

# **Bournemouth Water Customer View Group Annual Report (PR14, Year 1)**

**July 2016**

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## Executive Summary

This report gives a comprehensive overview of Year 1 (2015/16) of the PR14 reporting period, covering the creation and recruitment of members of Customer View (CV), and its work to date.

The Company (BW) has been totally open, transparent and honest in its dealings with CV, to the extent of making the monthly Directors' operational report available to CV members. BW has fully embraced the ethos of customer engagement going forward, and has always provided good information in a detailed and timely manner.

The chief role of CV is to monitor and if necessary challenge the Company in its delivery of its PR14 performance targets as set by Ofwat. And until the creation of the new PR19 Customer Challenge Group (CCG), the Chair and Vice Chair will continue to be involved in maintaining progress, chiefly with Ofwat, in looking forward to PR19. This will ensure a smooth handover to the new CCG. As part of the merger of BW into South West Water (SWW), the CMA stipulated that the two companies would report separately until 2020, and SWW has assured CV that it will remain in place until that date.

The merger of BW into SWW has inevitably raised issues regarding the integration of the two businesses, all of which have been addressed. It is a testament to both SWW and BW staff that despite many feeling uncertain about their future roles, it has been "business as usual" – well done!

CV will ensure that the interests of BW customers will be safeguarded as the integration (following the merger which took effect on 1 April 2016) evolves, and this will include any benefits of the merger to be shared.

CV is pleased to note progress related to consideration, by SWW, of the introduction of a Social Tariff for BW, as BW is one of only two companies in the sector without one.

As Chair, I am pleased CV has stronger customer representation than its predecessor the Customer Engagement Planning Forum (CEPF); I think it strengthens and demonstrates BW's commitment to customer engagement.

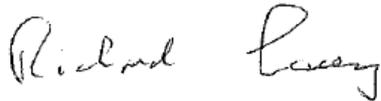
CV has its own area on the BW website and has posted its Membership, Terms of Reference (ToR) and Minutes so they are in the public domain. (The ToR is in Appendix 1.)

A Challenge Diary has been created (Appendix 2) and while not all challenges have yet been fully addressed, I am satisfied that the Company has taken them on board and are progressing them.

Finally, it would be remiss of me not to thank my Vice Chair and fellow CV members, many of whom are lay members with a "day job". They have given their time generously at early evening meetings. It would also be remiss not to thank BW and SWW staff for their input and help, and while perhaps it is unfair to single any one person out, I fear the lion's share has fallen to Tracey Legg – thank you.

## Independent Chair's Statement

*As Independent Chair, I am satisfied that BW is fully committed to customer representation and consultation within the PR14 period and beyond. The analysis of performance for Year 1 of the PR14 period has been robustly audited and certified by the independent technical auditor who attended the meeting on 28 April 2016 and responded to members' questions.*



Richard D J Lacey

Independent Chair BW CV

July 2016

## 1.0 Recruitment and Membership of BW CV

BW recruited an Independent Chair following interview by an Independent Non-Executive Director and Executive Directors, including the Managing Director. The appointment commenced 1 February 2015. An independent Vice Chair was recruited shortly afterwards, followed by members with a broad range of skills and backgrounds. These appointments were made by the Chair, supported by the Company as requested.

A feature of CV is strong customer representation, which was not the case for its predecessor, the Customer Engagement Planning Forum (CEPF). Membership currently comprises:

- Independent Chair with lifetime experience in the water industry both in the UK and overseas
- Independent Vice Chair with extensive experience of customer advocacy
- Officer from the Environment Agency (changed since merger to an officer covering both SWW and BW)
- Officer from Natural England
- Two members from the Consumer Council for Water (CCW) :
  - Local Consumer Advocate
  - Regional Policy Manager
- Two Officers from local councils: (regretfully both have subsequently withdrawn due to local government funding cuts)
  - New Forest District Council
  - Bournemouth Borough Council
- Two Business customers:
  - Chairman of the Bournemouth Accommodation and Hotel Association (whose members as a whole are significant customers of BW)
  - Senior lecturer from Bournemouth University (the student population are notorious for “moving on” leaving unpaid water bills behind!)
- Two local Citizens Advice Bureau (CAB) managers from Bournemouth and Christchurch (fitting very well with Ofwat’s ongoing themes of vulnerable customers, affordability and Social Tariffs – at this point BW does not have the latter)
- Three Domestic/Household customers

Regular attendees from BW are:

- Managing Director
- Finance Director
- Customer Services and Billing Manager
- Regulation Manager

The Chair and Vice Chair are paid a retention honorarium, while members also receive a modest honorarium that could be regarded as a meeting attendance allowance. The Company pays reasonable receipted expenses.

Because of the merger, this representation may change to align with the new corporate structure. CV has access to the main Board of Directors, via a senior Executive Director. CV “lost” its link via an Independent NED when the BW Board was dissolved on 31 March 2016, on the merger of BW into SWW. The Chair of CV will attend the relevant SWW Board at least once a year if requested.

## 2.0 Governance of BW CV

CV has its own Terms of Reference which are published on the Company's website (Appendix 1).

The corporate structure and governance arrangements closely align with current Ofwat thinking, especially with respect to independence, customer representation and debt advisory members (CAB). SWW will shortly be recruiting and establishing a new PR19 CCG. The chair of CV has requested that SWW consider links between the CCG and CV and emphasised the need for BW customers to be represented on the CCG. The two companies will only continue to report separately for the PR14 reporting period, as per the CMA merger ruling.

Whilst CV's main brief is to hold the Company to account in delivering its performance commitments under PR14, and to advise on any gain/share, it is also involved in the early preparatory work for PR19 until the new CCG is established. The PR14 targets were set after comprehensive customer engagement as part of the PR14 process, and as such fall outside the remit of CV to amend.

At the first meeting of CV, the group confirmed its independence from the Company and a vote will be held annually by members to assure Ofwat that a strong, independent link has been established and maintained.

Additionally, CV has access to both the independent technical auditor and financial auditor, if necessary. CV has already called on the technical auditor to provide audit assurance on the risk register and management process for non-financial data. The technical auditor has attended several meetings of CV (see section 4). CV has noted that the external technical audit contract is up for re-tender and will monitor the situation so that if a change occurs, there is an effective handover and any areas of concern are adequately covered.

CV meeting minutes, ToR and membership are all posted on the BW website and hence are in the public domain.

## 3.0 Participation

All members contribute fully to discussions, but because of the wide variation in skill sets there has inevitably been a "learning curve" and to this end CV receives presentations from members with respect to their own organisations and members are encouraged to take "ownership" of topics, e.g. one CAB manager attended, with the Chair, the recent Ofwat conference on affordability and vulnerability. She will now take this issue forward particularly with respect to any Social Tariff creation.

The Company presents papers in a timely manner on topics requested by CV, and answers questions arising from members.

A Challenge Diary has been created and is regularly updated at meetings (Appendix 2).

## 4.0 Challenges Verification and Assurance

CV has met four times to date; 4 June 2015, 15 October 2015, 28 January 2016 and 28 April 2016. The next scheduled meeting is 7 July 2016. The minutes of each meeting are published on the Company's website. The Company provides a secretarial service to CV.

The Company has been very open with CV providing copies of the monthly Directors' operational report for information. However, because of the merger into SWW and the dissolution of the BW Board, this practice has ceased. Discussions are underway to agree a new monthly report which would be included with the Chairman's monthly newsletter.

There has been much discussion with and a number of challenges to BW in relation to its PR14, Year 1 performance against its Ofwat-set targets. The key challenges are detailed in the Challenge Diary (Appendix 2).

- CV felt customer communications could be updated by using social media, and the website could be refreshed. The Company was not showing itself to best advantage as regards environmental performance and community engagement. Members of CV were internally surveyed and although they are customers, most knew very little about this aspect of the Company's work or performance. CV felt this would probably also be true for customers in general. BW's Head of Communications attended a CV meeting to outline proposals for improvement captured in a paper on the subject. CV approved these ideas. The company is currently working to integrate its IT systems to support BW's proposals and CV awaits implementation.
- The Company was challenged as to how far back in time its data should be audited as part of its review of Risks, Strengths and Weaknesses (RSW). A sub group was set up chaired by the Vice Chair of CV, who met with the Company and the external technical auditor, and received assurance from the latter that the "baseline" data was robust and hence any detail going forward had a sound base.
- The same sub group met with the external technical auditor to ask that the RSW be reappraised with respect to the merger, to ensure no detriment to BW customers. The RSW report that went to the SWW Board reflects this, and has been issued to CV.
- CV challenged how it could be assured regarding the robustness of out-turn ODI performance. The external technical auditor's report will be made available to CV at its July meeting. The external technical auditor confirmed that the audit had highlighted some discrepancies, all of which had been addressed by the Company:
  - Repairing visible leaks had moved from 73% to 79% because of incomplete closing of data on the job management system
  - Leakage increased slightly but still remained within target
  - A detailed audit of calls received, both wanted and unwanted, showed that some data had been recorded incorrectly
  - Minor anomalies in the coding of data in Gentrack were found, none of which materially affects ODI performance

- Written complaints show a marked increase, which was identified and linked to the introduction of the new BW billing system in 2015/6. There is an internal audit in progress and modifications are being made especially with respect to direct debits. CV has queried whether SWW and BW will continue with separate billing systems in the future. This matter will be considered by CV at its July meeting. The Company has agreed to issue a monthly report on complaints. It should be emphasised that historically, BW has a good reputation in this area, which needs to be maintained.
- The reputational ODI with respect to environmentally sustainable operations, “Help Support a Healthy Natural Water Environment” has now been audited by Natural England and the Environment Agency. Both felt performance was on target but Natural England commented that the Company was not in the position (at this time) that they felt they should be in. CV will receive a detailed presentation on this subject by Natural England and the Environment Agency at its July meeting.
- There was a “blip” in August 2015 with regard to repairing visible leaks. Performance has since returned to align with targets. It is acknowledged that due to seasonal variation such blips are to be expected.
- A sub group was also set up, which included CCW, to consider any changes the Company wanted to make as part of its annual price review. Since the changes were minor and in line with the Business Plan, this matter was concluded.
- BW is one of only two companies without a Social Tariff, as it failed to get “substantial customer support” (only 54% at PR14). CV would like to see this changed mid-term, especially given that SWW has a Social Tariff. Discussions between the Chair and SWW reveal SWW is keen to implement a Social Tariff and customer consultation is in progress, with hopefully a view to early implementation. CV attended the Social Tariff focus groups. There are two CAB managers on CV; one accompanied the Chair to the Ofwat vulnerability and affordability conference and will now take a lead role for CV in the creation of a Social Tariff. This member will also lead CV on examining the definition of “vulnerable customer”, a key topic for Ofwat now and for PR19 going forward.
- The aspect of gain/share has been discussed at CV and although BW does not have provision for gain/share mid-term, SWW does and will therefore gain/share mid-term. While respecting the “rules”, CV would like to see this decision reversed for BW customers as to wait until PR19 is not aligned to CV thinking.
- In a not dissimilar vein, the benefit of the merger to BW customers should be shared as soon as practicable.
- CV is monitoring the implication for customers of the opening of the non-household retail market in 2017, not least in respect of “Pennon Water Services” the new, unregulated company formed to explore opportunities in this new market. CV will need to be assured that customer service is at least maintained.

- CV has considered the Ofwat directive on “Resilience” and will monitor its development.
- The merger of BW into SWW (effective 1 April 2016) inevitably means there will be changes. CV will monitor this closely to ensure no detriment to BW Customers, and that their interests are safeguarded.
- Related to the above point, CV has been given an assurance by SWW that it (and its equivalent, Water Share at SWW) will continue to run separately for the PR14 reporting period (to 2020) and that the creation of the new PR19 CCG will have “proportional representation” for both SWW and BW customers.
- CV is awaiting information on the PR16 (tariff review) for non-household customers, and has a sub group ready formed (comprising Business customer members) to discuss and feed back to SWW.
- While there is significantly greater detail in the respective meeting minutes which are posted on the BW website, it is not appropriate to list such detail in an annual overview report.
- CV is closely monitoring the potential opening of the domestic retail market, and will attend the Ofwat presentation in London shortly (July 2016).

## 5.0 ODI Performance: PR14, Year 1

At the most recent meeting on 28 April 2016, CV looked at the Company’s performance to date (Year 1 of PR14) against the relevant ODIs, all of which were on track or being exceeded at that time. Challenges were issued to the Company to provide evidence of the assessment especially with respect to environmental targets. This has since been audited by both Natural England and the Environment Agency and CV will receive a report on 7 July 2016.

BW ODIs fall into two categories: those with direct financial impacts, and those with reputational impacts.

### a. ODIs with direct financial impacts

- *Safe, wholesome water*
  - Water quality contacts from customers – target exceeded
  - Compliance with DWI regulations as measured by mean zonal compliance – target exceeded
- *Reliable water supply*
  - Reduce leakage – target exceeded
  - Minimise risk of large-scale interruptions to at least 12,000 properties – on target for 2020 with capex planned. CV has asked for evidence that project timescales are being met.
  - Supply interruptions > 3 hours – target exceeded
  - Maintain serviceable assets – on target, stable

- Metering programme – target exceeded
- *Providing an excellent customer experience*
  - Service Incentive Mechanism (SIM) – maintain position of more than one standard deviation above the industry standard – target met
  - Percentage of visible leaks repaired within 7 days – target exceeded
  - New CRM and billing system – target exceeded

#### **b. ODIs with reputational impacts**

- *Environmentally sustainable operations*
  - Reduce energy used delivering water – target exceeded
  - Reduce per capita consumption – target exceeded
  - Help support a natural water environment – under review, presentation to July CV meeting
- *Engage well with our community and customers*
  - Increase educational visits to schools and volunteer work days for charity work – target significantly exceeded
- *A financially sustainable business*
  - Efficient debt management – target exceeded

CV noted that in some areas BW's performance exceeds that of SWW, and is keen to ensure that BW customer service does not decline as a result of the merger.

CV will also receive a report on Year 1 financial performance at the July meeting. This could not be issued in April due to listing of the parent company and stock exchange rules.

## **6.0 Interface with Ofwat**

Until the new PR19 CCG is set up, the Chair and Vice Chair of CV will attend all Ofwat meetings with respect to both PR14 performance monitoring and looking forward to PR19, thus hopefully ensuring a smooth transition to the CCG.

CV has responded to Ofwat on:

- 2020, especially with respect to questions 48-50
- Consultation on the modification of licences regarding the termination of the BW licence upon the merger into SWW

CV is keeping a watching brief on the potential opening of the domestic retail market.

CV also responded to the CMA at the onset of merger talks, and supported the merger with the proviso that bill differentials between SWW (higher than average) and BW (one of the lowest in the industry) should be maintained.

## Appendix 1: BW CV Terms of Reference

# Customer View

## Terms of Reference

### Introduction

Customer View is an independent review body created to provide active challenge and dialogue regarding Bournemouth Water's (the company) performance and delivery of commitments and outcomes, its proposals for future activities, and its communications with customers and other stakeholders.

These activities build on the work of the Customer Engagement Planning Forum (CEPF), which represented customers' interests during the regulatory price review to determine the company's revenues over the period 2015-2020<sup>1</sup>. During this process, the CEPF communicated its views on the company's business plan to Ofwat, the economic regulator of the water industry. Having completed its objectives, the CEPF was disbanded in early 2015.

Customer View comprises a core group and, to address specific issues, a sub-group convened by the core group.

### Purpose

Through its activities, Customer View holds the company to account, providing assurance to stakeholders that the company is 'doing the right thing' for its customers.

Customer View takes forward and builds on the customer and stakeholder engagement achieved through the work of the CEPF.

Its objectives are to:

- Review, and where appropriate, challenge the company's financial performance against the expectations laid down in Ofwat's 2014 Final Determination of Prices
- Review, and where appropriate, challenge the company's operational performance against its performance commitments set out in Ofwat's 2014 Final Determination of Prices
- Assist the company to understand and validate its interpretation of customers' views
- Advise on and challenge the company's proposals for certain activities and its longer-term strategy
- Review and challenge the company's proposals for gainsharing with customers any financial windfalls that may arise.

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<sup>1</sup> Known as PR14, this process commenced in 2012 and ended in December 2014 when Ofwat published its Final Determination of Prices for 2015-2020.

## Roles and responsibilities

The core group will hold the company to account and will:

- Review actual performance against PR14 expectations in respect of financial performance
- Review actual operational performance against PR14 targets in respect of outcomes and performance commitments
- Recommend to the company's Board what gain, if any, should be shared with customers, as well as when and how
- Provide input into future trends in customer bills
- Review other significant performance commitments, including other material internal performance measures
- Form and oversee a customer forum sub-group to address specific issues.

The customer forum sub-group will:

- Represent customers as a whole
- Complete specific projects as a Task and Finish group – topics might include, for example, the implementation of social tariffs or metering
- Provide feedback on, for example, a new bill design, the effectiveness of a particular communication channel or campaign, or on proposals for customer service activities.

The company will:

- Ensure that performance data and information is presented in a transparent and timely manner
- Ensure access to relevant independent auditors and technical specialists (Reporters) to provide feedback on performance
- Perform the secretarial function for Customer View.

## Constitution

Customer View is an independent body, comprising members with a wide range of expertise who represent the views and interests of customers and other stakeholders.

The Chair (and Deputy Chair) will be required to speak authoritatively to regulators and other stakeholders on behalf of the group.

Customer View has a direct line of communication to an independent, non-executive director on the company's Board.

The core group will comprise the following:

- Independent Chair
- Independent Deputy Chair
- Members with a statutory remit and key interest in the water sector:
  - CCWater
  - Environment Agency
  - Natural England
- Independent customer representatives from each of the following groups:
  - Local Authorities
  - Local vulnerable customer groups
  - Local businesses
  - Household customers.

This constitution is flexible to allow the Chair to recruit new members if, for example, an existing member is unable to continue to serve on the group.

In addition, the group may wish to involve experts to advise and inform on matters about which the core group does not have expertise. In this case the group may invite a temporary member to participate.

The Drinking Water Inspectorate will be invited to attend at least one meeting per year.

#### **Length of service**

Unless otherwise agreed with the Chair, members of the group will serve for three years after which they may put themselves forward to serve another term.

The decision to renew their membership will be made by the Chair.

In the case of the Chair, the appointment is for a term of three years after which the Chair, together with the company, will review the chairmanship prior to a decision being made whether to renew the appointment.

All decisions will partially be based on the need to refresh membership to maintain independent thinking.

#### **Governance**

The Chair and Deputy Chair will receive a modest honorarium and expenses to recognise the level of required commitment to Customer View. Both will act independently and objectively.

Members, other than the Chair and Deputy Chair, will receive reimbursement of their expenses where agreed by the Chair or Deputy Chair.

For transparency, all payments, to include honorarium and expenses paid, will be placed on record in the public domain.

Once they have been agreed with the Customer View group, minutes of meetings will be made publicly available on the company's website.

### **Recruitment process**

#### *Chair*

If a new Chair is required he or she will be recruited by the company via a transparent recruitment process.

#### *Other members of the group*

The Chair and the company will work together to recruit new members of Customer View. Both parties must agree to the engagement of any new member.

### **Principles**

The core group will operate under the following principles:

- Involve a range of customers and stakeholders
- Oversee customer forum sub-groups where specific issues are to be addressed with a mixture of ongoing and new members with specific skills and interests appropriate to the topic
- Have a direct line of communication to an independent, non-executive director on the company's Board
- Understand customers' evolving priorities – to work towards a 'no surprises' philosophy for future revenue control periods
- Any gainshare proposals will relate to unexpected, one-off 'windfalls' that are unrelated to regulatory totex and outcome delivery incentive reward and penalty mechanisms
- Any recommendations for action by the company will be mindful of Ofwat's 'PR14 rulebook'<sup>2</sup> and not expose the company to the risk of double jeopardy by way of penalties imposed by the regulatory incentive mechanism and the cost of actions required by Customer View.

### **Independence of Customer View**

To provide assurance to other stakeholders that Customer View is independent, the group will, once a year, confirm and record that it has continued to operate independently of the company and its management.

It will also provide this confirmation upon request from other stakeholders.

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<sup>2</sup> The PR14 reconciliation rulebook will explain how Ofwat will take performance over 2015-20 into account at the 2019 price review (PR19) and how it will make consequential revenue and Regulatory Capital Value adjustments. The regulator will publish the rulebook in July 2015.

The Terms of Reference will be reviewed annually by Customer View and the Company and confirmed or modified.

### **Frequency of meetings**

Following an initial introductory meeting, the core group will meet at least twice a year to review interim and final annual performance results. In addition, extraordinary meetings may be required during the year.

Dates and locations will be agreed in advance.

The frequency of meetings of the customer forum sub-groups will depend on the nature and timescale of the various projects. Core group members may choose to attend customer forum sub-groups and, subject to the facilitator's agreement, customer research sessions.

### **Presence of a quorum**

The expectation is that all members will endeavour to attend the initial introductory meeting, as well as the two key meetings to review interim and final annual performance.

In the event that an extraordinary meeting is called, a sufficient and representative number of members must be present to ensure that the business of the day can be carried out effectively. This will depend on the agenda on the day.

For the avoidance of any doubt, at any meeting of Customer View, the members in attendance will record their satisfaction (or otherwise) that sufficient members are present to effectively conduct the business of the day.

### **Reporting**

The company will keep the group up to date by distributing their internal monthly directors' report by post or e-mail as preferred. In addition the company will periodically distribute other updates specific to the objectives outlined under 'Purpose'.

After every meeting of the core group, a summary report will be produced and passed to the company's Board via the independent, non-executive director assigned to liaise with Customer View. The design and structure of such report will be developed in consultation with the members once further guidance has been issued by Ofwat.

On an annual basis the group will review that the level of reporting is appropriate.

### **Customer forum sub-groups**

Customer forum sub-groups will be convened to address specific issues. The frequency of meetings will be dictated by the issue or issues under discussion.

Membership will be broader and variable, determined by specific skills and interests appropriate to the topic to be addressed. Sub-groups will include representatives of both household and non-

household customers from across all customer types and demographics, as well as a member of the core group to ensure continuity.

New members will be recruited by the company in discussion with core group members. Length of service will be dependent upon the issue under discussion and service will normally terminate on completion of the specific project.

A member or members of the core group may be required to attend a customer forum sub-group meeting to either contribute their specific knowledge and/or provide feedback to the core group, depending on the topic being addressed.

## Appendix 2: Challenge Diary

CV CHALLENGE DIARY						
Nbr	Raised by	Challenge Description	BW response and comments	Follow up	Status	Date closed
1	CV Sub Group	BW, along with the external auditor, should consider how far back in time company data should be audited, as part of its review of risks, strengths and weaknesses.	BW provided members with a detailed update on risks, strengths and weaknesses at the meeting on 28 January 2016. This subject remains work in progress and may well require further challenges later on, which will be separately recorded.	To be flagged as a regular agenda requirement at future meetings. New challenge opened as Challenge 5.	Closed	28.1.2016
2	RSW communications survey CV result	BW should make their environmental work and their community engagement more high profile in their communications; at present BW only state they have satisfied legal obligations.	BW provided an update on their communication strategy on 28 January 2016 which appears to have addressed the concerns raised. This however remains work in progress.	BW should provide quarterly updates for each CV meeting. Added as a regular agenda item.	Closed	21.1.2016
3	CV meeting	BW were challenged on the poor performance on repairing visible leaks.	BW acknowledged that August was not a good month due to resource issues in this area. With added focus in September and performance has recovered but the BW will maintain focus on the issue.	Visible leaks performance noted as being back on track in December 2016	Closed	14.10.2015
4	CV meeting	BW were challenged to explain their intentions with regards to any gain shares from performance during 2015-20	BW responded by explaining the process and that any gains would not be by way of a cash handout to customers but would be built into the next price review.	See Challenge 8.	Closed	14.10.2015
5	CV meeting	The Chairman challenged when BW would start using social media to communicate	BW acknowledged the option as a communication tool but needed to put it in to context regarding the number of people reached.	To be kept under review and reported to members under the quarterly communications update	Open	
6	CV meeting	Continuation of Challenge 1 where the outcome was considered to require further work. Review at CV meeting 28.4.2016	Reviewed with the BW independent technical auditor on 28.4.2016	Reviewed on 28.4.2016. Independent technical auditor reported that he is satisfied that BW has maintained control of its data during the reporting year. Final report to be discussed by CV on 7 July	Open	
7	CV meeting	Update requested on where BW is on implementing a social tariff	BW is now looking at a social tariff using the SWW model modified to include 'working debtors' and will be undertaking additional research to further investigate customer levels of support	BW to report to CV once the research results are available	Open	
8	CV meeting	The company's explanation on gain sharing requires further explanation. (See Challenge 4)	When referring to gainshare it must be clear that this is not the same policy as the SWW gainshare. As laid out in the company's business plan and in the CVG ToR, any gainshare proposals will relate to unexpected, one-off 'windfalls' that are unrelated to regulatory totex and outcome delivery incentive reward and penalty mechanisms. BW agreed that it will form an annual agenda item.	Agreed to be reviewed each January to assess whether the potential for a gainshare, as defined in the BW business plan and the CVG ToR, for the reporting year is known.	Open	

9	CV meeting	A member challenged what audit procedures are in place to give the group assurance that all of the performance commitment and ODI performance is green.	BW replied that the assurance would be available but that the audit process was still in progress	BW to provide all copies of the audit assurance to the group. Also on the agenda for the 7 July 2016 meeting.	Open	
10	CV meeting	A member challenged how merger benefits will be returned to customers for example via bills or other means	BW replied that the CMA allowed an unconditional merger with one commitment to return the small company premium to customers, which had been done in 2016/17. BW replied there is already a challenging programme of efficiencies in addition to those already in the company's business plan. This will ultimately feed through in to bill reductions.		Closed	28.4.2016
11	CV meeting	In relation to the risk register update a member challenged how the new technical audit firm for both BW and SWW (when appointed) would satisfy itself on the approach to assurance to date and that continuity would be maintained			Open	