

Your water, your say

November 2023



**South West
Water**

YOUR WATER YOUR SAY

Minutes of the Meeting held at Peninsula House, and by video conference on Monday 6 November 2023 at 6:00 pm

Present:

Independent Chair **Kevin Johnson**

South West Water **Susan Davy, Chief Executive Officer**
(SWW) **Paul Boote, Chief Financial Officer**
 Laura Flowerdew, Chief Customer & Digital Officer
 Lisa Gahan, Group Director of Regulatory, Strategy & Asset Management
 John Halsall, Chief Operating Officer

Consumer Council **Steve Hobbs**
for Water (CCW) **Hayley Stanford**
 James Mackenzie

Water Services **Kay Greenbank**
Regulation Authority
(Ofwat)

1. Introduction

The Independent Chair welcomed attendees to the second South West Water 'Your Water Your Say' meeting and thanked those dialling in, noting that nearly 1,000 individuals had booked online prior to this session.

Attendees were advised that this meeting is being recorded for the purposes of formally writing up the session.

Attendees were advised as follows:-

- They may ask questions and raise a hand;
- That a signed translation is available; and
- Technical difficulties should be raised via the Chat option.

Due to the number of people involved in this meeting, currently 232, it is not possible to have all cameras and microphones switched on and so when questions are asked, that individual will be invited to speak and their camera enabled.

Mr Johnson advised that he has been appointed by Ofwat and CCW and that his role is to act as an Independent Chair.

The meeting was advised that South West Water (SWW) provides a mix of services through SWW, the Isles of Scilly, Bristol Water and Bournemouth Water, the latter two providing water only services to this region and for the purposes of this event the group will be collectively referred to as SWW.

This event is part of the 'Price Review Process', otherwise known as PR24 and SWW recently completed its submission to Ofwat in this regard and subsequent price controls will be set by Ofwat. Earlier in the year, customers had the opportunity to input into this process.

The Chair advised that his role is to facilitate and has no decision-making powers but will control the meeting and ensure an accurate record of proceedings. Whilst this is intended to be a 'challenge' session, attendees were asked to be courteous and please bear in mind the time frame available, proceedings will move at pace in an attempt to address as many questions as possible.

The Q&A options can be used at any time during the meeting, as can the chat function and representatives will be reviewing all enquiries, whether answered this evening or not, and colleagues from CCW and Ofwat are in the background assisting with question management.

This session and your questions will be grouped under four themes:-

1. Water Quality and Resilient Supply;
2. Waste Water, Storm Overflow and Pollution;
3. Environment, Climate Change and Net Zero; and
4. Customer Service, Affordability and Company.

The Chair handed the session to Susan Davy, the CEO of SWW.

2. South West Water

2.1 Company Presentation

SD welcomed both repeat and new customers to this session and confirmed that the SWW team is looking forward to listening to customers and hearing what they have to say.

The SWW region stretches from Bristol to the Isles of Scilly and Bournemouth to Penzance, residents of the region live in cities, coastal communities, towns and villages. SWW supports 3.5m residents and 100k businesses and in the summer months services expand to include 10m visitors to the region. The stand out feature of the region is its beaches and coastline, four national parks, the first marine park, a UNESCO biosphere and 10 areas of outstanding nature beauty. We are acutely aware of the environment in which we operate and the care we need to show for our region.

SWW employs over 3,000 colleagues, who live and work in these areas, and both support and care about what SWW does.

Today follows up on SWW's plans and investments discussed in May of this year and at the independent customer panel sessions, which allows customers to come talk to us and SWW is delighted to welcome familiar faces, new customers and also panel members this evening, SWW wants to hear the views of its customers and want them to challenge SWW to deliver.

2.1 Company Presentation continued

Alongside these meetings, SWW talks to many people in the community, including stakeholders and community action groups, we want to be visible in the community and be clear about our plans. We are starting to embark on 'community pop up events'

making sure that we are visibly out in the community, clear about the plans across our region and when we will be delivering for communities.

SWW has engaged with over 200,000 customers, in addition to these YWYS sessions, gathered opinions through WaterShare+ and what you've told us has impacted the plans SWW has proposed.

Recent media coverage has focussed heavily on storm overflows and pollution and with our extended coastline we will be focussing in these areas, but customers have also raised the desire to have access to clean drinking water and the need for an essential water supply. We also have other challenges throughout the region and will be progressing with smart meters and managing the challenges of our tourist economy all whilst looking to keep charges affordable for residents in our region.

How we do business, dividends and bonuses, has also been addressed.

We spoke in May about SWW's challenges, we have a plan to address these and have proposed the largest investment in decades at £2.8bn; this is a balanced plan around the things you have told us matter to you most and we have not just projects through to 2030 but right on to 2050. Your key areas were:-

- Continuous supply of clean drinking water
- Fixing the use of storm overflows and minimising and eliminating pollutions
- Stepping up and addressing the impact of climate change and net zero; and
- Supporting customers who have affordability issues

Water Quality & Resilience – We are proposing our most ambitious investment in decades, tackling climate change and population growth, safe drinking water without interruption was your number one priority. Hose pipe bans have now been lifted and you asked lots of questions about storage and capacity, and both are being increased now, with further work planned, in fact we are building facilities to provide water for the equivalent of two more cities the size of Exeter.

Protect Beaches and Rivers – We are working on this already and delivering changes at 50 of our 151 beaches but we have plans to go faster. We launched our WaterFit Live Web Site and customers can now see live data; with effect from next month we will also provide estimates of discharge volumes, as requested by a customer at the last session. Reed beds have been included in our plans and green solutions account for 50% of the work to eliminate storm overflows and pollutions.

Net Zero and Environmental Gains – We are taking a green first approach as we are in a climate crisis and our region is seeing the effects of that every day. We recognise we need to step up to the challenges and our plans focus on achieving net zero by 2030 and we have discussed the importance of removing nitrates from rivers through catchment management work and you will see the importance to continue this work in our plan.

Affordability – There is work to be done to ensure our plans remain affordable, customers have advised us that they are willing to pay more to see improvements happen but they want plans to benefit customers and not shareholders. We have challenged ourselves to deliver a step change in our services without a step change in your bills and we will not ask customers to pay for something they have already paid for.

Bills will unfortunately need to increase, up to around £9/month for customers in Devon and Cornwall by 2030 and around £3/month for customers in Bristol and Bournemouth water only services.

In building the plan bottom up, we've taken out half a billion of costs that won't be impacting customer bills and are challenging ourselves to deliver efficiently. We have tested the priorities are the right priorities and have received 90% customer support for the actions we are taking, with 74% customer acceptability of bill increases, which is much higher than ever before.

SWW is particularly concerned about customers with special needs and so a £200m package of special tariff will be implemented for those in need or require further support.

We will also be addressing the impact of visitors to our region.

We want to rebuild trust and reassure our customers that we are doing the right thing, we want to ensure we achieve and challenge ourselves but shareholders are critical to our investment plans, we need a strong balance sheet, and two thirds of our funding will be coming from shareholders.

In conclusion, the proposed plans are SWW's most ambitious ever, they have been tested with customers and we hope to secure your support. The plan represents a significant step up in investment and we want to hear what you have to say today.

3. Discussion

The Chair thanked Susan Davy for her presentation and opened the meeting to questions.

3.1 Question & Answer Session – Water Quality and Resilient Supply

Q1 Affordability, lots of investment going in, how affordable is this plan, how much agreement has SWW got from customers in the current cost of living crisis and commitment to water poverty, does it stack up?

A1 We have tested the plans with thousands of customers and 74% are supportive of plans and the impact on bills, for many customers any increase is unwelcome hence we have a £200 million programme to address those with acute affordability issues and have a suite of measures that can support this. We have challenged ourselves to be as efficient and effective as possible and are only passing on costs that we must, whilst driving efficiencies. We are still looking to address the remaining 26%, we have talked about tariffs and charges, and these will reflect residents and visitors to the region to ensure the charges are fair and effective from 2024.

We are already pressing on with changes and the ways we will charge customers. With many visitors into the region, our tariffs and charges need to reflect that to ensure that everyone is paying fairly for the services that they are accessing. We are going to be launching those pilots next year and learning from those to help roll out to all our customers.

Q2 Trust and listening, what degree of trust does SWW think it has and is this reflected in the level of customer complaints?

A2 We are trying to deliver on our actions, as that is the only way to gain and regain trust. This means we need to start now and deliver on these plans. Trust in the information we are giving is also important, there are investigations that we are working through with our regulators and are being open and transparent about that and will update to customers once we get to an end of that process. We are working extremely hard to deliver what we say we're going to do and learning lessons from regions we cover that

are performing well. We will shift, we will move and we are listening. Trust can only be regained from the actions we are taking and the improvements people will be seeing.

We are working to deliver on our plans, work has commenced already, trust also needs to be in the information we share and that we are open and transparent, we are working extremely hard to deliver what we said we would, learning lessons from areas where things have worked well and how we can share this good practice across our other regions. Trust will only be gained from our actions and outcomes.

Q3 Do we add fluoride and/or chlorine to our water?

A3 As part of our licence to supply water, we must comply with the relevant legislation, which includes the requirement to adequately treat the water. Regulation 26 of the Water Supply (Water Quality) Regulations 2016 (as amended) states that the water supply must be disinfected to ensure the water does not constitute a potential danger to human health. We add chlorine to disinfect the water supply, as required by law. Residual disinfectant (chlorine) is present in all supplies to ensure the microbiological quality is maintained from our water treatment works to customers.

We are not required by the Secretary for State for Health & Social Care to dose fluoride to any of the water supplies across our area of supply, but we have fairly high naturally occurring levels of fluoride in our region. Currently, the responsibility for new fluoridation proposals, consultations and feasibility studies lies with the Secretary of State for Health & Social Care. New fluoridation schemes are covered by both primary and secondary national legislation that includes the requirement for public consultation. The responsibility for entering into and maintaining legal agreements for fluoridation schemes lies with the Secretary of State for Health & Social Care and the Government have not made us aware of any plans to increase fluoridation schemes to include SWW.

Q4 Population has grown, resources are being put in, where are these new resources coming from?

A4 The way we organise our resources includes talking to customers and stakeholders. We understand that customers want to be able to turn the tap on and access water no matter the conditions and not feel guilty about using water or harming the environment. Our water resources plan is all about what do we do to help customers use water responsibly through giving out water butts, boost local storage or rolling smart meters out. We do also have some new sources through desalination plants that are being built, we are looking to build a new scheme in Poole and the first new regional reservoir in 33 years, at Cheddar 2. This is aided by lots of smaller scale resources too so that in the future with climate change we can provide all the water people need.

Q5 Why do we have water shortages when clearly there are not sufficient reservoirs, why is no investment being made to address this ever-increasing problem?

A5 Changes in the region include differences in weather patterns, hotter temperatures, a drier climate and an increase in tourist numbers and we have to prepare for all of this. We have reduced leakage constantly and have committed to reducing leakage by 50% by 2050. We are committed to building new resources but building a reservoir takes a long time so in the short term we are rolling out 500 smart meters, water butts, advice

on saving water and reducing bills and fixing more leaks than ever, including those on customers' properties (5% of losses). The whole plan is about giving a range of support and introducing a range of sources and building new reservoirs as that is what people want to see.

Q6 If a supply leaked from the same domestic water meter into the ground under your home how would you respond?

A6 Typically water runs away and drains, leakage is an absolute priority and Bristol Water has one of the lowest levels of water leakage in the country. We are now experimenting with new and innovative cutting-edge technology to identify our remaining leaks. This specific query will be addressed separately.

Q7 Do we consider that banning hose pipes for long period of times is acceptable? Are there plans to ensure no repeat of this and do they accommodate the increased visitors in summer months?

A7 The amount of water used through hose pipes is substantial, a hose pipe left on for an hour uses the same volume that is used by family of four over two days. In severe drought, as in last year, the ability to restrict hose pipe use saved a substantial volume but it is a last resort. Our customers responded fantastically to the ban and used water responsibly. Our region has recovered and reservoirs are recharging healthily and the levels are now positive. We are constantly updating our forecasts of how much water we might need; how many people will be in the region and how much water will they use.

We know that we need to address leakage and bring in more sources as we are forecasting the impact of climate change and population growth over the next 25 years - this must be addressed and invested in. Last year was unprecedented, but we are making sure we are resilient to that level of drought in the future.

Q8 A village with businesses in the last 12 months had six leaks, all resulted in loss of water for a number of hours, all within a small area of no greater than a mile, outdated infrastructure and old pipework, can this frequency of leaks be addressed?

A8 We typically fix leaks within about 4-5 days. One of the challenges faced by SWW, when you have repeated leaks is to make the decision to put on a 'bandage' or, is it more cost effective to replace entire mains sections. SWW has tens of thousands of miles of pipework of different diameters but it does sound like Chudleigh represents an opportunity to do mains replacement rather than repair. SWW undertakes substantial mains repairs and active leakage every year and we need to strike a balance between short- and long-term repairs.

Q9 Difficult getting repairs in village, whilst water leaks are repaired quickly there are too many and these cause disruption in supply, narrow lanes, roads closed, disrupts, increase in bills does not support a good experience?

A9 We want to hear first-hand if customers have concerns, we are trying to strike a balance between going in and fixing leaks rapidly taking 8 hours maximum and go into replace a small section of main, which can take days if not weeks. We want to do the right thing for customers that is the lowest cost for everyone. In terms of working with utilities, the chance of multiple utilities wanting to dig up county roads at the same time is unusual, but more opportunity to do so in urban areas.

It is always easier to repair small sections as opposed to replacing an entire main which constitutes more substantial works, and it can be difficult to co-ordinate with other utilities particularly in our rural areas.

Q10 Reservoir levels now are still low, Colliford at 51%, where is the water going?

A10 Reservoirs have a catchment, so rain has to fall in the right place to fill those reservoirs up and since some reservoirs are small it can take a lot of rain to make a difference to reservoir levels. Winter is the time our reservoirs recharge and we are on target to have Colliford reach 90% by the start of spring 2024.

Some catchments are small and take a lot of rain to make a difference to reservoir levels. We are on target for Colliford being at 90% by the start of Spring 2024.

SWW has repurposed three quarries to gather water from additional areas which will take the strain from other resources. We are spending £125 million on additional investments to make across the region to support all communities.

Q11 Who will assess if the Company meets the commitments in its plan and what are the consequence if they are not met?

A11 Regulators monitor water company performance and our independent WaterShare+ Panel hold the company to account. Ofwat and CCW look at how we are delivering and hold us to account and if we do not meet commitments there are penalties and these result in lower bills for customers.

Q12 Electro sensitive people can be affected by SmartMeters, any alternatives for those affected by data transmission?

A12 The Company is looking to roll out smart meters and know that they provide a huge benefit, allowing customers to clearly see their consumption and bills but SWW understands the anxiety around these and is happy to discuss offline how we can address this issue. Bristol Water has not yet rolled out this programme but has a plan to do so.

3.2 Question & Answer Session – Waste Water, Storm Overflow and Pollution

Q1 Why does SWW charge for sewage costs and not provide the service expected?

A1 The Board considers every storm overflow as one too many and the current position is that a huge effort has been put in to understand the problem, we have monitors on all storm overflows to give a clear picture and on every one of 1,342 storm overflows we now know when and for how long overflow take place. We are now using this data to deal with the issues, both in terms of the next 18 months and future asset management. A third of the plan in the next period relates to improving performance and reducing storm overflows, starting with beaches and shell fish waters and then more inland sites and rivers. We recognise that we are not delivering what customers want, we have heard what customers want and will be addressing this.

Q2 Monitoring of storm overflows, aware of some locations not on the monitoring map, are all pollution sources addressed?

A2 At the moment through WaterFit Live we publicise those locations that affect bathing waters directly, and by the end of this year, we will broaden the public information in

terms of storm overflows so that all of the event duration monitors are visible, and you will be able to see all of them.

Q3 I swim regularly, at least 25 outflows in the region, investing £750m, is this over one year or a longer period and is it ringfenced and how does it compare to shareholder dividends?

A3 SWW is prioritising bathing water, shellfisheries and ecologically sensitive sites over the next 18 months, we will also change the operation of some of our sewage treatment works and the £750m referred to in the plans commences in 18 months, if regulatory approval is received. Effectively this sum will be ringfenced on storm overflows, this covers a five-year period with the plan from 2025-2030. At the end of those five years the storm overflows addressed will spill no more than 10 times per year maximum as per legal requirements, but we are planning for less.

Q4 Safety of River Service App – WaterFit Live is now sharing information with App users, can SWW help Surfers Against Sewage inform water users?

A4 Transparency is key to SWW and in the next month or so our investment plans will be fully available and publicised. Our plans to 2050 have been passed to the Secretary of State, these are being processed and shortly this will be available through the Environment Agency. This will provide detailed information on our immediate investment and plans and slightly less detail as we project into more future dates. Our next asset management period will have substantial detail for customers to review. SWW cares deeply about the health and wellbeing of water users, many of whom work for the company, and we want to share as much information as possible to inform customers and visitors to the region. The water quality sampling standards being considered are far in advance of any proposed by any other water company, at 50 of our most used beaches we will put in place sampling to provide a degree of confidence to users, and which should help to identify the source of any pollution.

Q5 Ten years ago, of 150 beaches, only small handful of bathing waters were failing, quality has gone backwards, how can we trust future plans?

A5 Thirty years ago, about 40% of our beaches had untreated raw sewage discharged into them, SWW makes no excuses but now 98% of all sewage is treated and we will address storm overflows.

Q6 Are local farmers on board with reducing agricultural run off?

A6 We work closely with farmers and EA statistics show that agricultural and industrial pollution is greater than from water companies', but the company must work with these parties to reduce pollution and this is part of our plans. We will work with them to explain how they are losing fertilisers into watercourses and wasting money and work with them to ensure if they are using fertilisers these remain on the land and are not simply washed away.

3.3 Question & Answer Session – Environment, Climate Change and Net Zero

Q1 The Government produces environmental performance report each year, why have SWW been close to worst performing in data metrics in last ten years?

A1 A number of measures are monitored, over half are around pollution incidents and waste water, and we are improving and getting our metrics to a better place and

working to eliminate pollution entirely. The report outlines where we need to improve and we are, all metrics are now trending in the right direction, but we have a way to go. Our current plans to 2030 are already underway, we are not waiting, £100m will be invested in the next 18 months to address this issue.

Q2 Will the £9 per month increase be ringfenced and how will beaches be prioritised? Local St Agnes beach is fifth most polluted.

A2 Agricultural runoff is the issue in this area, not sewage, we are working with local farmers and are happy to work with local teams offline.

Q3 Polluted waters have made people and pets ill, why is SWW not working with local developers to introduce biodigesters and independent sewage system to avoid overloading regional systems?

A3 Sludge disposal to land goes through a rigorous treatment process and will only be used as a fertiliser if tested and safe to do so. Raw sewage is not put to land, this is a highly regulated area, this can only be done under certain circumstances and at specific times of the year and there are new technologies coming around bio-solids.

Q4 Magnesium hydroxide project in St Ives Bay, what steps are being taken to prevent harm?

A4 We are working closely with the EA and think this has the potential to be a force for good. We are consulting with local communities as this is a good idea in principle, but we are being cautious to ensure the relevant approvals are secured.

Q5 Have you investigated systems to use rainwater to flush toilets and help customers install them?

A5 We want to see houses with low water usage status and would champion such facilities, 80% of houses in the region that will be around in 2050 are already here today. We are keen to explore retro fitting such facilities with Government, including general water sustainability. Giving water butts is part of the journey about local storage and usage. Our smart pond initiative is underway which can help to regulate river flows, and all of these constitute to this strategy. A smart pond is like a giant water butt that collects and releases water on demand. This can help our system in times of drought and storms by holding and releasing water prior to events. This is a sponsored project from Ofwat to look at this innovative solution.

Q6 Desalination plant and new reservoirs, where are these and why, with high rainfall do we need desalination plants?

A6 The reason for desalination is that it does not depend on climate and allows us to diversify our water resources and the spread of the risk, every time we take water out of a river it is harmful in some way so the greater diversification, the better for the environment. Climate change will result in less water in rivers in the summer so we must have alternative supplies available.

3.4 Question & Answer Session – Customer Service, Affordability and Company

Q1 Why does SWW promise but not deliver?

A1 There are many aspects that SWW is delivering on and commitments that are being made that will be measured by our regulators or WaterShare+ Panel. We are making improvements, particularly within our water resources position where we have got the new repurposed quarries that we are delivering on and we are absolutely improving the position on storm overflows and pollution, where we are improving and investing in 50 of our beaches by 2025. There is more to be done, we are aware of what needs to be done and will ensure we deliver on our commitments.

Q2 Survey in May found 1 in 5 were confident that SWW is using money to improve services, to improve trust there is a need for transparency, asked for an apology but this has not been provided?

A2 The CEO advised that she is extremely sorry for any impact on the environment and that the SWW colleagues are all working tirelessly to try and rectify that.

Q3 Reoccurring bill issue that has not been resolved since 2019, poor customer service?

A3 LF and CCW were asked to address the specific issue offline.

Having a responsive, easy-to-use customer service is important for customers, there is definitely more that SWW can do, complaints are higher than we would like but this is being addressed. We are improving meter reading and installing smart meters to provide an accurate and timely reading, with greater visibility and control for customers. In this digital age we are aware that customers want better access and we are looking at investing in systems and processes and improving communication and clarity.

Q4 Recognition of disabled customers and their inability to read meters?

A4 SWW is disappointed that these issues are being experienced; we have a priority service register which records information for those customers that require additional support and have trained our staff to ensure that they are equipped to support and identify concerns such as these. SWW is looking at expanding this information to ensure a more effective service that picks up on additional needs and training staff to ensure awareness.

Q5 When SWW are finally going to acknowledge a duty of care to effect repairs to the access road to a sewage treatment works damaged by substantial high weight vehicles?

A5 As this is a specific issue it will be taken away and reviewed separately and a response provided.

Q6 SWW have been criticised in the press, will they take cuts in their package if they are imposing additional costs on customers?

A6 Back in 1989 the position was very different as a newly privatised company; investment took many years and now we are seeing a step change in investment. Now we see new guidance and regulation that has changed and changing, we need to put investment in place to deliver the environmental outcomes desired. We've heard about these priorities today.

SWW has tried to put in place a balanced portfolio for 2025-30, investing £750m over the next five years, to address these issues, such funding will be coming from investors and stakeholders. To pay for this we do have to pay interest and dividends, as is normal business practice.

The shape of the senior management remuneration has been detailed in the plans 2025-2030 and this includes changes to performance related pay in relation to outcomes, including the environment and customer.

The maximum earnings are also being stepped down, so the overall package of senior executives has been reduced in half. We have listened to the customer feedback and responded with a new plan. However, we have to ensure that we retain a skilled management team and an empowered workforce if we are to implement the plans.

Q7 Is the reduction in what management and shareholders can earn (including bonuses) enough, if we are asking customers for more money?

A7 SWW has an independent remuneration committee, management does not decide its own pay and bonuses and this year the CEO did not take the annual bonus. Management will absolutely do the right thing, this year SWW CEO Susan Davy did not take a bonus. It was absolutely the right thing to do as we deliver for our customers.

3.6 Any other matters

The Chair **NOTED** that there are over 40 pages of questions recorded in the background to this session but reassured attendees that all will be answered, even if not done so live on this session and will be included in the detailed record of the proceedings.

Any additional questions submitted up to 11am on Wednesday 8 November will be included in the official record of this session, you are asked to submit questions to yourwateryoursay@ccwater.org.uk making it clear your question relates to SWW.

Equivalent sessions for your waste water company, Wessex Water, will take place at 6pm on 14 November 2023.

A survey is available using the link below.



Following the 'Your Water, Your Say' sessions, Ofwat would like to offer our customers and stakeholders a further opportunity to directly give your views and comments about our business plan.

Ofwat intends to use this information alongside other evidence when making its decisions on our plan.

<https://www.ofwat.gov.uk/regulated-companies/price-review/2024-price-review/your-water-your-say/your-water-your-say-survey/>

In the middle of next year Ofwat will hold its own 'Your water, your say' sessions.

4. **Next Steps**

The Independent Chair thanked the contributors and attendees, **NOTING** the level of engagement shown today and the interest in Your water, your say.

There being no further business, the meeting closed at 8:10pm.