



## **Terms of Reference for Portsmouth Water Limited**

### **Customer Scrutiny Panel**

**27 May 2022**

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### Customer Scrutiny Panel

#### 1. Introduction

- 1.1. The Portsmouth Water Customer Challenge Group (CCG) was established in 2012. Its objectives and terms of reference were agreed by the Group in the same year. Its purpose was to challenge and advise Portsmouth Water during the development of its Business Plan and more generally on its Customer Engagement Activity.
- 1.2. The Company placed customers at the heart of its plan. The CCG ensured that the company's customers had been consulted and the plan took account of customers' views, particularly on issues which impacted on levels of service or the level of bills.
- 1.3. The role of the CCG evolved to enable it to report on the progress of Portsmouth Water in the delivery of its commitments arising from the Final Determination of prices in 2014.
- 1.4. This process was repeated for the most recent price review, PR19. The CCG provided independent challenge to the Company and independent assurance to Ofwat on the quality of the company's customer engagement and the extent to which this was reflected in the Business Plan.
- 1.5. Ofwat does not require water companies to have a CCG at the next price review, PR24. Instead, companies should put in place challenge and assurance solutions that meet our specific needs and ambitions. The Company and the CCG both considered there remained value in retaining the group, to ensure external scrutiny of the performance against the levels of service proposed in any Price Review process.
- 1.6. The CCG was renamed the Customer Scrutiny Panel (CSP) in 2021, and terms of reference revised accordingly.
- 1.7. The Terms of Reference were formally agreed by the CSP at its meeting on 27 May 2022.

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## 2. Role of the CSP

### 2.1 This role includes:

- Reviewing the performance against each of the Company's commitments and Outcome Delivery Incentives in its Business Plan.
- Understanding and challenging how particular rewards or penalties are applied.
- Where the CSP requests it may form specific sub-groups of the CSP who will have access to further detail underpinning the performance of the Company in a chosen outcome. Access may be via the Engineering Advisor or directly to management as requested by the sub-group.
- Producing an annual report to the Company's Board summarising its findings on the above, which will accompany the Company's Risk and Compliance Statement or Assurance Report. This report will also be shared with customers and stakeholders.
- Advising on and monitoring the effectiveness of, Portsmouth Water's ongoing engagement with its customers in each community recognising all socio-economic groups which it serves. This does not include the CSP engaging directly with customers.
- Involvement in any Relevant Change of Circumstances, if necessary.
- Facilitate multi-stakeholder discussions to aid members in providing insight to other stakeholders that will result in more informed scrutiny of the Company.
- In preparation for the next business plan, PR24, provide independent challenge and support to the Company as it develops its Business Plan.
- In preparation for the next business plan, PR24, provide independent challenge and independent assurance to the Company: -
  - on the quality of the company's customer engagement and
  - the extent to which this is reflected in the Business Plan.
- The CSP will submit an independent report that the Company will include in its Final Business Plan and a subsequent report if the Company is required to re-submit its business plan (or any part thereof).

### **3. CSP Annual Reporting Role**

- 3.1 The CSP will have the opportunity to comment on Portsmouth Water's performance to customers and other stakeholders in the form of an annual report to coincide with the publication of the Annual Statement on performance
- 3.2 The CSP will produce a report once a year for the Portsmouth Water Limited Board commenting on the performance by the Company in meeting its performance commitments and agreed outcomes.
- 3.3 The CSP will have access to reports from auditors and technical reports and may seek further assurance as required, subject to prior discussion and agreement with the management of the Company.
- 3.4 The CSP may be invited to attend some of Portsmouth Water's community engagement events.

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## **4. Membership of the CSP**

- 4.1 The CSP will be independently chaired with a membership of no more than twelve. The quorum will be six of any of the members including the Chair.
- 4.2 Members will be drawn from representative bodies or interest groups that are active in their community. A diversity of membership will be achieved. The Chair of the CSP will work with the Company and be involved in the selection and recruitment of members.
- 4.3 Members will be drawn from
- Community representatives:
    - Consumer bodies and interest groups
    - Business customers
    - Vulnerable and special needs consumers
    - Environmental Interest Groups
    - Local/public authorities
    - Other NGO's, including national bodies
  - Representatives from Regulators and other bodies including:
    - Consumer Council for Water
    - Environment Agency
    - Natural England
- 4.4 The Chair of the CSP may invite to the CSP meeting as necessary:
- Specialist advisers and business experts from within Portsmouth Water or their suppliers, contractors or consultants;
  - Representatives from other water and sewerage providers in the region;
  - Regulators including Ofwat; and
  - The Portsmouth Water Reporter or other independent assurance bodies used by Portsmouth Water

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## **5. Governance**

- 5.1 The CSP will as a minimum report to the Board on an annual basis. The Chair will attend Board meetings during the year to report progress. A Non-Exec Board member will be nominated facilitate the link with the Board on an on-going basis.
- 5.2 The CSP also has a working relationship with the Company's executives, where the Finance and Regulation Director and Regulation Manager has responsibility for supporting the CSP's work and will attend all meetings with other Execs attending as necessary.
- 5.3 The CSP may establish sub-groups to review specific areas, which will report back to the CSP on various subjects covered by the Company Business Plan.

### **The Chair of the CSP**

- 5.4 The Chair of the CSP will be appointed by committee, comprising one member from the Company and two CSP members, and will recommend the Chair for approval by the Company.
- 5.5 The Chair of the CSP will facilitate discussions with the CSP and make sure every member has a full and fair chance to contribute to discussions and challenge the business as appropriate.
- 5.6 In between meetings the Chair of the CSP will be the principal link between the CSP and the Company and will ensure that all members are kept informed as appropriate.
- 5.7 The Chair of the CSP will have access to the Executive, and access to the Chair of the Portsmouth Water Limited Board and the Independent Non-Executive Directors.

### **Ways of Working**

- 5.8 Members are asked to respect the potentially sensitive nature of the information provided by the Company to the CSP, be that be that commercial, intellectual property or personal data.
- 5.9 Portsmouth Water will provide the secretarial and administrative support and costs of meetings. The Chairman will be paid an appropriate fee for fulfilling this role. Members are not paid. Expenses will be paid according to an agreed policy.
- 5.10 A work programme will be established by the CSP and will include:
- Ways of working with Portsmouth Water
  - Confirmation of objectives, including the report once a year to the Portsmouth Water Limited Board
  - Frequency and location of meetings, attendees, substitutes, etc.
  - Boundaries of disclosure, including meeting outputs
  - Liaison with customer engagement groups such as the Customer Advisory Panel.
- 5.11 Agenda and other materials will be provided in a timely and accessible way.
- 5.12 Minutes and records of meetings will be maintained and kept in a suitable format and published on the Company website
- 5.13 Where possible the CSP will rely on material that already exists within the business to limit the amount of unique material generated.

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## 6. Review of the Terms of Reference

- 6.1 The Terms of Reference will be reviewed annually by the Chair of the CSP and the Company.

## 7. Approval of these Terms of Reference

- 7.1 The Terms of Reference were approved jointly by the Board and CSP of Portsmouth Water at a meeting on 27 May 2022.



Chris Milner  
Chief Financial Officer  
on behalf of the Company:



Lakh Jemmett  
CSP Chair  
on behalf of the Customer Scrutiny Panel:

27 May 2022