

**PORTSMOUTH WATER Ltd
CUSTOMER CHALLENGE GROUP
TUESDAY 12 MAY 2020**

ATTENDANCE: Lakh Jemmett (Chairman), Karen Gibbs (CCW), Ingrid Strawson (CCW), John Hall (West Sussex Growers Assoc.), Simon Oakley (Chichester District Council), Jon Stuart (Havant & District Citizens Advice), Douglas Kite (Natural England), Charles Burns (Federation of Small Businesses), Alex Martin (Jacobs), Aldous Rees (Natural England),

Bob Taylor, Helen Orton, Mike Coffin (Non Exec), Paul Barfoot, Jim Barker, Simon Hughes and Steve Morley (all Portsmouth Water).

APOLOGIES: Jon Sellars (Environment Agency), Raife West (Havant Housing Association), Caroline Brookes, (Winchester City Council), Deborah Urquhart (West Sussex County Council), Andrew Lee (South Downs National Park).

	ACTIONS
1	CCG Private Session The members had a private session without Company representation.
2.	Minutes from the Meeting held 17th October 2019 The minutes from the previous meeting were approved; there were no further actions.
3.	Overview of Current Operational Situation Bob Taylor updated the CCG on the Company's response the Covid-19 situation. The CCG had received a specific newsletter in April outlining the Company's response. The key points are as follows:- <ul style="list-style-type: none">• The Company will continue to follow Government guidance.• It will focus on its core activity applying social distancing and supporting customers.• Safety for both staff and customers is paramount and there are no visits to customers in their homes.• Whilst sickness of the Portsmouth Water staff increased to 10% initially it has now fallen to below 2%.• The company have 40 staff on furlough. 70%-80% of staff are working from home. We have had no Water Quality Compliance failures. We are repairing visible leaks and mains bursts and have seen a small increase in leakage. We are starting to work with developers again. We have begun the pre-planning consultation on Havant Thicket this week and held our first webinar this morning. We have not been given access to the Governments list of shielded customers. We will only get access in the event of an incident. However we propose to write to all customer over 70 years old and invite to go on our Priority Services Register. We estimate that there are 32,000 such customers. Members raised a number of points and asked a number of questions. Jon Stuart noted that Portsmouth Water had been very proactive with customers who are struggling to pay. He welcomed this approach. Lakh Jemmett asked if there were any changes in the Company Risk Register as a result of the situation. Bob Taylor replied that the Company has always identified a

pandemic issue as a risk but our plans apply when we have 25% of the workforce unavailable to work and, as noted earlier, we only saw an increase to 10%. A further risk is the need to take samples in the network, but not at customer homes. We are therefore considering the need to take water quality samples from fire hydrants which itself introduces a risk.

Simon Oakley asked how the company is liaising with Local Authorities. Bob Taylor replied we have good links with District Councils through the Local Resilience Forums and the Fire Brigade.

Bob Taylor concluded by describing how the issue is being progressed at an Industry level. Specifically we have received a letter from the Water Minister thanking the Industry for its response to the Covid-19 situation. There has been much dialogue with Ofwat over the non-household retail market and the AMP7 ODIs.

4. **Regulatory Response to the Current Situation**

Helen Orton highlighted four key financial issues the Company was managing:-

- Non-Household Retail Market
- Household Market and Cash Collection
- Capital Works
- Operating Expenses

The Company is looking at different scenarios on the duration and impact of Covid-19 on the Business. We are looking at a 3 month, 6 months and 12 month duration. Our overall objective remains to manage our financial ratios. We have reduced our Capital Programme and reduced our Operating Expenses in response to Covid-19.

Whilst there is a Regulatory mechanism to recover any lost revenue it operates in arrears and there is uncertainty, for example, as to who will pay the non-household shortfall. A 20% reduction in non-household revenue equates to £1.8m which would increase household bills by £6.

John Hall asked how any increase in bad debt would impact other customers? Ofwat have made policy decisions on non-household debt but not household debt. Any bad debt in the non-household market in excess of 2% will be spread across all customers.

Lakh Jemmett asked what the impact of not undertaking the Capital Programme would be on levels of service. Bob Taylor replied that in the short term there would be no immediate impact on bursts or interruptions, but he believed if a Capital Programme is not undertaken at all, these levels of service would deteriorate rapidly.

5. **Contact with Customers**

Paul Barfoot stated that this is a quiet time of the year for the Company as our annual unmeasured bills are not due until the 1st July. At the end of May we will send 200,000 unmeasured bills to our customers and this will need to be managed sensitively.

Our objective is to make it easier to do business with us.

We have ceased debt collection activities and court letters.

We are promoting our Priority Services Register writing to 32,000 customers and are working with other community based organisations on an initiative called "Home and Well", making a difference for people leaving hospital.

6. **Water Demand**

Jim Barker explained that since the Covid-19 lockdown at the end of March demand in total has not changed. However, we have seen a 12% increase in household demand and an 18% reduction in non-household demand.

We have also seen the impact of hot weather over the Easter Period. We have no supply issue.

Whilst it has been extremely dry for almost two months we must also remember we had the wettest February on record. Water Resources are currently healthy; we keep this issue under constant review.

7.

Havant Thicket

Simon Hughes updated the CCG on progress with the development of Havant Thicket. He stated that we are very much on programme, despite Covid-19.

We launched the Public Consultation today, 12th May 2020. We have five 2 hour web-based seminars which CCG members are invited to participate in. Our response to the engagement will be in the form of "You Said, We Did" and support our planning application in September.

We have engaged with the supply chain who consider the opportunity very attractive.

Commercial Negotiations with Southern Water are drawing to a positive conclusion.

Lakh Jemmett commented that Havant Thicket gives the Company a great opportunity to engage with its customers and employ local people on the project. Simon acknowledged both of these points.

8.

ODIs 2019/20 Performance

Steve Morley presented the ODI performance for 2019-20.

He noted the significant improvements in Leakage, Bursts, Interruptions to Supply and Water Quality Contacts. He also noted the failures for Water Quality Compliance (MZC) and per Capita Consumption (PCC).

Steve Morley focussed on the Biodiversity ODI. He presented the Company position that is had undertaken 98% of the projects agreed to improve biodiversity over the 5 year period ending 2019/20.

Douglas Kite informed the CCG that he had no problems with the assessed score but wanted to take a couple of minutes to look behind the score.

The Company started this 5 year period with some knowledge of the habitat on its 60 sites. It ends the 5 year period with a very good understanding on over 50 of those sites. The Company has undertaken 160 projects over the period, and he noted that not only had the team remained within budget but it had planned and delivered the projects very well.

Whilst most of the Company sites are small they do provide good areas of grassland, woodland and meadows. The Company need to continue the fantastic foundation built by Tracey Viney to ensure that it continues to improve biodiversity.

Lakh Jemmett wanted to express the CCGs thanks to Tracey Viney for her contribution and presentations over the previous 5 years.

Steve Morley highlighted that all of the data presented was subject to Board sign off at the end of June.

9.

CCG Statement.

Lakh Jemmett stated that the draft circulated had been discussed by the Members in their Private Session. The CCG wanted to enhance discussion about the Company's environment performance and also any learnings from the last 5 years.

It should include a section on Havant Thicket.
A revised statement will be circulated.

SM

10.

Any Other Business

Lakh Jemmett wanted to thank all Members for their contribution over the last 5 years and in particular those who will no longer serve on the CCG going forward. This includes David Howarth (EA) Douglas Kite (Natural England) and Douglas Hunt (Atkins). He welcomed Jon Sellars (EA), Aldous Rees (Natural England) and Alex Martin (Jacobs).

The Company will continue to communicate with CCG members through its newsletter.

11.

Date of Next Meeting

The next formal CCG meeting will be in October 2020 to discuss the 2020/21 half year performance. If required meetings will be arranged with the CCG before that date.

SM