

CCG phone call

5 October 2017

CCG attendees:- Simon Oakley, Ingrid Strawson, Jon Stuart and Andrew Lee

PRT attendees:- Paul Barfoot, Steve Morley and Heather Benjamin

Background

The purpose of the call was to update members of the issues discussed at the previous CCG meeting on 13 September 2017.

All members were invited.

Papers were circulated to all members in advance.

PR19 Strategy

SM presented the summary of the Company strategy. The Company consider it is well placed to respond to the 4 Ofwat themes. A key component of the plan would be the development of Havant Thicket.

AL asked if companies had flexibility to address local priorities. SM replied that this was very much the case and would be reflected in outcomes as well as the themes raised by Ofwat.

AL noted the Company strategy of Water 2 Share and highlighted the importance of the South Downs itself as the aquifer that will provide the water. He noted it would be important that the Company continues to work with key stakeholders, including SDNP, to ensure the source remains of very good quality and free from pollution. SM replied that catchment management would remain a very important part of Company activities and an opportunity to influence farming practices generally in the area.

SO asked what is the justification for Havant Thicket compared to the past? SM replied that the requirements arose from a request for greater bulk supplies to Southern Water given some significant sustainability reductions they have on the rivers Test and Itchen.

IS asked how the reservoir would be funded? SM replied that in principle it would be recovered from the bulk supply tariff to Southern Water, with no or limited impact on bills of Portsmouth Water. At the meeting on 13 September, the Company committed to explain the actual financing vehicle to the CCG in due course.

Discussion then took place on a number of water resource related issues.

Finally, IS asked the Company reaction to the Ofwat position on ODIs and rewards and penalties. SM replied that this was an important part of the methodology and that there were many different issues to review in setting ODIs for PR19. As noted in the Company response to the draft methodology, the Company did not support the proposal that ODIs should provide greater financial incentives as generally customer research indicated that customers did not support the concept of rewards for out-performance.

Further HB commented that the removal of the glide path (a phased approach to the long term target) was not necessarily seen as an economic approach to achieving the required change in the level of service.

In conclusion SM commented that the Company felt it was well placed to meet the challenges presented by Ofwat in the draft methodology but there would need to be a significant amount of work in preparing its case.

PR19 Outcomes and performance commitments

PB presented how the proposed PR19 outcomes had evolved from those at PR14. He noted that in general the outcomes had not changed much but reflected both our recent customer research with Accent and the CAP and more generally regulatory expectations.

He worked through each in turn, explaining the rationale for any changes. Members commented on the proposed Outcomes for PR19 and noted that some activities, particularly associated with environmental performance may address more than one outcome.

SO stated that he felt the proposal to remove the outcome relating to the financial sustainability of the Company should be reconsidered. He felt that customers should consider that the long-term financial desirability of the company is an important outcome. PB replied that this was not what our research had shown us and further that Ofwat had made similar comments to our research findings about the existence of the outcome at PR14.

PB then updated members on the proposed approach to customer engagement, the Customer Engagement Action Plan. He focused on the next significant piece of work which will engage with customers firstly on the appropriate level of performance and then move to quantifying rewards and penalties. More detail would be provided at the next CCG.

PB continued by advising on progress of more “niche” pieces of research with for example, agencies who support vulnerable customers and students. HB suggested reviewing CCW report for any further areas for consideration which may be applicable for PW.

PB concluded by inviting all members to join the Customer Engagement sub-group.

Close

Members thanked the Company for making the time to host the meeting.

It was noted that the next CCG will be on 19 October 2017, in Havant.

SM
6 October 2017