

PROPOSED PORTSMOUTH WATER CUSTOMER FORUM

TERMS OF REFERENCE

Portsmouth Water intends to set up a Customer Forum which will enable customers and stakeholders to play a key role in the development of the Company's Strategic Direction Statements and Business Plans which will shape the Company's future investment decisions.

Aims

In respect of the Portsmouth Water supply area the aims of the Forum are to:

- Engage key organisations in planning the strategic direction for water supply management
- Facilitate open and frank discussions on all aspects relating to water supply management
- Engage in the water and supply price setting process by reporting to Ofwat on the Company's Business Plan and customer engagement activity.

Role of the Forum

Although principally the Forum's activities are likely to be decided by the Forum itself, the Company expects the Forum to:

1. Provide a better understanding for all interested parties of the main obligations, issues and priorities in the delivery of water supply.
2. Advise and challenge the company as it strives for best practice when planning its consumer engagement and research with its customers to gain an understanding of the main obligations, issues and priorities that need to be addressed.
3. Advise and challenge the company to develop customer supported, long-term strategic and business plans that will deliver the agreed outcomes. These include meeting statutory quality obligations, and meeting outcomes based on customers' priorities and willingness to pay, as well as being a good deal for the customer.
4. Provide a report to Ofwat on the Company's engagement process and the Company's strategic direction statements and business plans.
5. Discuss the longer term planning issues to meet drinking water quality, environmental water quality and customer service requirements.
6. Inform the policy and decision making of water companies on key issues that affect customers' water bills or services at price reviews and for issues such as compulsory metering and social tariffs.
7. Provide a mechanism to raise any issues and increase mutual understanding among group members.
8. Facilitate an open, no surprises approach to issues.
9. Monitor the delivery of the five-year asset plans, and challenge where appropriate.

The Company anticipates that detailed dialogue with individual organisations on specific aspects of strategy/activity will take place outside of the Forum albeit that high level strategic issues might be reported to the Forum members.

Membership

It is proposed that the Forum will have an independent chair and the Company will make available the necessary administration support. The following organisations will be invited to be part of the Forum, though the Forum itself may wish to amend the membership as it sees fit.

- (i) CC Water
- (ii) EA
- (iii) Natural England
- (iv) DWI
- (v) Local Authority/PUSH
- (vi) Local Chambers of Commerce/Community Boards
- (vii) Wildlife Trusts/RSPB
- (viii) Specialist Customer Groups such as Age UK, Citizens Advice Bureau.

The Company will provide the necessary resources to enable the Forum to meet its aims. The Forum should endeavour to keep costs to a minimum as ultimately it is the customers who are funding this work.

Minutes of the meetings will be made public after being signed off by the organisations at the meeting

Role of each Member

Members of the Forum will be responsible for:

- Ensuring suitable, senior level representation of their organisation to enable meaningful discussion of strategic issues at Forum meetings
- Providing timely and accurate information to aid Forum discussions
- Communicating and co-ordinating any actions arising from the Forum on that organisation

Organisations may be asked to lead on certain subjects at meetings, appropriate to their respective areas of expertise.

Forum members will also be actively encouraged to put forward agenda items for discussion.

Members will pay for their own expenses unless otherwise agreed by the Forum and the Company.

Confidential Information

Any information provided by the Company which is marked "Company Confidential" or "Commercial in Confidence" should not be disclosed to a third party unless, given permission to do so by the Company. The restriction will not apply where:

- The information is already or subsequently comes into the public domain
- Is required to be disclosed by law (including a regulatory body) or by an order of the Court of competent jurisdiction

These Terms of Reference should be approved by all members of the Forum and recorded as such in the minutes of the relevant meeting. Acceptance of the minutes will bind all members of the forum to the element of the Terms of Reference.

Timetable of Meetings

It is anticipated that there will be no more than two meetings per annum although during price reviews there may be the need for additional meetings with the following purpose:

- To give input as the Company develops its customer engagement and research plans;
- To assess and make suggestions on consultation materials, research questionnaires and other supporting material;
- To review and comment upon the findings of the consultation and research;
- To challenge the scale, scope and delivery of obligations and to challenge the overall Business Plan, where necessary;
- To agree a joint report to Ofwat on how the water company has interpreted customers' views in its Business Plan, whether the Plan is a good deal for customers and whether it meets statutory quality requirements.

Key Outputs

Although the Forum will be principally acting in an advisory and challenging role, it will be expected to prepare a report to Ofwat in conjunction with the Price Review process

- a. The Company's Customer Engagement Process with regard to
 - The effectiveness of, or any concerns with, the Company's engagement with its various customers and the Forum.
 - Whether the level of engagement and assurance is proportionate to the materiality of the Business Plan proposals.
- b. The Company's Strategy and Business Plan in respect of:
 - Whether the Plan delivers the required legal outcomes
 - Whether the Company has actively considered the opportunities for more innovative and sustainable approaches to delivering the required or desired outcomes;
 - Whether the Company's longer term strategy and Business Plan is an appropriate response to customers' views;
 - Whether the Company's Business Plan strikes a reasonable balance between the views of different customers and stakeholders, highlighting any areas where particular segments of current or future customers are likely to have outstanding concerns;
 - Whether the company has explored the range of cost-effective solutions and phased delivery of its various outcomes to maximise acceptability to customers; and
 - Whether the Company's overall Final Business Plan appears likely to be acceptable to a majority of customers, highlighting any areas of concern.