



**Proposed Terms of Reference for Portsmouth Water
Limited**

Customer Challenge Group

2 July 2015

Terms of Reference for Portsmouth Water Limited

Customer Challenge Group

1. Introduction

- 1.1. The Portsmouth Water Customer Challenge Group (CCG) was established in 2012. Its objectives and terms of reference were agreed by the Group in the same year. Its purpose was to challenge and advise Portsmouth Water during the development of its Business Plan and more generally on its Customer Engagement Activity.
- 1.2. The Company placed customers at the heart of its plan. The CCG ensured that the company's customers had been consulted and the plan took account of customers' views, particularly on issues which impacted on levels of service or the level of bills.
- 1.3. The Company now wishes the role of the CCG to evolve to enable it to report on the progress of Portsmouth Water in the delivery of its commitments arising from the Final Determination of prices in 2014.
- 1.4. On 25 June 2015 the Board of Portsmouth Water Limited approved to propose these Terms of Reference to the next meeting of the CCG on 2 July 2015.
- 1.5. The Terms of Reference were agreed by the CCG at its meeting on 2 July 2015.

2. Role of the CCG

2.1 This role includes:

- Reviewing the performance against each of the Company's commitments and Outcome Delivery Incentives in its Business Plan
- Understanding and challenging how particular rewards or penalties are applied
- Where the CCG requests it may form specific sub-groups of the CCG who will have access to further detail underpinning the performance of the Company in a chosen outcome. Access may be via the Engineering Advisor or directly to management as requested by the sub-group.
- Producing an annual report to the Company's Board summarising its findings on the above, which will accompany the Company's Risk and Compliance Statement or Assurance Report. This report will also be shared with customers and stakeholders.
- Advising on and monitoring the effectiveness of, Portsmouth Water's ongoing engagement with its customers in each community recognising all socio economic groups which it serves
- Involvement in any Relevant Change of Circumstances, if necessary

2.2 Given our current understanding of the methodology for PR19 the CCG is likely to be involved in the development of the next Business Plan for AMP7 in a similar way to AMP6. If it is to take on another role (yet to be defined) the ToRs will be reviewed and redrafted as necessary.

3. CCG Reporting Role

- 3.1 The CCG will have the opportunity to comment on Portsmouth Water's performance to customers and other stakeholders in the form of an annual report to coincide with the publication of the Annual Statement on performance
- 3.2 The CCG will produce a report once a year for the Portsmouth Water Limited Board commenting on the performance by the Company in meeting its performance commitments and agreed outcomes.
- 3.3 The CCG will have access to reports from auditors and technical reports and may seek further assurance as required, subject to prior discussion and agreement with the management of the Company.
- 3.4 The CCG may be invited to attend some of Portsmouth Water's community engagement events.

4. Membership of the CCG

4.1 The CCG will be independently chaired with a membership of no more than twelve. The quorum will be six of any of the members including the Chair.

4.2 Members will be drawn from representative bodies or interest groups that are active in their community. A diversity of membership will be achieved. The Chair of the CCG will work with the Company and be involved in the selection and recruitment of members.

4.3 Members will be drawn from

- Community representatives:
 - Consumer bodies and interest groups
 - Business customers
 - Vulnerable and special needs consumers
 - Environmental Interest Groups
 - Local/public authorities
 - Other NGO's, including national bodies
- Representatives from Regulators and other bodies including:
 - Consumer Council for Water
 - Environment Agency
 - Drinking Water Inspectorate
 - Natural England

4.4 The Chair of the CCG may invite to the CCG meeting as necessary:

- Specialist advisers and business experts from within Portsmouth Water or their suppliers, contractors or consultants;
- Representatives from other water and sewerage providers in the region;
- Regulators including Ofwat; and
- The Portsmouth Water Reporter or other independent assurance bodies used by Portsmouth Water

5. Governance

- 5.1 The CCG will as a minimum report to the Board on an annual basis. The Chair will attend Board meetings during the year to report progress. A Non-Exec Board member will be nominated facilitate the link with the Board on an on-going basis.
- 5.2 The CCG also has a working relationship with the Company's executives, where the Finance and Regulation Director and Regulation Manager has responsibility for supporting the CCG's work and will attend all meetings with other Execs attending as necessary.
- 5.3 The CCG may establish sub-groups to review specific areas, which will report back to the CCG on various subjects covered by the Company Business Plan.

The Chair of the CCG

- 5.4 The Chair of the CCG will be appointed by committee, comprising one member from the Company, one CCG member and one representative of CCW, and will recommend the Chair for approval by the Company.
- 5.5 The Chair of the CCG will facilitate discussions with the CCG and make sure every member has a full and fair chance to contribute to discussions and challenge the business as appropriate.
- 5.6 In between meetings the Chair of the CCG will be the principal link between the CCG and the Company and will ensure that all members are kept informed as appropriate.
- 5.7 The Chair of the CCG will have access to the Executive, and access to the Chair of the Portsmouth Water Limited Board and the Independent Non-Executive Directors.

Ways of Working

- 5.8 Members are asked to respect the potentially sensitive nature of the information provided by the Company to the CCG, be that be that commercial, intellectual property or personal data.
- 5.9 Portsmouth Water will provide the secretarial and administrative support and costs of meetings. The Chairman will be paid an appropriate fee for fulfilling this role. Members are not paid. Expenses will be paid according to an agreed policy.
- 5.10 A work programme will be established by the CCG and will include:
- Ways of working with Portsmouth Water
 - Confirmation of objectives, including the report once a year to the Portsmouth Water Limited Board
 - Frequency and location of meetings, attendees, substitutes, etc.
 - Boundaries of disclosure, including meeting outputs
- 5.11 Agenda and other materials will be provided in a timely and accessible way.
- 5.12 Minutes and records of meetings will be maintained and kept in a suitable format and published on the Company website
- 5.13 Where possible the CCG will rely on material that already exists within the business to limit the amount of unique material generated.

6. Review of the Terms of Reference

- 6.1 The Terms of Reference will be reviewed by June 2016 following the first full year of AMP6. Portsmouth Water may also review the Terms of Reference in following years in light of developments towards PR19

7. Approval of these Terms of Reference

- 7.1 The Terms of Reference were approved jointly by the Board and CCG of Portsmouth Water at a meeting on 2 July 2015



Neville Smith
on behalf of the Company:



David Guest
on behalf of the Customer Challenge Group:

2 July 2015