

**MINUTES OF
CUSTOMER ENGAGEMENT PLANNING FORUM MEETING
HELD ON THURSDAY 10 APRIL 2014
AT 10.30 A.M. AT LONGHAM LAKES.**

PRESENT: Charles Howeson (Chair) – CH
Philip Warr (Deputy Chair) - PW
Roger Harrington (SBW) – RH
Peter Bridgewater SBW (PB)
Tracey Legg (SBW) –TKL
David Harrison (SBW) –DH
Alan Logan SBW- (AL)
Lindsay Cass (Christchurch & East Dorset BC)
Gillian Mayhew (Consumer Council Water)-GM
Doug Kite DK (Natural England)
Mike Holmes (Borough of Bournemouth) MH
Caroline Coleman (CCWater)-CC

APOLOGIES: Jacky Atkinson (Drinking Water Inspectorate)-JA
Jonathan Holyhead (Dorset Blind Association)-JH
Ed Vidler (Consumer Council Water)-EV
Stephen Russell (Environment Agency) SR

Welcome and Apologies	Action
<p>Apologies were received from Jonathan Holyhead, Jacky Atkinson, Stephen Russell and Ed Vidler.</p> <p>CH welcomed everyone to the meeting and outlined the current position for SBW and their business plan. He advised that the purpose of the meeting was for the members to hear from SBW their proposed strategy and then challenge and or agree this. It was expected that whilst most points could be cleared up in this meeting one further final meeting would be required to give final assurance to Ofwat.</p>	
<p>Sembcorp Report on Risk Base Review</p>	
<p>RH presented a paper that had been issued to members in advance. (Gap Analysis)</p> <p>SBW believes it has a good plan and does not intend to significantly change it. It accepts that it didn't elaborate enough in certain areas, particularly aspects of the research that had been carried out.</p> <p>Another key area was in SBW's retail cost allocation.</p> <p>RH stated that both SBW and the CEPF assumed that Ofwat would accept the CEPF report without additional evidence, which they did not. On consideration and after lengthy discussion with Ofwat SBW believes it does</p>	

<p>have the evidence required to satisfy the RBR requirements without the need for further research.</p> <p>RH also stated that SBW needed to discuss the position regarding metering with the CEPF. There is a positive CBA but could go back to customers on this specific area. SBW does not intend to re-submit the whole plan but to write a supplementary report addressing the gaps identified by Ofwat.</p> <p>PW asked if there was communication now with Ofwat and TKL responded that regular meetings with Ofwat were now taking place.</p> <p>PW asked for clarity concerning the issue of costs; PB replied that SBW intends to query with Ofwat the misunderstood effect on their cost assessment model of SBW's single large supply agreement.</p> <p>PW asked how the CEPF could assist SBW in achieving a successful solution. RH replied that SBW would like the CEPF to help SBW strengthen their re-submission with their challenges and full assurance confirming to Ofwat that SBW's customers' interests are fully reflected in the plan and are in customers' best interests.</p> <p>LC questioned the reduction in the number of performance commitments which had previously been agreed by the CEPF. TKL advised that Ofwat had suggested SBW split these into high and low significance, leaving the high level ones as formal performance commitments in the submitted data tables and moving the low level ones to an internal monitoring plan, but still available for public scrutiny.</p> <p>MH asked whether SBW were certain that a supplementary report rather than a full re-submission will suffice. TKL confirmed this was contained in Ofwat's guidance.</p> <p>MH also asked the members to note that Bournemouth Borough Council, whom he represents, only ever received positive feedback on the water supply from their residents.</p>	
<p>Specific challenges to SBW arising from the papers distributed pre meeting.</p>	
<p>CCWater had prepared ahead of the meeting a series of questions regarding the re-submission papers from SBW. These are shown in Appendix One (Challenge Diary 27 June). These were responded to during the meeting and will be documented in the challenge diary to be submitted on 27th June as part of the overall audit trail.</p> <p>The group discussed metering and the fact that Ofwat had removed selective meters from SBW's costs as it does not have a supply demand deficit. Metering will contribute to the reduction in leakage as well as ensuring a reliable supply and encouraging customers to use less. All of these are outcomes or performance commitments.</p> <p>GM felt that with the number of benefits metering brings, and with the research results, the CEPF could support SBW pursuing its proposed policy. This was provided that protection would be in place for customers who may be worse off as a result of being metered.</p> <p>PB also highlighted the benefit of reduced carbon from pumping.</p> <p>LC requested the impact of not getting funding. RH advised SBW would not pursue the policy. LC requested SBW provide the CEPF with the bill impact of the policy. ACTION</p>	SBW

Customer Engagement Planning Forum

Independent Chair: Charles Howeson

Independent Deputy Chair: Philip Warr



sembcorp

bourne-mouth water

<p>The group also discussed why SBW should push forward with mains renewal (responding to customer wants regarding leakage and the environment, to avoid storing up future affordability problems) and it was agreed by the group that SBW should push back to Ofwat with more evidence.</p> <p>RH also stated that 80% of customers expressed support for increased involvement by SBW in the protection of water sources; reducing leakage and increasing metering are an integral component of this.</p> <p>The group discussed the requirement for further research and it was felt that the evidence was available in the existing research but that it needed to be highlighted on re-submission. This primarily referred to serviceability which SBW had already included as a performance commitment.</p>	
<p>Open Discussion</p>	
<p>PW : Offered to approach the Local Enterprise Partnership to secure a letter of support for metering.</p> <p>GM: agreed that WTP for metering is implicit in the research results and that with the CBA undertaken on metering and customers' support for the environment that the group could agree.</p> <p>Open discussion on the need for additional research to ensure customers understand the effect of inflation. Members agreed that existing research had adequately covered this point and this would need to be reiterated in 27 June submission.</p> <p>Open discussion of environmental aspects of SBW's plan and customer support for protection of water sources. It was agreed by the members that there was customer support for reducing leakage and for continued mains replacements.</p> <p>CH asked the members if they felt that all the challenges raised by CCWater had been addressed to their satisfaction. Members agreed that they had.</p> <p>CH asked the members if they wished PW to approach the LEP in respect of SBW's metering. Members agreed this was a good idea.</p> <p>CH then asked the members if they felt that there was a requirement for further research to support the re-submission. Members agreed that no further customer research was necessary.</p> <p>The subject of producing the CEPF supplementary support was discussed; members agreed that whilst the previous report writer had produced a good report, he was not easy to work with.</p> <p>CH asked SBW if their existing reporter team might be able to provide this service yet be independent of SBW? RH believed this would be possible. Members agreed to the use of Halcrow Management Science to write the report.</p> <p>The meeting then closed at 12.30 and it was noted that a further meeting would be required, probably late May for the members to review the additional work being undertaken by SBW in support of the re-submitted plan.</p>	

George Jessel House, Francis Avenue, Bournemouth BH11 8NX

Secretary: David Harrison

Tel: 01202 597032

Email: cepf@sembcorpBW.co.uk