham Dale and Janine Shackleton

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

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

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

Water Forum Independent Author: Sarah Young

Water Forum Independent Secretariat: Ros Shedden

For the Company: Andrew Beaver, Louise Hunter, Ross Smith, Elaine Erskine, Andy Duff, and Jennie Collingwood

Company Secretariat: Judith Huffee

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

Melanie Laws (MJL) welcomed members to the meeting.

MJL welcomed Karen Cooper, who had recently been appointed by the CEP, to her first Water Forum (WF) meeting.

Apologies had been received from Iain Dunnett (New Anglia LEP), John Torlesse (Natural England), Melissa Lockwood (Environment Agency), Sarah Glendinning (CBI), Roger Martin (EA) and Peter Vicary-Smith.

MJL gave updates with regards to the following:

- Martin Silcock (MS), from Silcock Consulting, had been engaged to assist the WF in some areas of its PR24 work. MJL was planning to meet with him after this meeting (31 January 2023). MS was keen to make early connections with the groups and leads of the deep dives. He should then be able help the WF get the most out of its future deep dives. MJL said he had received substantial information from the Company and was currently working through this. The WF needed to get its information to MS as it was essential that he saw both angles.
- With regards to face-to-face vs online meetings, MJL asked for members to get in touch if they had any concerns or accessibility issues. She said that the priority was to facilitate members' attendance. Members said that, if the technology was good, a mixture of in person and remote should work. MJL said she would keep a watching brief on this, and the Company could perhaps pilot this again.
- MJL said she would be attending the Challenge Coordination Group (COG) meeting the following week. This was receiving feedback on the Independent Challenge Group (ICG) review.
- She would get back to members on progress.

Elaine Erskine (EE) said the Company was due to receive the Pre-acceptability Report from the Company's customer research consultants in the week following the meeting. She would then make it available to the WF.

MJL asked members how the WF's deep dive meetings had gone.

Members noted:

- MJL had attended the Affordability Deep Dive (23 January 2023) and the Resilience Deep Dive (26 January) sessions. Vulnerability would specifically be covered in a session on 15 February 2023. Members said the resilience session had been useful. The group had been given some good background information and this meeting showed how things were moving fast.
- Lesley Crisp (LC), Affordability Lead, said the Affordability Deep Dive had been mainly focused on Social Tariffs, Company progress compared to the PR2019 plan, and its future PR24 plan rather than what the Company was doing to help customers in the round. She was disappointed that members had not received meeting information from the Company prior to the meeting, which made it more difficult to take control of the session. However, one point of particular note was that the Company was planning to be on the ground in numbers for the local community as it installed compulsory water meters in Essex and Suffolk. The aim was to have a strong and meaningful community presence to help answer questions and resolve any issues, among other things.
- On Water Resources (23 January 2023), Graham Dale (Water Resources Lead) said there had been a robust discussion and several challenges had been recorded. One issue that had arisen was that Company had not worked out yet how its non-household consumption could be reduced.
- On working in partnerships, the company had worked very closely with Water Resources East, but in terms of its PR24 plan in the round, partnership working had not come out that strongly regarding other stakeholders eg local authorities, farmers etc.
- On customer engagement, while this was referenced, the 'golden thread' linking customer voice to the plan was still in development.

Members said there needed to be a mechanism for Company reporting back to the WF after the deep dive sessions. It could be as flexible as by email. Also, there was some overlap between the sessions so at some point the threads needed to be brought together.

The notes for the first three sessions were in their final stages, MJL asked Ros Shedden (RoS) to send the suite of the first three out to members when they had been signed off by the Leads. Also, the Challenge logs would draw the information from the meetings together.

EE said the Company was meeting CCW on 6 February 2023 to talk about social tariffs and what the Company may need to do to get additional support for its social tariffs.

## 2. Minutes and actions from the last meeting

Members agreed the minutes of the 8 December 2022 represented a correct reflection of the meeting and there were no matters arising.

Ross Smith (RS) gave an Action Log update:

- WINEP update on comparison of Northumbrian Water Ltd with other water companies – the Company would be taking members through that as part of the Environment deep dive in February and then would share this with the full WF.

- There were two other actions, which related to WINEP, one on the Ofwat Performance Report and one about an update on investment plans. The Company had been to a meeting with Ofwat in the previous week, Ofwat had asked the Company to provide quarterly progress reports. The Company had asked MJL and Simon Roberson (SR), Chair of the WF Performance Sub-group, to work out how to ensure the WF voice could be included in these documents. **Action: MJL, SR RS and Company.**
- At its 8 December meeting, the WF had been provided with a comprehensive presentation pack on the progress of the business plan. The Company had agreed to supply updates to this presentation at appropriate intervals – the first update would be available in early February 2023.

### 3. **Members' deliberation**

Members had been supplied with the following Company meeting papers:

- Ofwat Methodology and impact on plan (Agenda item 5).

Members had also been supplied with the following background information papers for review:

- CEO update (Paper A).
- Regulatory update (Paper B).
- Customer engagement update (Paper C).

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

### 4. **General Company updates and questions**

MJL welcomed the Company to the meeting.

#### **Storm Arwen update**

Andrew Beaver (AB) gave an update on Storm Arwen. Members noted:

- that Storm Arwen had been a very significant event in North East England and Scotland;
- the region's power supplies had been heavily impacted; and
- at its peak, the Company had 8,000 customers off supply.

AB said when the Company had agreed in its PR19 price review, that it had signed up to some performance commitments with rewards and penalties attached to them. Storm Arwen particularly affected the Company's 'Interruptions to Supply' commitment. All the commitments have a clause, that if there was an incident, classified as a 'Civil Emergency' then no penalty would be applied. Storm Arwen had been declared a Civil Emergency. This point had been set aside by the regulator and a penalty applied.

AB said they had challenged Ofwat on this as a point of principle and had been offered a partial, but still significant, penalty which it believed could impact negatively on customers in several ways. The Company's Board had therefore decided to go to Judicial Review. Louise Hunter (LH) said any recovered funds would go back to customers and the Company was seeking the Forum's input into the most appropriate and effective ways of doing this.

Members noted that whatever the outcome the Judicial Review costs would not impact on customers' bills.

### 5. **Ofwat Methodology and impact on plan**

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

AB said the headline was that not much has changed and gave an update to members (see paper for summary).

With regards to investment and operational guidance, members noted:

- on Ofwat's Accelerated Delivery process, members noted that the Company would be planning to carry out early work on all its large Water Resource Management Plan (WRMP) schemes. AB said the Company was hoping to have a formal agreement to get on with that;
- the Company was **challenged about** its capacity to accelerate, alongside delivery of existing programmes. The Company responded that it felt confident that it could do this;
- the schemes the Company was considering would be those which were mandatory. Also, some could be nature-based solutions which, if put in place earlier would give benefits earlier;
- this approach would reduce the issue of late phasing of work; and
- the Company was on the brink of a huge transformation of its business to deliver the scale of investment.

With regards to 'Your Water, Your Say' guidance and progress, members noted:

- Ofwat could appoint one or possibly two independent chairs for this process;
- success or otherwise of the sessions would to some considerable extent depend on who those chairs would be and how they operate the sessions on the day;
- each water company could only have one session – members were concerned that one session may not properly cover Northumbrian and Essex & Suffolk areas;
- the final guidance was still to be published, the WF would need to reflect on what it said before it could give the Company any coherent feedback on how to get the most value out of it; and
- the WF would want to have at least one observer at the Company's session(s).

Nikki Stopford (NS) said the important element would be how 'Your Water, Your Say' was included in the triangulation strategy that the Company had underpinning its customer engagement programme, and the weighting of it against the research the Company had undertaken. It could be valid to reflect it in different ways, for example to be seen as part of the bigger picture.

For CCW, Janine Shackleton (JS) said 'Your Water, Your Say' was a positive move, because it was an opportunity to hear what people say, and Barbara Leech (BL) said the success of the events would be very dependent upon how well it would be publicised, which was in the Company's hands.

**Members then went into a deep dive on PR24 Net Zero.**

**The meeting concluded with an in-camera review session for Forum members.**