

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

**ATTENDANCE:** Lakh Jemmett (Chairman), Karen Gibbs (CCW), John Hall (West Sussex Growers Assoc.), Jon Stuart (Havant & District Citizens Advice), Charles Burns (Federation of Small Businesses), Aldous Rees (Natural England), Deborah Urquart (West Sussex County Council), Sarah Thomas (CCW), Lynn Hook (Gosport Borough Council), Jeremy Burgess (South Downs National Park), Rachel Nelson (EA) for John Sellars, Caroline Brooks (Winchester District Council).

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

**APOLOGIES:** Simon Oakley (Chichester District Council), Raife West (Havant Housing Association), Alex Martin (Jacobs),

1	<b>Welcome and Introductions</b>	<b>ACTIONS</b>
	<p>The Chair, Lakh Jemmett welcomed Lynn Hook and Jeremy Burgess to the CCG Committee.</p> <p>Lakh Jemmett requested the website be updated in terms of membership and minutes.</p>	<b>SM</b>
<b>2.</b>	<b>Minutes from the Meeting held 12th May 2020</b>	
	<p>The minutes from the previous meeting were approved; there were no further actions.</p>	
<b>3.</b>	<b>Operating impact of Covid 19</b>	
	<p>Bob Taylor updated the CCG on our response to the Covid-19 situation.</p> <p>He highlighted that in the initial lockdown (March – July) there was a considerable degree of uncertainty compared to the current lockdown. Water companies took a conservative view and focused on core activities to ensure maintenance of normal core services for our customers and ODI compliance. .</p> <p>It was stressed that all areas where work was carried out were risk assessed and social distancing and hygiene requirements were also adhered to.</p> <p>Nearly all Senior Managers and up to 70 percent of staff work from home. This is the single biggest and most important step we have carried out as a business. By early July, some lockdown measures had been relaxed and it is now much closer to a post covid “business as usual” One good thing about our current offices is that maintaining social distancing is achievable quite easily. Finally he pointed out that the Government considers us as key workers and our vans were labelled informing the general public of that. At all times we have been very sensitive to the views and responses of our customers. We stopped entry into customers’ homes at an early stage (except in an emergency) and rescheduled activities to reduce our profile. To a great extent this situation has more recently relaxed somewhat as people better understand the impact of the pandemic.</p> <p>Next he noted that it was also important to realise how COVID-19 has presented challenges to our customers. There has been significant demand changes as a result of COVID-19, people are “confined” to their homes resulting in a much higher household demand.</p> <p>We considered the needs of vulnerable customers as a priority. We identified over 32,000 households where the youngest recorded occupant is 70 or over. The over 70’s are considered by Government to be especially vulnerable to Covid-19. We added these customers, with their agreement to our Priority Services Register. This</p>	

means that they would be contacted as a matter of priority if there was an emergency and provided with bottled water. This means we now have over 10% of our household customer base on the register.

We have also made payment holidays and easy payment plans for customers facing financial vulnerability/uncertainty. As a hygiene precaution we no longer allow customers into the offices to pay bills (although numbers paying this way are low and reducing).

We are currently undertaking research to establish whether customers are willing to cross subsidise our Social Tariff further, to enable support to be given to more than the planned 10,000 customers this AMP. We are aiming for the target to increase during this AMP to 12,000

DWI reporting has been maintained in the period. Sampling at customer properties was suspended with additional sampling at reservoirs and PW production sites to ensure coverage was maintained. The usual random sampling from customers' homes we felt was not appropriate. In line with the rest of the industry DWI supported that we move our sampling points back to our own reservoir and treatment works.

There was much discussion between the industry, Ofwat and MOSL in the early days of the lockdown with regards to the NHH Market and supporting Retailers with potential cashflow issues. An arrangement was offered where retailers were given the option to defer 50% of invoices, repayable 2 months later for the months of April and May. PW's main NHH retailer, Castle, declined to take up this credit support which helped PW. These arrangements have not been put back in place for this current shorter duration lock down.

Staff communication has been extremely important. Weekly zoom calls for the whole business take place to highlight any changes and to share news. In addition to the zoom call a weekly email is also circulated. There is also a network of mental health champions across the business who colleagues can turn to for advice and support. This is an important consideration to help staff adapt to working from home and encourage healthy habits. Support from staff has been fantastic – sickness levels have been low and we have only had two positive COVID tests in the whole of the workforce.

A lot has been learnt through COVID-19 especially with regards to flexible working and bringing forward the option to work from home. A staff survey was carried out and most staff supported home working but would still like a combination of both as most miss the social interaction. We will need to invest in more IT equipment and develop new HR policies to accommodate this.

We have met revenue collection expectations and yet to see any major economic impact. We will continue to monitor trends and support our customers as necessary.

In summary, Portsmouth Water will continue to react rapidly and with agility to the ongoing challenges that the pandemic poses.

Members were then invited to comment.

Charles Burns stated that the self-employed have not been considered by the Government's scheme, this might not have affected cash flow yet, but worth bearing in mind.

Lakh Jemmett noted that there had been challenges in taking water quality samples from home and questioned the issues/discrepancies with the lab results reported later in the papers under H1 performance. Bob Taylor replied that our laboratory is externally accredited by UKAS. There was a particular problem which occurred with a number of spurious bacteriological failures. The samples were unrelated and taken from different locations on the network. It was found that cross contamination occurred in the Laboratory due to ventilation arrangements. We reported this incident to the DWI. This is a very rare experience but not unheard of. We have subsequently

invested in special glass cabinets which help to protect the sample from contamination. Bob Taylor concluded by saying that this was an unusual occurrence – there was no question of a water quality issue in the networks.

Lynn Hook stated that she was pleased to see a Leakage Technician checking for leaks using a listening stick. Bob Taylor replied that we have just reached the end of the last 5 year period where we propelled our position from being middle of the field to being second in the industry on leakage levels. Over the last 18 months to 2 years leakage has been reduced by 40%. We are now at the forefront of the Industry. Portsmouth Water have still got to achieve another 15% reduction challenge over the next 5 years. We have adopted a number of new technologies to help us detect leaks quicker, but the traditional listening stick remains an important tool.

Jim Barker stated leakage to be 24 MI/d per day, relative to Distribution Input 170 MI/d which equates to 14% losses.

John Hall congratulated Portsmouth Water on reducing the leakage figures. He also questioned metering and what percentage of meters were being install in the Portsmouth Water Area? Bob Taylor replied that currently 35% of our household customers are on a meter and we plan over the next few years to bring this up to 40%. We are currently planning a small trial on smart metering – but this is delayed because of COVID-19. The number of people requesting meters under our 'options' scheme has reduced this year in line with the earlier trend.

#### 4. **Water Resources and WRSE**

Jim Barker explained the analysis of water consumption through the COVID-19 period. There was a record demand in September due to unseasonably warm weather and many people being at home. Demand reduced in October in line with the long term average.

Specifically Portsmouth Water has seen a 20% increase in household demand since April 2020. We believe around 13% was due to Covid and 7% due to weather.

John Hall stated that it was very interesting to see the demand before COVID-19. Figures for the whole of March were already 20% higher than your expected line. Jim Barker replied that the expected line is slightly misleading. This is an internal measure that we use for planning purposes. Apologies please ignore the expected line.

Caroline Brook questioned future forecasting and reiterated that things are never going to go quite back to how they were, for example, home working is now the norm. Jim Barker stated that we are currently looking at different population levels, holiday movement, working from home, and weather scenarios. We are currently working on about 8 – 9 different scenarios.

Jim Barker continued that we are already looking to the future with WRSE. We are currently anticipating what the demand will be given changes in population and climate change. We will be working with other companies to produce a water resilience strategy; this is now a government requirement which sets out that there should be a resilience plan for 5 regions around the country. In WRMP 19 the resilience standard was a 1 in 200 year drought, now the new plan is to be based on a 1 in 500 year drought.

We are currently delivering the WRMP plan to a 25 year planning horizon and looking to put an 80 year plan in place. There is a need to generate many new and inventive ways to meeting demand.

Lakh Jemmett on behalf of Simon Oakley asked what our view was on the article regarding abstraction from the River Ems. Jim Barker responded that we currently carry out two abstractions from borehole sources at Walderton and Woodmancote, close to the River Ems. In 2013 it was concluded that our abstractions were having an effect on the river and licence changes were made. This included the Woodmancote source being repurposed from public water supply to River Ems augmentation. This summer was particularly dry and the River Ems dried out earlier

than normal with some fish getting stranded. At the request of the EA and in line with the licence, augmentation began at the beginning of August. Unfortunately our pumps tripped out in September and our alarms failed such that the outage lasted several days. We apologised to the EA and local residents, including the Friends of the River Ems. Augmentation water is now flowing again. This was a very frustrating situation – the outage happened in the hottest weather conditions. Bob Taylor reminded members that we do not abstract water directly from the River Ems. We have boreholes near the river at Walderton and Woodmancote.

John Hall stated that winter abstraction from ground water sources is completely different to abstraction during the summer time. Some land owners and rural businesses have now built reservoirs over the last few years, filling them in winter from local rivers, ditches and streams. Jim Barker replied that this was an option which we would need to consider in the future.

We have identified the top 50 Non-household customers and how we can start working with them to reduce demand, for example by leakage reduction, water efficiency improvements to internal plumbing etc. Another important piece of work we are currently looking at involves working alongside large outdoor sporting venues such as golf courses and race courses to determine ways of improving water efficiency and alternative sources of water (eg surface runoff).

Jim Barker stated that we are currently finalising an engagement plan over the next two months. Will discuss further with the CCG after Christmas.

Deborah Urquart invited Porstmouth Water to work closely with West Sussex CC given geographically half of the area we serve is in that county. Jim Barker thanked her for the offer and would pursue.

**JB / DU**

Lynn Hook stated that currently Gosport BC are looking at taking out all the drinking stations to save on plastic – is this putting more demand on drinking water? Bob Taylor replied that the volume of water that we actually drink is a very small portion of the total. It is a challenge to get people to change their behaviour – but everyone can contribute to mitigate climate change. Lake Jemmett commented further that we are trying to encourage people to use reusable bottles instead of plastic cups.

Caroline Brook stated that under Non-residential customers the councils are high – and asked if HCC is considered as a whole and whether the care homes are separate? Jim Barker stated that we still need to talk to HCC to identify the toilet rich environments and leaking taps and toilets. Caroline Brook agreed to forward a contact to Jim Barker.

**JB / CB**

Rachel Nelson asked if there were risks in working with Southern Water? Bob Taylor stated that we have a lot of experience working with Southern Water. We have a good working relationship with them and are in regular contact.

Lakh Jemmett questions whether there are any Terms of Reference given for the WRSE? Steve Morley would circulate the link to the WRSE website. Specifically Lakh asked what new commercial models were being considered for water management under WRSE, for example sharing of risks on pipelines or joint underwriting of new reservoirs.

**SM**

5.

**H1 2020/21 Performance**

Steve Morley updated the CCG on the 2020/21 H1 Performance Report. He stated that we now have 26 ODIs for this AMP period, including 1 for Havant Thicket. Ofwat have defined 10 common ODIs which apply equally to all companies. There are 18 ODIs which are financial and 8 which are reputational (non-financial). It was reiterated that we take the reputational ODI's very seriously.

Steve Morley stated that our performance over the last six months has been very promising, 23 of the ODI's are green. We have classified 1 as red and 2 as amber.

It was highlighted that our greatest concern is Per Capita Consumption - household demand has increased significantly in the period. It was noted that all companies in the South East have experienced an increase in capita consumption. The industry is talking to Ofwat about the wider impacts of COVID and the appropriateness of the penalty/reward regime. .

The two ODIs classified as ambers are – Water Quality Contacts, with a slight increase through summer, due particularly because of high demands, high temperatures and low water pressure, and Voids – partly because we ceased house to house visits in response to the COVID-19 restrictions. We are unlikely to achieve the 2% target.

It was reported that the Grant scheme is still progressing well with NGOs.

Vulnerability Survey – we have always worked with a number of support agencies in the region including Citizen's Advice. We have appointed Community Research to undertake a survey and we will work on this pre-Christmas, with the survey being undertaken in January – March 2021.

Lynn Hook questioned that a void in the Gosport area is an empty property is this the same in your area? Steve Morley responded that it is an empty property – we currently have about 6,000 unmeasured voids. This is an important issue for Portsmouth Water. We investigate these properties to ensure they are truly unoccupied and that all customers who are receiving our service are paying for it. Lakh Jemmett noted that this is another reason to increase metering penetration..

6.

### **Havant Thicket**

Bob Taylor updated the CCG on progress with the development of Havant Thicket. He stated that over the last few months there had been two main areas of activity – preparing for planning permission and negotiation of the Bulk Supply Agreement with Southern Water. He stated that there had been limited amount of activity on site apart from deep excavation ground investigations.

The Planning Application has now been submitted to two councils Havant Borough Council and East Hampshire District Council. We made a number of design changes in response to the consultation undertaken in May. There will now be a two month public consultation for the project facilitated by the councils. The main area of concern is the ancient woodland on site. We changed the reservoir embankment design to reduce the impact on the woodland.

A major pipeline will connect Havant Thicket to the Bedhampton site. The pipeline will put surplus water from Bedhampton springs into the reservoir and when water is needed by customers it will be returned to Bedhampton via the same pipe, pumped to Farlington, treated and supplied to customers. We are currently carrying out ground penetrating radar surveys along the pipeline route. It is extremely important to pick a route carefully to avoid any problems in the future with other buried utilities when laying the pipeline.

Bob Taylor stated that the Bulk Supply Agreement is largely agreed. The reservoir is being built for the benefit of Southern Water customers to reduce abstractions from chalk streams.. Southern Water will be paying through the Bulk Supply Agreement, which is an extremely important principle to the project. Havant Thicket will be a fabulous environmental hub facility in our area, providing bird watching, walking,

jogging and a visitor centre. The project will deliver a small financial gain for customers as well.

Lakh Jemmett questioned what would happen if Southern Water face financial challenges? What are the guarantees for the project in the long term? Bob Taylor replied that there are various provisions in the Bulk Supply Agreement and within the Special Administration regime to deal with a case of liquidation. Discussions are continuing with Ofwat and Southern Water on this issue.

**7. Any Other Business**

Lakh Jemmett questioned the impact of recent CMA determination and the consequences of weighted average cost of capital – does this improve Portsmouth Water's position? Helen Orton stated that unfortunately it does not. Steve Morley stated that Ofwat were clearly upset at the CMA's provisional findings.

Lakh Jemmett also questioned what is the impact of a short fall in revenues as a result of Covid. Bob Taylor replied that regulators see COVID issues as a short term problem; CAPEX will be down this year but this will be recovered over the last 5 year period. There may be some mitigation on some performance but we still have to hit our business targets – ODI's etc. There are regulatory mechanisms in place to recover revenues over the period of the AMP. So whilst there maybe cashflow issues, any lost revenue is recovered from all other customers subsequently.

Steve Morley reported that both John Hall and Ingrid Strawson had represented Portsmouth Water on the Customer Engagement Group at WRSE. John had kindly agreed to focus more on the stakeholder group and Ingrid has now left CCW. Therefore, if there are any other members who have the time to join this customer engagement group please let him know.

**ALL**

**8. Date of Next Meeting**

To be confirmed. Likely to be May 2021.