

Customer View

Keeping customers at the heart of the company

Independent Chair: **Richard Lacey**

c/o **Bournemouth Water Ltd**

George Jessel House, Francis Avenue,
Bournemouth, BH11 8NX

Tel: 01202 722663 / 07836 374980

Email: richard@thelaceys.co.uk

BOURNEMOUTH WATER CUSTOMER VIEW GROUP

ANNUAL REPORT – 2019/20

PR14 (YEAR 5)

FOREWORD

This report covers the final year (2019/20) of the five-year PR14 regulatory period, and also summarises the overall performance of Bournemouth Water (BW) for PR14 (April 2015 – March 2020).

The format is different to previous annual Customer View Group (CVG) reports, in that it is an “end of term report”. CVG officially finished its term of office on 31 March 2020.

As of April 2020, South West Water (SWW) will report combined performance against the integrated PR19 Business Plan, with performance monitored by the new WaterShare+ Customer Panel.

LIST OF CONTENTS

Foreword

1. Discussion
2. Performance
3. Future
4. Conclusion

DISCUSSION

The BW CVG is an independently chaired body created to provide active challenge and dialogue regarding the Company's delivery of the performance targets set for the period 2015-20.

As Chair of the CVG I have ensured that the Group meets four times each year, though this has not been possible in 2019/20 due to coronavirus restrictions. CVG comprised local customer and business representatives, along with industry regulators, delivering on the key objectives outlined within our terms of reference.

There has been little change to CVG membership over the five-year period, and there has been good attendance throughout. As independent Chair I would like to record my thanks to all members of CVG, who have given generously of their time and contributed to the overall debate.

There are no outstanding challenges to the company from CVG; all loose ends have been tied up. The new WaterShare+ Customer Panel will challenge the Company's performance from 2020/21.

During the 2015-20 regulatory period, the CVG oversaw the merger of BW with SWW. During what could have been a disruptive time for customers, I was pleased to observe no adverse impact – in fact BW maintained its excellent record under Ofwat's customer service 'SIM' measure. Customers of both companies appear to have benefited from the merger, with increased efficiency and mutual best practice in customer service shared.

An area of interest and challenge for CVG has been customer complaints, which have been transformed during this regulatory period; in 2015/16 the Consumer Council for Water were critical of the huge increase in written complaints reported for BW, whilst the Company is now amongst the best performers in the industry.

PERFORMANCE

The majority of BW's financial penalties or rewards for 2015-20 accrue at the end of the period. I note that the net position is £1.63m of reward – which means that customers have benefited from improvements in services.

There was a minor penalty of £7.5k on water quality mean zonal compliance where 99.99% was recorded for 2019/20 against a target of 100%, (due to a minor taste and odour issue in a single sample, which was subsequently deemed to have been associated with the internal plumbing of a commercial premises).

Unfortunately, the Company has been unable to meet its commitment on community contribution in the form of volunteer and charity work. However, the Company has made a charitable contribution in lieu of this shortfall, and the CVG has chosen Community Action Network as the lead beneficiary – ensuring that the local community and environment will benefit, as intended under this measure. A sum of c.£15k has been spread across some 12 local community charities, for which this contribution makes a huge difference.

BW had 15 key performance commitments for 2015-20 period, performance against which has undergone independent technical and financial assurance. Overall performance has been very good, with the majority of targets having been met or exceeded resulting in a net outperformance award of £1.63m.

Areas where BW have met or exceed their targets are:

- Customer contacts: taste & appearance
- Reduce leakage
- Minimise risk of large scale interruptions
- Maintain serviceable assets
- Metering - continue current strategy
- Help support a natural healthy water environment
- New customer relationship management (CRM) system
- Fair customer bills
- Decrease average interruptions >3 hours

Area where targets have not been met are:

- Reducing per capita consumption
- Reduce energy used in water delivery
- Repair visible leaks
- Water quality regulation compliance (mean zonal compliance)
- Contribute to our community (see above charity donation made in lieu)

Note that the Service Incentive mechanism (SIM) measure was retired by Ofwat in 2018/19. However, in its Final Determination assessments by four-year average SIM score, Ofwat placed BW fourth in the industry overall, and second amongst other water only companies.

FUTURE

Turning to the future, the combined business plan for 2020-25 includes two major schemes to build new water treatment works, replacing Knapp Mill and Alderney. This will represent a significant investment in services for Bournemouth customers, deploying innovative treatment technologies used at South West Water's pioneering Mayflower site, made possible as a result of the merger.

CONCLUSION

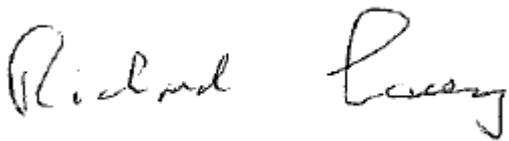
BW has performed well over the PR14 five-year regulatory period, services overall to customers are good and the merger with SWW has enhanced that service. Well done to all the staff at SWW and BW, and thank you.

As the independent Chair, I am pleased to report my satisfaction with the level of openness and transparency from the Company in providing any information or data required. Alongside this, I would like to note the responsiveness of the Company in responding to the challenges raised by the Group.

We have published our terms of reference and the minutes of our meetings online for our customers to see. For more information visit: www.bournemouthwater.co.uk/customerview

I have already mentioned but for completeness, Bournemouth customers will also benefit from the innovative WaterShare+ performance sharing mechanism, with eligible customers receiving their rebate in 2020. More information on WaterShare+ is available on <http://www.bournemouthwater.co.uk/watershareplus.aspx>.

As Independent Chair, I am satisfied that the Company are fully committed to the customer representation and consultation within the PR14 period and going forwards. The analysis of performance for year five of the PR14 period has been robustly audited and certified by the independent Technical Auditor (Jacobs).



Richard D J Lacey

July 2020