

**PORTSMOUTH WATER Ltd
CUSTOMER CHALLENGE GROUP (CCG)
MEETING HELD ON FRIDAY 6 APRIL 2018**

PRESENT: Charles Burns (Federation of Small Businesses), David Howarth (Environment Agency), Doug Hunt (WS Atkins), Doug Kite (Natural England) Karen Gibbs (CCWater), Lakh Jemmett (Chairman), Simon Oakley (Chichester District Council), Ingrid Strawson (CCWater), Raife West (Havant Housing Association), Tamara Breach (Secretary), Steve Morley, Helen Orton, Neville Smith (all Portsmouth Water)

ACTIONS

Apologies: Andrew Lee (South Downs National Park), Caroline Brook (Winchester City Council), Jon Stuart (Havant & District CAB), Heather Benjamin (PW Non-Exec), Georgina Caruana, Rod Porteous

2. CCG Feedback on Progress

D Hunt briefly went over the outstanding challenges and will forward the updated list to the Company

C Burns asked if Portsmouth Water is still considered a “small company” since the acquisition. SM confirmed it is, as we plan as though we are a “stand alone” company.

Addressing the feedback from the CCG, NS commented that over a 1200 responses had been received from customers on the WRMP and feedback had also been received from Defra, with feedback expected shortly from the EA.

NS also commented on the role of “Special Cost Factors” in the efficiency modelling. The Company must submit any special factors to Ofwat by 3 May 2018.

SO asked if the response to the WRMP would be made public and if the analysis of the comments represented the population as a whole. NS said we would share the results and comment on the representative nature of the sample.

NS acknowledged that setting the rewards and penalties will be a challenge.

NS commented that further debate was required to determine how feedback from the CAP would be taken into account with regard to metering. LJ noted he would be interested to receive information regarding the cost benefit discussions on metering.

3. MINUTES & ACTION LOG

3.1 Minutes & Actions from the Telephone Conference Meeting held 2 March 2017

KG asked for an amendment to be made to the Minutes.

3.2 Action Log

This was agreed.

Scott Reid from ICS joined the meeting on the telephone.

4. PR19 CUSTOMER ENGAGEMENT

4.1 Update on Rewards & Penalties

SR gave an update on the highlights of the Customer Engagement Research which was included in the papers.

The findings showed general support for the performance targets, although customers preferred the use of penalties more than rewards, to the extent that

TB

for some ODI'S rewards were not supported at all. SR commented there was noticeable variations across the demographic groups.

SR explained Table 4 of his paper in detail.

The reward ranges were summarised in Table 5 and were discussed. SM commented that the targets were chosen for this research based on the research carried out in November; this gave the Company confidence the targets were robust and could be used as a basis of the quantitative work.

Discussion was held surrounding whether the targets were stretching enough.

LJ commented that there were no caveats from Ofwat with regard to stretching targets and does PW think it has done enough compared to others in the industry? NS advised this had been considered but it is very difficult to judge where everyone else will be. It is a good challenge which PW will consider, and will re-present its evidence supporting the targets.

IS asked how the numbers are triangulated when presented to the Board. SM advised that an ODI package is put together after internal discussion about what weight is given and take into account all research. This discussion will be shared with the CCG.

SM

Discussion was held surrounding how Table 5 was reconciled.

SM

LJ asked if PW intended to circulate an understanding of the methodology used. SR commented the full report will include this detail. SM will circulate end April

IS asked if the same methodology has been used within the industry. SR advised it had.

Scott Reid left the meeting.

4.2 Update on Water Resources Management Plan

SM provided an update on the WRMP. A copy of the Customer Consultation document was handed to members. SM advised initial feedback was good and the Company was pleased with the response rate. SM also advised that some joint events were being planned with different stakeholders to make sure the plan is fully understood.

SM commented that a specific question relating to trust had been included as well. This would also be included in all future surveys going forward

LJ commented that the feedback on metering appeared to be very different from that previously received. SM agreed.

SO asked if PW employees were excluded from responding. SM advised that if they are a PW customer they could respond.

NS commented that it was very helpful that the plan was supported by the customer base.

Kate Waller from Community Research joined the meeting.

4.3 Feedback from CAP

KW went through the headline finding of the CAP for the following three areas:

1. Leakage
2. Metering
3. Havant Thicket

Questions were invited from members and discussion held surrounding the information provided.

KG asked if people had been asked why they would not choose to opt for a meter. KW advised this was not asked on this occasion but previously the reason given would be the fear of an increase in their bills and many do not want to change the way they use water.

SM commented that customers would like to receive information about how much water they use but they don't want to pay on that basis. By providing the customer with frequent information on usage it is hoped this can lead to a change in behaviour.

J Hall asked how representative the group surveyed were to the customer base. KW commented that it was a small sample and therefore would not roll out statistically but it did have a mix of rural / urban, metered / unmetered and socio demographics, including customers on the social tariff.

LJ commented that if the preferred option is SMART not for revenue metering, compelling evidence would be required to prove it would have an effect on usage. SM replied that this was the reason why we were undertaking trials.

KW commented that there was widespread support for Havant Thicket although there were more questions raised than answered. More detail is required but most saw Havant Thicket as an income generator for the region.

Next CAP is 28 April 2018 looking at resilience in particular.

LJ asked whether any connection had been made between the leakage and the need for a new reservoir. KW advised this came out at a previous CAP, it seems to be in the back of the customers mind as much as possible needs to be being done with regard to leakage.

4.4 Approach to Non-Household Customer Engagement

SM updated the meeting on the next tranche of customer research that is going to be carried out in conjunction with Community Research, this was discussed. SM asked for support from the sub-group.

The focus group is 25 April 2018.

Kate Waller left the meeting.

Rachel Dixon joined the meeting.

5 PR19 Updates

5.1 Approach to Vulnerability

PAB introduced Rachel Dixon, Customer Engagement Officer, to the meeting. Rachel provided an explanation as to how PW are raising awareness for the vulnerable customers. Questions were invited.

CB asked whether PW were collaborating with Southern Water. RD advised the collaboration scheme was currently a pilot scheme but if successful would include Southern Water.

KG commented that there was some good work and hoped it was intended for the role to be ongoing. PAB advised it was intended to make the role permanent making an ongoing commitment through these forms of engagement.

LJ asked how the activities can be brought together to translate into actions that can be seen and how these will be represented in the Business Plan. PAB advised he would document this.

CB urged the Company to collaborate with Southern Water. NS agreed this was the right thing to do, notwithstanding GDPR issues.

PAB

Paul Treagust and Jamie Jones joined the meeting.

5.2

Leakage Technology

PJT gave a brief outline on current leakage performance and handed over to JJ who gave an in-depth presentation on past, present and future leakage detection technology. Questions were invited.

D Howarth asked what the economics of new technology to current technology was. JJ advised that trials were being held to establish an answer to this question.

IS asked for the graph in the papers to be explained. JJ explained that the large increase in costs to get leakage beyond a certain level was due to more mains renewals being required, which is very expensive.

SO asked of the PVC pipes were failing earlier than expected? RCP advised they did start failing within 10 years due to a manufacturing fault, but our mains renewals programme takes this into account. It is currently still more economical to replace the cast iron pipes as there are a greater number of customers served from these pipes.

SO asked if other utilities had any effect on the lifetime of the pipes. JJ commented it was not a major issue. RCP commented about the duration of interruption to supply; other utilities can obstruct the repair by laying pipes and cables directly over supply pipes, therefore increasing the repair and interruption to supply times.

6.

Company Performance

6.1

Leakage

Due to time constraints the papers were taken as read. Questions invited.

SO asked if there was any concern with regard to visibility of new supplies laid into traveller sites. RCP advised that all water supply pipes should be laid within Water Regulations.

7.

Date of Next Meeting

Thursday 3 May 2018 – Telephone Conference