

**PORTSMOUTH WATER Ltd**  
**CUSTOMER SCRUTINY PANEL**  
**Friday 27 May 2022 at 10.00 am in the Portsmouth Room, Head Office**

**ATTENDANCE:** Lakh Jemmett (Chairman), Alex Martin (CCW), Charles Burns (Federation of Small Businesses), Simon Oakley (Chichester District Council)

Bob Taylor (BT), Jamie Jones, Chris Milner, Matthew Hamilton, Jane Day (All Portsmouth Water)

**APOLOGIES:** Aldous Rees (Natural England), Jeremy Burgess (South Downs National Park), Sarah Thomas (CCW), Jon Stuart (Havant & District Citizens Advice)

1.

**Introduction from Bob Taylor**

Bob Taylor (BT) introduced himself to the Customer Scrutiny Panel (CSP) and welcomed everyone to Portsmouth Water (PW), commenting on how lovely it was to finally be meeting face-to-face. He also confirmed to the CSP that PW will support and accommodate any recommendations made by the CSP, and outlined that there will be a mixture of hybrid meetings and some face-to-face moving forward.

**PR24**

BT commented that it is an extremely busy time within the Water Industry, as we begin to focus on PR24. He provided an overview of current Water Industry external issues that are affecting PW. These included media scrutiny on wastewater, environmental challenges in the face of climate change, affordability and cost of living crisis, expected population growth, the need for improved infrastructure, and a change of leadership at Ofwat. In particular, on media scrutiny of wastewater issues, BT reiterated that not everyone knows the difference between PW and Southern Water (SW), and that this is having an impact on PW and its reputation.

BT stated that affordability is very important to PW, and the Company are frequently talking to regulators to ensure customers receive the best support. There are many future challenges for PW that may need additional investment, but it is extremely important to get the balance right for customers between investment and affordability.

BT concluded his introduction on PR24 by stating that PW are currently awaiting guidance from Ofwat, which is expected in late July 2022.

**Portsmouth Water**

BT updated the CSP on PW's internal opportunities, highlighting new Board and Exec members.

An update on Havant Thicket was also given to the CSP, highlighting that Havant Thicket received planning permission last October, and also received the Bulk Supply Agreement last March enabling work on the site to go ahead. PW are now starting the Enhancement Phase at Havant Thicket. There are also discussions being held on a second feed pipe to Southern Water Treatment Works from Havant Thicket Reservoir linking the reservoir to Otterbourne Treatment works.

BT also reported that Portsmouth Water has received Board approval for test drilling at the Worlds End site to increase capacity for a 4<sup>th</sup> bulk supply to Southern Water, and stressed how important the Company's role in the region has become through providing bulk water supply to Southern Water.

BT also reported that PW's drought status has changed. The Company are now classified as 'in serious water stress' due to bulk supplies provided to SW. This enables PW to consider universal metering, where strategies are being developed as part of

**ACTIONS**

WRMP24. BT stressed how important universal metering will be in helping to reduce demand, but that careful customer consideration will be required.

In conclusion, BT reiterated that there is a lot going on within the business, with also the development of a Catchment Management Planning Risk Plan, Pure Excellence and potentially a new Billing System. The company is currently going through a lot of change.

#### ***Discussion – Havant Thicket***

Lakh Jemmett (LJ) reported that he was on the Havant Thicket Advisory Committee and raised concern on current communication from SW over the potential option of using recycled water in the project. LJ questioned whether PW customers know of this proposal, and if so, it is extremely important to address any concerns quickly to mitigate against objections and delay to the project.

BT replied that whilst discussions had been going on in the background with regards to enhancing the use of the reservoir through the use of water recycling, there was nothing solid at the time of the consultation. BT reiterated that PW are an open and honest company and transparent.

BT also thanked LJ for raising the concern over current communications and stated that PW are now taking a more prominent role in the collaborative communication with SW. PW are attending a tour in the next couple of weeks at Southern Water Treatment Works and also the Havant Thicket site.

LJ stated that unfortunately SW have a poor reputation with regards to sewerage discharges and that it is extremely important that PW are aware of the possible reputational consequences of the recycled water option in the Havant Thicket reservoir project.

BT stated that he is aware of this and it has been discussed at Board level.

Charles Burns (CB) questioned whether he could join the visit to Southern Water Wastewater Plant and Havant Thicket next week? BT replied that he was more than welcome to join the tour.

#### ***Discussion – Universal Metering***

LJ asked for clarity over the time frame for Universal Metering.

BT replied that the time frame is to be determined by the development of the Universal Metering strategy, and the WRMP24 and PR24 process. The most likely options are either 10 or 15 years, starting from 2025.

#### ***Discussion – Financial Model for Industry***

Simon Oakley (SO) asked whether PW could provide any assurance that the current financial model for the Industry was fit for purpose, given the rising demands on the industry.

BT responded that unfortunately he could not give any assurance but did not think the model was the right one, considering the increasing levels of investment. This topic was recently discussed at the House of Commons.

Chris Milner (CM) reported that Ofwat are concerned about financial resilience and are currently looking at water companies to provide greater assurance to them in this area. This will be the central part of discussions at the next price review meeting.

SO stressed that this is a big challenge and questioned whether customers understand that prices may need to be increased. He reiterated it will be a significant challenge to explain price increases to customers.

BT replied that PW has their customers support, especially where the environment is concerned. Research has shown that most PW customers are willing to pay more to secure much needed investment. He acknowledged that informative customer engagement on prices is a challenge for the industry but that PW are working with an industry expert consultancy in this area.

CM commented that this is PW's chance to be innovative and work collaboratively with local authorities to make improvements to our local communities and environment. LJ stated that innovation is important.

CM stated that PW has a key role to play by adding social value and using this opportunity to reach to every household and have a contact point within the region. There is scope for PW to deliver value to local communities and help convey messages across the region. This is an opportunity for working with other agencies to address the challenges that regions face.

## 2. **Terms of Reference**

The Terms of Reference was discussed and it was agreed that there is a need for refinement on the 'Engagement to Customers' to ensure that it stops at that point?

BT stated that representatives of stakeholders/customers feedback and debate is very useful to understand and hear from an external perspective. PW are a customer facing company and it is important to engage more widely.

## 3. **Minutes of Previous Meeting and Matters Arising**

The minutes of the previous meeting were approved and all actions had been completed.

## 4. **Havant Thicket**

Eleanor Shipton (ES) joined the meeting and updated the CSP on the progress of the Havant Thicket Reservoir. ES stated that there is a new Environmental Lead on the project. There are now over 200 hectares of woodland, 6,000 trees planted and over 50 metre wide of wildlife corridors. It was also reported that volunteers have relocated over 250 saplings from the Avenue, a nursery is also being created on site to home around 200 tiny oak saplings, and PW are also working on relocating 80 trees within the avenue.

ES also commented that there is an organisation called 'Stop the Chop' who were against Havant Thicket. PW invited three members to the Havant Thicket site and asked for ideas on they could adapt the project to help save as many trees as possible. They also helped with the tree clearance and helped replace and mark 808 trees. 'Stop the Chop' are now positive contributors to Stakeholder Groups.

ES reported that there are two main Stakeholder Groups panels, the Community Advisory Group and Strategic Advisory Group. There are also smaller groups involved in the Havant Thicket Project such as Forestry England, Environmental Agency, Friends of Staunton, Cycling UK and also local councillors.

PW has also recently formed six subgroups to explore and shape specific areas of the project in more detail, these are Education, Access, Economy, Environment, Recreation and Pipeline.

ES also updated the CSP that Havant Thicket now have a separate website for the project. Members of the public can easily ask questions regarding Havant Thicket.

ES also pointed that that PW meet with the public as much as possible. Recently PW attended the Rowland Castle Rotary Club and they are always receiving requests to carry out talks about Havant Thicket Project.

### **Discussion**

SO questioned the comms and highlighted that it is important to ensure communications are clear and precise. Clarification is required on where the water is going and whether it is linked to augmentation to the River Ems. BT stated the Friends of the Ems would like to connect the Reservoir into the River Ems but unfortunately, whilst a future consideration, that is not the current plan for the Reservoir. SO again stressed it is important the comms is clear on this subject.

LJ questioned whether there is a programme of monitoring the success of replanting at the Havant Thicket site? Have there ever been a problem with fly tipping and how is the site maintained? BT responded that there has not been a problem with fly tipping at the Havant Thicket site. There are now security cabins on site. BT stated that unfortunately some of the trees planted in early summer have been lost due to the dry season. PW sadly couldn't water them, whilst asking customers to preserve water. PW feel we need to lead by example in water efficiency and be seen doing the right thing.

LJ questioned whether carbon neutral is an ambition? BT stated that it is an ambition, once construction is completed it will be carbon net negative.

5.

### **2021/22 Performance (including ODIs)**

Jamie Jones (JJ) updated the CSP on the 2021/22 performance and reported that the overall level of performance has slightly dropped from the previous year. PW have achieved 18 out of the 26 Performance Commitments. On a positive note, PW have improved on Mains Repairs, Low Pressure and Biodiversity.

JJ stated that PW unfortunately failed on Per Capita Consumption due to continued changes in usage patterns as a result of Covid. PW also failed to meet targets on Compliance Risk Index, Voids, WINEP Delivery and Biodiversity Grant Scheme. JJ stated that an action plan is in place for all of these.

JJ also reported the C-Mex score has also dropped from 1<sup>st</sup> position to 3<sup>rd</sup> position. He explained that this survey consists of random telephone calls to our customers in our area asking how they view PW. PW has carried out investigations into the drop in position and believe the main reasons are:

- The knock on impact of media scrutiny on sewage – a number of respondents to the survey quoted this as a reason for lower scores, even after being informed that PW on supplies water.
- Cost – even though the bills are the lowest in the country – which is a sign of the times and that customers want even lower bills.
- Communication – customers want to hear more from PW.

### **Discussion – Overview**

Matt Hamilton (MH) stated that we are working tirelessly to promote communication and distinguish PW from SW.

LJ stated that unfortunately this is a common problem, but that it is disappointing that PW has moved away from the 1<sup>st</sup> and 2<sup>nd</sup> position. JJ reiterated that we are still in the upper quartile.

CM reported that Jacobs has carried out work to understand why the public are so interested in water and sewage, costs to rectify this and how to turn the PR comms to improve this.

BT stated that further communication is required, and that a national message would be helpful to stop further confusion.

#### ***Discussion - Interruptions to Supply***

JJ reported that customers out of water for greater than 3 hours was at a record low. PW work hard and innovatively to fix leaks as quickly and safely as possible. Despite being a benign year compared to previous years, the result is very pleasing and we expect to be in the upper quartile, if not industry leading.

SO questioned whether there were any problems with planned works with the Highways? JJ stated that some times of the year PW experience greater difficulty than others, but PW always plan around holidays and school breaks to mitigate this. Through adoption of innovative practices, PW also dig smaller holes now, rather than large trenches, so there is significantly less disruption than previously.

JJ added that the only additional costs are permits. BT commented that rules and regulations are getting tighter all the time. This does not stop PW from carrying out works but adds additional costs.

SO questioned how many roads are controlled by National Highways? JJ responded that very few roads are in our network that are controlled by the National Network.

#### ***Discussion - Household Voids***

MH stated that PW had a poor second half of the year and are now focusing on this to stay on below target. PW are looking into several way on managing voids, including track and trace on occupied properties, and improving data sharing with SW. PW need to identify 1200 properties in the area to get below target.

LJ questioned what we are doing to achieve target this target? Action for MH to provide information on how PW aim to achieve target.

MH

SO questioned what Voids were? JJ informed that voids houses connected to PW's network, but the customer is not paying their bill. These could be vacant properties, or could be occupied but with no customer information.

#### ***Discussion - Vulnerability***

JJ stated that the main feedback was that as a company, we are not doing anything wrong but agencies that represent vulnerable customers would like to see PW doing more. MH added that PW need to improve communication. JJ stated that he will contact Job Stuart from the Citizens Advice Bureau for further advice, ideas for a way forward.

LJ questioned whether vulnerable customers know what is available to them? JJ stated that we have a number of customers on social tariffs and Watersure tariff but as a company we can always do more.

LJ questioned whether there are customers not taking advantage of tariffs? JJ stated that we can look into new ways in helping our vulnerable customers. MH stated that we need to open up more channels for customers to speak to us to offer tariffs for vulnerable people.

LJ stated that it would be good to understand what is being done and how we are going to help the vulnerable and to what timeframe? Action for MH to provide further information on how PW are going to help the vulnerable.

MH

***Risk of Severe Restrictions During a Drought***

JJ stated that the purpose of the drought metric is to measure water available if there was a severe drought, and what percentage of customers would be affected. JJ pointed out that PW are continuing to overachieve in Leakage, but there was a risk of additional usage from household customers during and after Covid – an 8% increase. PW are aware for the need of additional supply due to increasing people working from home.

SO stated that there are a high percentage of second homes in the Chichester area – what is the analysis of PCC? JJ stated that the significant increase in usage in this area at the start of Covid, but it is now returning back to normal.

LJ questioned the strategy for Universal Metering, and whether metering area by area would help with PCC? JJ stated that we have started trials targeting areas to get maximum impact, whilst BT stated that there are number of milestones to get through before compulsory metering can start in 2025. CM reiterated that this has been approved investment to start delivering this.

***Asset Health***

JJ reported that it had been an excellent year for asset health, with the exception of Water Quality CRI. CRI was high due to aluminium failure in the network, and work had started to resolve the issue through both the Pure Excellence Project and targetted flushing.

LJ requested an outline of projects and timings. Visibility of projects and timings at a future CSP.

**JJ**

**6. Update on PR24 Progress**

CM provided an update on PR24 progress, and highlighted that it is a formidable task for a such a small company. Ofwat have set objectives for the PR24 and there is an increasing focus on the long term, delivering greater environmental and social value, reflecting a clearer understanding of customers and communities, and driving improvements through efficiency and innovation. Ofwat has set out its priorities and PW need to ensure that these are addressed in the Business Plan.

CM stressed that PW not only need to be financially affordable today, but for the future generations, so it is important we invest now.

CM pointed out that there is a new requirement for PR24, the Long-Term Delievery Strategy. PW must set out its 25 Year plan, adaptively planning for different future scenarios.

CM stated that PW plan to issue three documents ahead of PR24 submission, to provide the CSP, customers and stakehodlers multiple opportunity to feed into the PR24 process:

- 1. Vision Statement
- 2. Plan Choices
- 3. Draft Business Plan

**7. Vision Statement**

CM stated that the Vision Statement will be available in the autumn for consultation, and CSP will be invited to respond.

**8. Shaping the Future of CSP**

LJ reported that now is the right time to reconsider the objectives of the CSP and discuss adequate representation. LJ stated that he would write to everyone on the CSP to reconfirm their ability and desire to attend these meetings.

**LJ**

LJ questioned whether there were any group/committee we should invite to the CSP? BT stated that a potential group would be Friends of the Ems. This would be make good engagement. SO stated that the Environment Private Citizen Lobby could be invited but had concerns who would be appointed to represent and how the individuals are selected? Their governance is not very clear.

LJ stated that we are looking at lobby groups and take your point on governance. There are over 80 lobby groups who took part in the engagement for Havant Thicket. It would be remiss of us not to find some of that data when we get to PR24. BT stated that we need to take away and look at groups to possibly include.

Alex Martin (AM) questioned whether her role was a Technical Advisor or to also contribute to the meeting? LJ replied that he would like her to contribute to the meeting and ask questions from a technical perspective to keep the CSP honest. CM also pointed out that AM forms a role on our Board as a Lead Assurance partner. It is extremely important that we are transparent. We have one person acting in two capacities – on the CSP and also the Board. CB questioned whether PW envisage any conflicts? CM stated that we did not as it is about being transparent, plus another level of assurance.

JJ stated that Ofwat are very supportive of the ICG Panels.

**9. Introduction to WRMP24**

Jim Barker (JB) joined the meeting. JB updated the CSP on the overview of Water Resource Planning – weighing up the demand for water against the water available in the environment. For there to be enough water for everyone over the next 80 years we need to use water wisely. As a company Havant Thicket will provide a significant change

JB stated that there is a change in guidance and we will be required to carry out more regional planning. The Government has asked to plan to a 1:500 dry year.

JB added that there had been an impact on demand from Covid which could affect Water Resource Planning. PW are currently looking at data continually on whether demand will return to the pre-Covid normal or remain higher.

JB reported that PW are now a ‘water stressed’ designation by the EA. This is an indication of regulatory recognition that there is a driver for widespread domestic metering.

JB also reported that we need to look at a number of multi-function options, Havant Thicket Reservoir, Universal Metering, effluent recycling, and desalination.

**10. Any other Business**

There was no any other business.

It was agreed that there will be 3 – 4 meetings held a year. Lakh Jemmett to organise quarterly meetings and their format.

**LJ**