

**Sembcorp Bournemouth Water's
Customer Engagement Planning Forum**

**Report to Ofwat
on
Sembcorp Bournemouth Water's
2015-2020 Business Plan**

28 November 2013

Sembcorp Bournemouth Water Customer Engagement Planning Forum
Report to Ofwat

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Contents

Executive Summary	1
1. Introduction	3
2. Overview of the Customer Engagement Planning Forum	4
2.1 Structure of the CEPF	4
2.2 CEPF sub-group	4
3. Engagement and Challenge Process	5
3.1 Meetings and workshops	5
3.2 Other channels of communication	5
3.3 Effectiveness of process	6
4. Customer engagement	7
4.1 Customer engagement and consultation	7
4.2 Customer priorities.....	14
5. Business Plan	15
5.1 Outcomes and measures of success	15
5.2 Outcome delivery incentives	17
5.3 Consistency with statutory obligations.....	17
5.4 Other business plan issues	18
6. Water Resources Management Plan	18
7. Long term strategic plan ‘Your Water’	19
8. Statements from regulators	19
8.1 Consumer Council for Water	19
8.2 Drinking Water Inspectorate.....	20
8.3 Environment Agency	20
8.4 Natural England	20
9. Conclusions	21
Appendices	22
Appendix A – Challenge Diary	A1
Appendix B – Statement by Drinking Water Inspectorate.....	B1
Appendix C – Reports by Environment Agency	C1
Appendix D – Statement by Natural England	D1

Sembcorp Bournemouth Water Customer Engagement Planning Forum
Report to Ofwat

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Executive Summary

The purpose of this report is to provide assurance and opinion to the water industry economic regulator Ofwat on the work of the Sembcorp Bournemouth Water (SBW) Customer Challenge Group in connection with its review and challenge of Sembcorp Bournemouth Water's 2015 – 2020 Business Plan and long-term strategic plan.

SBW's Customer Challenge Group is known as the Customer Engagement Planning Forum (CEPF). The CEPF was formed in February 2012 to undertake the role required by Ofwat, namely to:

- advise and challenge SBW as it developed its customer research and engagement plans
- advise and challenge the Company as to how well it interprets and reflects customers' and stakeholders' views and priorities in the development of its proposed outcomes, associated performance commitments and delivery incentives for the Company's business plan
- challenge the Company on the scope, justification, cost-effectiveness and affordability of its plans
- provide feedback to Ofwat in an independent report.

The CEPF and SBW agreed and established effective meeting processes and protocols to enable the CEPF to fulfil its objectives whilst maintaining its independence. The engagement process involved review and challenge of the Company's customer research and engagement programme and of the development of outcomes, measures of success, performance commitments and assumptions in the Company's business plan proposals.

The Company responded to CEPF challenges positively and adopted a collaborative approach when developing its customer research material by including CEPF members in research development workshops with its consultants. The CEPF was satisfied that this collaborative approach was undertaken in an open and constructive way.

The CEPF fully believes that its challenges to the Company influenced change in the scope and approach to customer research and in the outcomes and performance measures in the development of the Company's business plan. Particularly important challenges contributed to:

- bill values – initial Company proposals were for annual bill increases to be equal to inflation over the 5-year 2015-2020 period; the CEPF challenged the Company to investigate the potential for reductions in real prices through further innovation and efficiency savings to contribute to affordable bills. The business plan now proposes that bill values should be reduced, in real terms, over the period (i.e. any increases to be less than forecast inflation)
- financial incentives – challenging the Company not to seek any financial rewards for outperformance outside of the regulatory service incentive mechanism and consider reputational incentives only. The Company responded by proposing financial penalties should it not meet its

Sembcorp Bournemouth Water Customer Engagement Planning Forum
Report to Ofwat

commitments for the two high priority customer requirements: reducing leakage and reducing the risk of water supply interruption to 12,000 customers who are supplied through a single source feed. The CEPF is supportive of the Company's approach to financial incentives

- customer acceptability of business plan – from research, the vast majority of customers find SBW's overall plan to be acceptable, although 14% of customers find the Company's plan neither acceptable nor unacceptable. The CEPF challenged SBW on how it intends to assist the 6% who didn't find the Company's plan acceptable, particularly those customers who are currently struggling to afford their bills. The Company has undertaken to conduct specific research into customer-funded social tariffs in 2014.

From engagement with the Company during development of its business plan, the CEPF confirms that:

- the CEPF has provided rigorous and independent challenge to SBW's customer engagement process and in the development of the business plan
- following a constructive response from SBW to the challenges, the CEPF is supportive of the overall research undertaken and confident that the results are representative
- customers' views and priorities have been identified effectively and used by SBW to establish outcomes, performance commitments and delivery incentives.

Sembcorp Bournemouth Water has produced a business plan that will firmly deliver on what customers have said they value. Also, importantly, statutory environmental and drinking water quality obligations will be fully met. The independent Customer Engagement Planning Forum (CEPF) has been robustly challenging and scrutinising Sembcorp Bournemouth Water through a two year period, and the Company has listened to and acted in full on every recommendation made on behalf of stakeholders and customers. As a result the CEPF can assure customers and Ofwat that Sembcorp Bournemouth Water's business plan is very customer-focused and will meet customer and environmental priorities both in the next five years and over longer timescales.



Charles Howeson
CEPF Independent Chair



Philip Warr
CEPF Deputy Chair

1. Introduction

The Water Services Regulation Authority (known as Ofwat) has made customer opinions a key driver in the assessment of water company business plans for the 2014 Price Review. It stated that engagement between customers and their water companies was crucial to achieving a fair outcome to the price-setting process.

As well as direct customer engagement, Ofwat required water companies to set up independent customer challenge groups (CCGs) to:

- advise and challenge Sembcorp Bournemouth Water as it developed its customer research and engagement plans
- advise and challenge the Company as to how well it interprets and reflects customers' and stakeholders' views and priorities in the development of its proposed outcomes, associated performance commitments and delivery incentives for the Company's business plan
- challenge the Company on the scope, justification, cost-effectiveness and affordability of its plans
- provide feedback to Ofwat in an independent report.

Sembcorp Bournemouth Water's (SBW) customer challenge group is known as the Customer Engagement Planning Forum (CEPF). This report to Ofwat describes the CEPF scrutiny, challenges and conclusions from the engagement process.

The CEPF has held ten meetings since its formation in February 2012. In order for the CEPF to assure itself of the detail of SBW's plans, a sub-group was formed to cover customer research. The Research sub-group reported its findings and made recommendations to the CEPF on the Company's research and engagement plans. A full list of CEPF meetings, workshops and sub-group meetings held is provided in the Annex to this report (bound separately).

2. Overview of the Customer Engagement Planning Forum

2.1 Structure of the CEPF

The independent CEPF was established on 1 February 2012 and comprised the following members:

Chairperson – Charles Howeson
Deputy chairperson – Philip Warr

Members with a statutory remit –

Environment Agency – Alan Burrows
Drinking Water Inspectorate – Jacky Atkinson
CCWater – Edward Vidler
CCWater – Gillian Mayhew
Natural England – Douglas Kite.

Local members invited to represent the spectrum of customers, including household and non-household customers and those with specific requirements –

Borough of Bournemouth – Mike Holmes
Christchurch and East Dorset Councils – Lindsay Cass
Dorset Blind Association – Jonathan Holyhead
Federation of Small Businesses (Bournemouth, Poole and Christchurch Branch) – Julie Leigh (to mid-2012).

At the CEPF's discretion, other organisations could be asked to participate in meetings when deemed appropriate. The terms of reference for the CEPF are included in the Annex to this report.

The CEPF believes that the membership provides a fair representation of customer interests. Following the resignation of a local small business federation representative, the federation intended to provide an alternate but in the event was unable to do so. The CEPF subsequently decided that business interests were still well covered by other members and that it was not necessary to seek a new member.

A programme of CEPF meetings was established with SBW with the initial expectation of four or five full meetings per year. It was subsequently agreed that SBW would also organise workshops for the CEPF on various subjects (for example, leakage and capital investment needs for 2015-2020) and visits to operational sites in order to enhance members' level of understanding of the Company's activities and operations.

2.2 CEPF sub-group

The CEPF set up a research sub-group to consult with SBW and their specialist consultants on details of the Company's customer research. Members of the sub-group were Edward Vidler and Gillian Mayhew (both CWater) and Jacky Atkinson (Drinking Water Inspectorate). The terms of reference for the sub-group are included in the Annex.

3. Engagement and Challenge Process

3.1 Meetings and workshops

There have been ten CEPF meetings since inception, various workshops on specific subjects and a number of meetings with SBW, attended by members of the research sub-group, to discuss SBW's customer research and engagement process in detail. Minutes of the full meetings and a summary of matters discussed and information provided by the Company at each meeting are included in the Annex.

The CEPF requested that the Company maintain a challenge log in order to gather and record evidence in support of its findings to Ofwat. The Challenge Diary, recording the audit trail of CEPF challenges and Company responses, is included in Appendix A to this report. A summary of the challenges posed and the Company's response is also provided in the Annex to this report.

SBW provided meeting facilities for the CEPF at one of its sites and provided administrative support in the form of issuing agendas, producing minutes of meetings and circulating papers prior to meetings. Draft minutes were submitted to the CEPF Chair and Deputy Chair for initial comment and then circulated to the whole CEPF; approval, with required changes if any, was confirmed at the subsequent meeting.

CCWater also shared details with the CEPF of its early consultation with SBW and input to the Company's plans with regard to customer engagement and consultation, prior to establishment of the CEPF.

3.2 Other channels of communication

The CEPF Chair attended meetings with the SBW's Board on three occasions to discuss current and future plans. The CEPF Deputy Chair also met senior departmental managers to gain insight into key issues affecting the business.

The CEPF communicated with SBW by email on the following specific issues:

- Qualitative work and discussion groups (All members)
- Quantitative survey questionnaire and content (All members)
- Customer preferences for services and costs (willingness to pay) questionnaire and content (Research sub-group)
- The Company's long-term business strategy (CCWater)
- Online questionnaire and content (Research sub-group)
- Environmental Outcome and Measures of Success (Environment Agency and Natural England)
- Drinking Water Outcome and Measures of Success (Drinking Water Inspectorate)
- Research peer reviews (CCWater)
- Acceptability testing of the business plan (CCWater).

3.3 Effectiveness of process

The CEPF is satisfied that the communication process with SBW has worked effectively. The Company has demonstrated commitment to the process by:

- circulation of information, proposals and responses to challenges and queries, in most cases, on a timely basis
- effective attendance of Company personnel at CEPF meetings including the Managing Director at all meetings
- a willingness to listen to suggestions and challenges, and to implement changes to the customer research and to the proposed Outcomes and Measures of Success in response
- providing open and transparent responses and evidence to all challenges and questions raised
- maintaining a diary of challenges.

The engagement and challenge process could have been more effective from an earlier stage if the Ofwat business planning methodology had been published in advance of companies commencing their customer research and engagement. This would have enabled more effective programming of activities and earlier production of business planning elements. Similarly, publishing earlier guidance on how Ofwat will use Customer Challenge Group reports in its assessment of companies' business plans would also have been helpful.

4. Customer engagement

4.1 Customer engagement and consultation

Key challenges were accepted by the Company to improve the customer research questionnaires and the outcomes and performance measures. The CEPF also influenced the nature of the business plan acceptability testing by insisting on quantitative research over and above the qualitative research proposed by the Company.

The CEPF believes that the overall package of research has been conducted in an effective and professional manner and has achieved the objectives of identifying customers' views and assessing and quantifying their future needs and priorities. These priorities have been carried forward by the Company in defining its outcomes, performance measures and commitments. The CEPF supports the Company's balance of commitments covering the high priority customer and stakeholder issues.

At one of the early CEPF meetings, the Company and its research consultant described a range of potential research options and a recommended approach comprising the following:

- qualitative research using a series of discussion groups to explore both household and non-household customer views
- initial quantitative research using telephone interviews with household and non-household customers
- willingness to pay quantitative research.

The research plan included details of proposed sample sizes for each stage. The CEPF agreed the recommended plan, including sample and group sizes, but noted that, at this early stage, business plan acceptability testing had not been included in the plan. The CEPF however was assured by the Company's statements that the research approach was flexible and would be modified in response to lessons learned from each stage of research.

There were ultimately seven areas of research undertaken including the planned stages, supplementary research as a result of customer feedback and the business plan acceptability testing. The seven areas were as follows:

a) Customer attitudes, opinions, needs and wants (qualitative)

The overall aim of this research was to assist in providing evidence to SBW of customer attitudes, opinions, needs and wants. The results would then be used as a basis for subsequent quantification of core customer groups' emotions, feelings, knowledge/awareness and priorities for SBW's future planning. As well as customers, SBW sought the views of the wider stakeholder community/key opinion leaders in this research.

CCWater made key challenges on the wording of the research topic guide for the discussion groups and subsequently attended three discussion group sessions together with other CEPF members. SBW responded positively and amended the topic guide to incorporate CCWater's detailed comments.

As a result of the review and challenge and the Company's response, the CEPF was satisfied with the robustness and effectiveness of this stage of the Company's research and had confidence in the results.

b) Telephone survey (quantitative)

Using the responses from the qualitative stage on customer priorities and expectations, a series of questions were developed to ascertain the percentage of customers supporting the various views. The plan for the quantitative work was circulated to the CEPF and then reviewed by CCWater. Detailed comments were fed back to SBW and, after a number of iterations, a final modified proposal was received. The plan had been peer reviewed by ICS Consulting, who had conducted reviews for a number of other water companies. The final plan was circulated and then agreed by the CEPF.

The main CEPF challenges and the Company responses on the survey questions included:

- reference to national water industry problems could distract customers from local SBW issues; the Company agreed to delete reference to national issues
- queried wording of questions about water process and regulations; asking about customer knowledge of water industry regulation; the Company modified wording of questions
- suggested that a reference to water meters should explain that they are not cost-free in that there is actually a cost to the Company; the Company did not change and considered matter would be more suited to a willingness to pay survey.

Following the process of challenge and the Company's positive responses, the CEPF confirmed support for CCWater's conclusions that:

- *"Generally the quantitative results backed up the qualitative ones and gave SBW considerable encouragement about their current performance. The message for the future was broadly that customers would be satisfied if the levels of service were maintained and prices did not increase by more than inflation. The total survey covered 501 households and 150 non households"*
- *"..... the CEPF was content to sign off the Research as having been professionally conducted and meeting the requirements of determining customer views."*

The CEPF agreed that the effect of inflation on bills was correctly referenced in the telephone survey but had some concerns whether customers responding to surveys fully understood the impact of inflation. The CEPF therefore challenged the Company to address this in the business plan acceptability testing.

There were mixed messages from the qualitative and quantitative research regarding metering and leakage, so the Company decided to introduce a deliberative research session to explore customers' views, particularly on these two issues, in more detail.

c) Customers' views on metering and leakage

This deliberative research, known as a Customer Jury day, engaged 20 people, split equally between household and non-household customers. In each case there was a presentation by SBW supported by an Industry expert to provide an independent view. There was then a discussion within each group. Customers were asked to fill in a questionnaire at the beginning of the session and again at the end after being informed by the presentations and discussions. The process was observed by CCWater and considered to be conducted in a professional manner.

Key conclusions were that all customers considered metering to be fair but households did not support compulsory metering although business customers did support metering of all customers. On leakage, there was a view that leaks were the most visible sign of the Company's failure to perform. This research also highlighted the need for better communications/education from the Company.

d) Future Customers

The survey of future customers was an independent piece of research not linked to the main customer engagement process. The aim was to understand how customer attitudes may change in the longer-term so the results were not directly relevant to the 5-year business planning period.

This survey, targeted at 6th form students, was undertaken during Autumn 2012. A paper survey was designed, as outlined at the June 2012 CEPF meeting but without direct input from CEPF members as the questionnaire was largely a modified version of the telephone survey. Self-completion questionnaires were distributed to state schools with sixth forms. In total, 1,026 students completed and returned questionnaires.

Key conclusions from the study were that:

- most future customers have some degree of environmental awareness
- the supply of drinking water is not considered a high profile issue
- water is not considered a scarce resource in Britain
- the environmental impact of supplying clean water is seen as less important than other issues such as climate change, carbon usage, population growth and habitat loss.

e) Online survey

This quantitative study was undertaken to develop some of the findings from the qualitative stages of the research programme. It was designed to cover four key areas of interest: the supply of water; water pipework; charging/billing for water supply; and the environment.

A summary of the results recorded from the Customer Jury day had been presented to the CEPF sub-group on 19 November 2012 in the form of a Top 10 issues list. These issues were discussed and the questions and methodology of presentation were agreed and thus provided the basis for the online survey.

The aim was to achieve a response level of about 10% although in practice it was much lower with only 41 responses (22 non-household and 19 household). With this response rate, the work could not be used as a quantitative justification for action.

The CEPF was disappointed that this online survey failed as a quantitative exercise because of the low response. CCWater believes that the main cause was the use of a postal method of customer invitation to undertake the online survey (as the Company does not hold a sufficient number of customer email addresses). The CEPF considered that there was no essential need to repeat the survey using an alternative means of contact as the quantitative telephone research had established customer priorities to its satisfaction.

f) Customer preference on service and costs (CPSC)

The CPSC research was designed to provide an analysis of customer willingness to pay for various service improvements, related to:

- reducing the risk of interruption to supply due to failure of a single source feed
- reductions in water lost through leaking pipes
- assistance in replacing external pipework ordinarily the responsibility of the customer (supply pipes)
- water metering
- managing environmental impact.

A first draft of the research proposal was discussed at a CEPF sub-group meeting on 10 January 2013; the CEPF made various suggestions for changes to be included in a further iteration of the documents. One major concern of CEPF members was that the proposed Attributes covered both Metering and Leakage which is not best practice as per UKWIR¹ Guidelines on carrying out willingness to pay surveys, due to potential overlap with a consequent possible misinterpretation of results and the potential for double-counting within estimates. SBW confirmed that the document would be peer reviewed by Dr Scott Reid of ICS Consulting prior to sign off.

A further CEPF sub-group meeting was held with SBW on 30 January 2013. The first substantive draft document was presented at the meeting which was attended by two CEPF members. The CEPF suggested numerous changes including some major re-drafting. Some options, such as reducing leakage to 10% were not considered deliverable even if confirmed by customers so significant revision was required. A revised version of the research material for the CPSC was subsequently peer reviewed by Dr Scott Reid of ICS Consulting.

CEPF members raised further challenges on the revised versions of the showcards and questionnaire as follows:

- use of open ended timescales such as a bill increase of £15 over 'a few years'; this was not changed following further explanation from the research consultant which was accepted
- use of both service levels and policy tools as attributes making it difficult for customers to compare; CCWater subsequently agreed the approach following support by the peer reviewer
- wording of bills being linked to inflation considered complex; the peer reviewer addressed this issue and concluded that the description of the cost attribute was fit for purpose.

¹ UK Water Industry Research (UKWIR) 11/RG/07/22 - Carrying Out Willingness To Pay Surveys

A further version of the research material showed that SBW had largely implemented the suggested changes. At the CEPF's request, a pilot of the survey was conducted to assess whether any further changes to the material were required prior to the research commencing including whether the CEPF concern about open-ended timescales caused any difficulty. A further small number of improvements were made to the research material following the pilot.

The CEPF also challenged SBW on using the same person to undertake the peer review of the CPSC research as had undertaken the peer review of the design and content of the surveys used in the research. The Company did not change its approach as it considered using the same peer reviewer for the questionnaire at the design stage and for the research results was not inappropriate: the key issues were that the peer reviewer had the expertise and was independent of the research consultant, as well as also having the benefit of continuity of involvement through the several stages of research.

The CEPF considers that Peer review is a valuable aspect of the research process, and should be undertaken by someone who is independent of the research. However, the assurance in this case was conducted by an acknowledged expert who also advised on the research development at an earlier stage in the process.

The CEPF also raised further challenges as a series of five questions to the peer reviewer, Dr Scott Reid of ICS.

In October 2013, ICS peer reviewed SBW's Willingness to Pay (WtP) research in their 'Peer Review Assurance: PR14 Willingness to Pay' document. Although the peer review conclusion on page 9 is supportive of SBW's approach, the peer reviewer notes on page 8 that they have not been able to fully validate SBW's approach to their WtP research and analysis:

"We have not been able to verify the calculations underlying the Simulation Tool as the calculations are locked and hidden in password protected VBA code."

Furthermore, in response to a question raised by CCWater as to the advantages and disadvantages of SBW's approach, the peer reviewer states on page 10:

"A difficulty with the SBW approach is that it is less clear if the service packages that attract most support from customers (highest % who are willing to pay) would also pass a cost benefit test."

However, SBW has recently confirmed to the CEPF that the Company's appointed auditors Halcrow formally audited the data SBW used in the cost benefit analysis of outcome delivery incentives. Halcrow has provided SBW with assurance and confirmed that its approach is in line with that of other companies. Halcrow's assurance to SBW offers some comfort to the CEPF that the WtP values have been used correctly in cost benefit analysis and that schemes are cost beneficial.

The willingness to pay report itself, "PR14: Customer Attitudes, Opinions, Needs & Wants for 2012 and beyond" CPCS/WtP Survey July 2013 reads as more of a methodological document rather than a report of findings. There is little in the way of data outputs from the findings. The researchers made a case for not using mean WtP values within this report because of concerns about using averages. However, now that the CEPF has had a welcome assurance on the cost benefit analysis process, it notes that the process, in line with that of other companies, must have used a series of WtP outputs from the research which the CEPF has not had sight of.

The survey results showed the greatest customer support for two outcome commitments:

- 75% of customers were prepared to pay for reducing leakage
- 75% of customers were prepared to pay for reducing the risk of supply failure to 12,000 people (located in an area which currently has a single supply main with no alternative in the event of failure).

This research also included a preliminary assessment of willingness to pay for a cross subsidy for social tariffs which had some customer support; the objective was to gain an initial view which could guide a further research approach. The Company considered that the feedback gave very mixed messages and, following a challenge from the CEPF, subsequently gave a commitment to undertake further research on social tariffs in 2014.

g) Acceptability testing of business plan

The Company and its research consultant initially proposed a qualitative research exercise to gauge customer opinion on the proposed business plan. Following CCWater's objection to the lack of quantitative research on the grounds that the initial proposal would not cover a representative sample of customers, the Company amended its proposals and adopted a dual quantitative and qualitative approach as follows:

i. Qualitative element

As a matter of record, the qualitative element comprised seven group discussions with respondents recruited across SBW's supply area. Customers were presented with a summary package of bill and service impacts. This high level business plan information allowed exploration of particular issues, including the Company's customer service reputation, whether bill changes over the 5-year business planning period should be smoothed, and customer understanding of Outcomes. The plan received unanimous acceptance from respondents on the basis that an improved service at lower cost was impossible to reject.

A CCWater CEPF member viewed the first two group sessions (on the first evening) and concluded that changes were needed to the business plan stimulus material. The final research material had not been issued to the CEPF prior to the research commencing but, following CEPF challenge, significant improvements were made to the material to improve communication clarity. The consultant concluded that the changes improved communication but had little or no effect on plan acceptance.

ii. Quantitative element

The testing set out to measure customer acceptability of SBW's proposed business plan and the consequent impacts on household bills by 2020.

The survey method, known as 'hall' tests, comprised setting up interviewing stations at four locations across SBW's supply area (Ringwood, Bournemouth, Christchurch and Wimborne) and inviting members of the public to come inside and take part in the survey. All participants were screened to ensure that they were SBW customers and bill payers. There were also controls to ensure a mix of customer characteristics (e.g. 50% male and female, and 60% metered customers and 40% unmeasured) in line with data across the Company's records.

Prior to the tests, the CEPF raised a major challenge that the proposed stimulus material and questionnaire were fundamentally flawed and as such would not provide robust data. In response, SBW cancelled the first two hall tests and made significant revisions to material and questionnaire; this was discussed at an emergency meeting with the CEPF research sub-group. Following subsequent confirmation by SBW that two final amendments had been made to the questionnaire, it was agreed that the questionnaire was then fit for purpose.

The CEPF also challenged the fact that non-household customers had not been included in the research. The Company responded that it was difficult to arrange appointments with non-household customers for face to face interviews. It was also noted that around 14,000 of the 16,000 non-household customers have similar consumption levels to households. Previous stages of research had also shown that the views of non-household customers were similar to those of households.

The testing comprised face to face interviews with 192 household customers. The CEPF supported the sample size achieved which was in excess of the minimum of 150 respondents required by CCWater guidance.

The test results showed that, once the full high level plan was revealed, 79% of customers said that the plan was acceptable and 6% said that it was unacceptable. The response from vulnerable customers (defined as customers who sometimes or always struggled to pay their bills) was an acceptance from 55% of customers. The CEPF expressed concern about the lower level of acceptability to vulnerable customers and challenged the Company to include a suitable approach to a social tariff in the business plan. SBW confirmed that it had recently established a discretionary trust to assist customers in cases of severe financial hardship and would be undertaking further research on a social tariff in 2014.

4.2 Customer priorities

From the original qualitative (discussion groups) and quantitative (telephone survey), future customer priorities can be summarised as follows:

Priority	Customer support (very important)	
	Household	Non-household
Ensure enough water	96%	93%
Reduce leaks	92%	89%
Encourage people to use less water	75%	74%
Avoid supply interruptions	74%	61%
Meter all properties	49%	65%

The CEPF ensured that these priorities were carried forward to the Outcomes (which are described in Section 5) as follows:

- Outcome – Provide a safe wholesome water supply covers the first priority
- Outcome – Provide a reliable water supply includes performance commitments on leakage, reducing per capita consumption (pcc) and decreasing average length of interruptions (> 3 hours) to cover the second, third and fourth priorities. The Company's commitment to reduce pcc and leakage is assisted by additional metering; the Company therefore concluded that a separate metering commitment was not required.

5. Business Plan

5.1 Outcomes and measures of success

Development of SBW's Outcomes and Measures of Success (performance measures) was an iterative process during which the CEPF debated the issues with SBW and proposed detail changes, many of which were agreed by the Company. References to CEPF input are included below and listed in more detail in the *Summary of meetings* and the *Summary of challenges* included in the Annex to this report.

The outcomes were developed from customer priorities concluded from the customer research and in accordance with industry guidance (published by research group UKWIR). Customers were also asked to prioritise outcomes as a subsidiary question within the customer preferences (willingness to pay) research. As stated by the Company: *'Guided by our researchers who had advised us that they had found that customers do not wish to be involved in the detail we did not ask about measures of success. Discussions at this level were conducted with the CEPF.'*

The CEPF reviewed the evolving draft Outcomes and Measures of Success in great detail providing comments on all aspects. The CEPF also suggested changes to improve clarity and understanding of the document with removal of technical jargon. The CEPF provided key challenges that effected changes to ensure that customer priorities and preferences were reflected in the context of the five-year and 25-year plans. Examples of particular challenges are listed under each outcome below:

a) Outcome 1 - *Provide a safe wholesome water supply*

This is clearly a fundamental requirement for water supply and was acknowledged as such by customers. Following discussion of options, the CEPF proposed the current DWI performance measure of success '% overall compliance with drinking water standards' as being the most appropriate measure.

Research identified this outcome as having the most customer support by far (ranked as the number 1 outcome by 59% of customers surveyed).

b) Outcome 2 – *Provide a reliable water supply*

This is also an essential requirement of water supply as again acknowledged by customers. Research identified this as the outcome with the second most customer support (ranked as the number 1 outcome by 27% of customers surveyed).

Measure of success 1 – *Security of supply*

The CEPF challenged the Company on:

- the initial leakage and metering proposals being unrealistic. Company response: proposals were modified
- the option for zero subsidy on supply pipe replacements. Company response: option removed

- reducing the number of customers who can only be supplied from a single source. Company response: proposed to reduce the number in the business plan as supported by customers' willingness to pay.

The CEPF strongly supported the inclusion of the per capita consumption (pcc) performance measure.

Measure of success 2 – Minimise customer disruption

The Company agreed to the CEPF proposal to include a 'maintain serviceable assets' performance measure. The CEPF also suggested inclusion of both planned and unplanned interruptions within the length of interruption measure.

c) Outcome 3 - Provide an excellent customer experience

This outcome stemmed from research feedback that SBW responded well to customer contacts but that proactive communication and information from the Company was not very effective. SBW had responded to this feedback during 2012 by carrying out a thorough review of its communications strategy with the result that it has already appointed a professional communications manager at senior level to develop improved strategies.

The CEPF challenged the Company to raise the target for customer service (Ofwat's service incentive mechanism) and noted the importance of effective customer communication over and above target setting.

d) Outcome 4 - Environmentally sustainable operations

This outcome was developed from the Company's own environmental obligations and customer feedback that the environment was important.

Measure of success – Reduce carbon (energy management and reduce energy used delivering water)

The Company agreed to the CEPF challenge to change the carbon reduction performance measure from 'power efficiency measures' to the more specific 'kW used per Ml of water delivered'.

Measure of success – Healthy natural water environment

The CEPF challenged the Company to use an improved performance measure linked to biodiversity enhancement. This evolved to the more specific measure of: *Increase biodiversity score for ecological habitats in favourable or good condition.*

e) Outcome 5 - *Financially sustainability*

This was not flagged as a customer priority although some customers were sceptical about corporate greed.

Measure of success – *Fair customer bills*

The Company agreed the CEPF challenge to change the measure of success to 'fair' bills rather than 'affordable' bills. The CEPF also instigated particular discussion on performance measures for adoption of a social tariff and measures of efficient debt management.

f) Outcome 6 – *Engaging well with our community and customers*

Community engagement was not identified as a customer priority although feedback on Company communications was provided (as described under Outcome 3 above).

Measure of success – *Contribute to our community*

Performance commitment – *Increase education visits to schools*: the CEPF challenged the Company that increasing the number of school visits would be an extra input but did not measure success; the Company would need to define an impact measure. Identification of an appropriate measure has not yet been resolved.

5.2 Outcome delivery incentives

In addition to the specific challenges on outcomes listed above, the CEPF highlighted to the Company that many outcomes could be reputational rather than offering incentives. This strengthened the resolve of the Company that it was appropriate for most incentives to be reputational rather than financial.

The CEPF is supportive of the Company's decision not to propose financial incentives, outside the existing regulatory regime, other than penalties for the two high priority customer requirements: failure to achieve the planned reductions in leakage and failure to install and commission new mains to reduce the risk of supply failure for 12,000 customers.

5.3 Consistency with statutory obligations

The CEPF considers that complying with statutory obligations is a fundamental part of the Company's normal business operations. The Drinking Water Inspectorate and the Environment Agency have made statements about statutory compliance as included in Section 8 below. Having received this feedback, the CEPF was satisfied that the Company's business plan was consistent with meeting statutory obligations.

5.4 Other business plan issues

As well as concentrating on customer engagement and outcomes, performance commitments and incentives, the CEPF was also proactive in questioning the Company about other business planning issues including:

- likely future asset maintenance needs (SBW organised a special CEPF workshop covering the Company's likely future investment needs)
- where innovative ideas had been introduced with the potential for future efficiencies
- the process adopted to select an appropriate weighted average cost of capital
- costs of debt including debt written off and debt management
- assessment of options for alternative 2015-2020 bill profiles.

The CEPF was satisfied in each case that the Company had provided appropriate evidence to support its conclusions.

6. Water Resources Management Plan

The draft Water Resources Management Plan (WRMP) was published for customer consultation. The Company shared development of its draft plan with the CEPF at meetings. The Company does not have a supply demand deficit currently and does not forecast a deficit in the 25-year planning horizon. There is therefore no investment required to meet demand. The Company was proposing to accelerate its programme of metering to complete by 2020 (by installing meters on a street-by-street basis in the interests of cost efficiency; these customers would not be charged on a measured basis unless at the customer's request or on change of occupancy).

The CEPF challenged SBW on its original proposals for an increase in its rate of metering:

- the appropriateness of the blanket metering proposal in light of the lack of a supply-demand deficit
- justification of the cost advantage of completing household metering by 2020 (which was not supported by willingness to pay) rather than the current approach of metering when requested by customers and on change of occupancy.

SBW has since modified its metering proposal for the Business Plan and will update its WRMP accordingly. The current proposal is to continue with metering optants and on change of occupancy but, in addition, to undertake metering on a targeted street-by-street basis. Customers in the latter case will only be charged on a measured basis if they request the change or on change of occupancy. The Company has undertaken to keep customers informed of its metering activities and encourage customers to switch to metered charging where possible savings on bills have been identified.

7. Long term strategic plan ‘Your Water’

Prior to formation of the CEPF, CCWater had held discussions with SBW on the PR14 customer engagement process and had requested the status of a long-term plan beyond the 2015-2020 period. The Company had outlined its proposal to ask customers whether its Strategic Direction Statement required changing and envisaged producing an updated version by the end of 2012. The development of the long-term plan was later challenged in March 2013 with the request for information of when a draft strategic plan would be shared with the CEPF. The Company confirmed that a concise plan was in the course of preparation and subsequently circulated a draft plan entitled *Your Water* prior to the CEPF meeting in June 2013. The Company explained that the original timetable had been modified to allow the plan to reflect customer research.

The aim of *Your Water* is to describe, in non-technical terms, and communicate to customers the long term strategy for the Company. The CEPF confirms that the main headings and aims of the strategic plan are consistent with the Company’s proposed outcomes in the business plan.

8. Statements from regulators

8.1 Consumer Council for Water

“The Consumer Council for Water (CCWater) is the independent statutory representative of domestic and non-household water consumers for England and Wales.

Our extensive challenges across Sembcorp Bournemouth Water’s plan on customer engagement, research, outcomes, performance measures, incentives and its investment plan give us the confidence that the Company has developed a plan with customers’ priorities in mind, and reflects the needs of customers over the next five years and in the longer term.

Most customers (79%) have found Sembcorp Bournemouth Water’s overall business plan acceptable. We were pleased with Sembcorp Bournemouth Water’s response to the challenge about its approach to those vulnerable customers who found the plan unacceptable. The Company confirmed that although it already has a discretionary trust fund in place to help those customers who struggled to afford their bill, it will bring forward detailed research into customer-funded social tariffs to 2014, with implementation of a social tariff the following year should there be broad customer support for this.

As part of our role within the CEPF, we have scrutinised the customer engagement approach, research methodology, material, results and how the Company has used those results as it has planned its 25 year strategy and 5-year business plan. CCWater is confident the outcomes Sembcorp Bournemouth Water wants to achieve in its business plan and long-term plan reflect the priorities that its customers said they valued through research.

Overall Sembcorp Bournemouth Water’s engagement with the CEPF has been very open and transparent, and this approach has been of great value to the CEPF throughout this process.”

8.2 Drinking Water Inspectorate

The Drinking Water Inspectorate (DWI) has contributed a statement on drinking water quality for inclusion in this report. The statement is attached in Appendix B.

The DWI statement has referred to two SBW capital projects for installation of UV disinfection for *Cryptosporidium* inactivation at two treatment works (TW), Knapp Mill and Adlams Lane, in the AMP6 period. The DWI has noted that the Company is also installing UV disinfection at Alderney TW for completion in the current AMP5 period. The Company has since confirmed to the CEPF that it also plans to complete the Knapp Mill UV disinfection in the AMP5 period.

8.3 Environment Agency

The EA's report to the Company following review of the draft business plan is provided in Appendix C together with an update to the report following SBW's responses to questions raised.

8.4 Natural England

The statement from Natural England is included in Appendix D.

9. Conclusions

The CEPF has engaged with the Company at ten full meetings, at customer consultation workshops, in individual discussions and by telephone conference and email communications. The CEPF customer research sub-group has maintained close contact with the Company and its research consultants to enable effective challenge and to enhance the quality of the research material.

The CEPF has made challenges across all areas of the Company's customer engagement process and in the development of outcomes, measures of success and performance commitments in the Company's business plan proposals. Key challenges were accepted by the Company to improve the customer research questionnaires and the outcomes and performance measures. The CEPF also influenced the robustness of the business plan acceptability testing by insisting on quantitative research as well as the qualitative research proposed by the Company.

The CEPF believes that the overall package of research has been conducted in an effective and professional manner and has achieved the objectives of identifying customer views and assessing and quantifying their future needs and priorities. These priorities have been carried forward by the Company in defining its outcomes, performance measures and commitments. The CEPF supports the Company's balance of commitments including application of financial penalties to the two high priority customer outcome commitments of reducing leakage and reducing the numbers of customers at risk of supply interruptions from a single source feed.

Members of the CEPF with a statutory remit, the Drinking Water Inspectorate and the Environment Agency have provided statements supporting the view that there is no inconsistency between the business plan and its fundamental duty to meet its statutory obligations.

These conclusions are supported by all CEPF members.

Appendices

Appendix A – Challenge Diary

Semcorp Bournemouth Water Customer Engagement Planning Forum Report to Ofwat

CEPF CHALLENGE DIARY		Outcome, Comments & Attachments	Complete	By	Date			
No	Date	Event	Challenge Description	Raised by	Outcome, Comments & Attachments	Complete	By	Date
1	07/02/2012	CEPF Regular Meeting held 1st Feb 2012	Challenged SBW to make changes to the Terms of Reference of the CEPF	Gillian Mayhew	These changes were agreed and actioned by SBW (changes were made to part 1.7a and 1.7b.)	Y	SBW	Feb-12
2	20/03/2012	CEPF Regular Meeting held 20th March 2012	Challenged SBW to make changes to environmental terminology in Outcomes' spreadsheet	Douglas Kite	This was agreed by SBW and included in updated spreadsheet	Y	SBW	Mar-12
3	12/06/2012	CEPF Meeting held on 12th June - Quantitative Research and Questionnaire Design	CEPF members challenged SBW to be involved in design of the telephone questionnaire to be used in the quantitative research phase. CCW and DWI were chosen by the CEPF to represent the them in this challenge, and to report back to the CEPF. All CEPF members individual views were sought.	CEPF	The questionnaire draft was designed by the research company, Nuance, with input from SBW. The questionnaire was reviewed by CCW and DWI and recommendations of adjustments given. The questionnaire was also reviewed by an independent expert peer reviewer. (ICS Consulting Ltd - Dr Scott Reid). All CEPF members signed off on the final version.	Y	SBW	Jun-12
4	10/01/2013	Online Research conducted by the research company Visions Live. This was designed to supplement the deliberative research.	Members challenged SBW to allow the CEPF to have input in the design of the online questionnaire. The CCW and DWI represented the CEPF.	CEPF	SBW in conjunction with CCW and DWI designed the questionnaire. CCW and DWI on behalf of CEPF agreed the final version.	Y	SBW	Jan-13
5	28/01/2013	Customer Preferences on Service and Cost (CPCS) questionnaire and information pack design. (Willingness to Pay)	Members challenged SBW to allow the CEPF to have input in the design of the CPCS questionnaire and information pack. CCW and DWI represented the CEPF for this task.	CEPF	CCW & DWI involvement consisted of two meetings. 10th and 30th of January with SBW and Nuance. The process was iterative in that versions of the questionnaire and information pack were adjusted and reviewed and fine tuned. This resulted in a final version which was peer reviewed by an independent industry expert on 18th February 2013 (Dr Scott Reid, ICS Consulting Ltd). All adjustments as advised by the CCW, DWI and the peer reviewer were incorporated. CEPF also requested a pilot run which was successfully completed 9th April 2013.	Y	SBW	Mar-13
6	07/03/2013	Email from Gillian Mayhew CQWater	Challenge that the timescale of the attributes in the showcards should be specific. SBW advised that there were different time periods of different attributes therefore it was not possible to be specific. GM specifically asked that this aspect was closely monitored in the pilot survey.	Gillian Mayhew	The report on the pilot study was positive with no major adjustments required. Nuance research then asked OFC who conducted the pilot specifically about timescales of attributes and they confirmed that none of the pilot respondents raised this as an issue.	Y	SBW	Apr-13
7	28/01/2013	Workshop to introduce to the Customer Engagement Planning Forum (CEPF) Ofwat's PR14 concept of Outcomes and Measures of Success (MoS).	Challenges from the CEPF members to wording and measures of outcomes and commitments	CEPF	SBW agreed changes e.g. Outcome 2.2 - Additional output 'Maintain Serviceable Assets' Outcome 4.1 - output changed from 'Power Efficiency Measures' to 'Kilowatts used per Mega litre of water delivered'. Outcome 4.2 - output changed to 'Business Activity supporting a resilient ecological network for bio-diverse habitats' (after meeting with NE and the EA). Outcome 5.2 - MoS changed from 'Affordable' to 'Fair Customer Bills'. Outcome 6.1 - MoS changed from 'Good' to 'Excellent Corporate Governance'.	Y	SBW	Jan-13
8	19/03/2013	Regular CEPF Meeting held at Longham on 19th March	Challenged Outcome 5.1 noting that customers were excluded from the 'fair return'	Ed Vidler	FW CEPF member suggested changing 'shareholders' to 'stakeholder' thus including customers. In those entitled to a fair return; SBW agreed changes	Y	SBW	Mar-13
9	19/03/2013	As Above	Challenged the wisdom of zonal blanket metering.	Jacky Atkinson	SBW (RH) responded saying that by installing meters in this way was the most cost effective over the medium to long term. The company considers that the systematic physical replacement of infrastructure and installation of meters at all properties represents a cost effective way ahead.	Y	SBW	Mar-13
10	19/03/2013	As Above	Questioned why additional work on Aldemey WTW was proposed after funding was granted in AMP5.	Jacky Atkinson	SBW (RH) responded that there had been no funding for AMP5 for any specific investment at Aldemey treatment works. The design of the plant was not as it would have been if built to current standards and that the intention was to provide a step-change in process performance.	Y	SBW	Mar-13
11	19/03/2013	As Above	Queried the work proposed at Woodgreen WTW	Jacky Atkinson	SBW (RH) responded that the understood that DWI had been satisfied that the development of the management of risk at the site which had led to the installation of ultra-violet disinfection had been appropriate. It was now proposed to investigate the local catchment in order to better understand the sources and routes of migration of cryptosporidium at certain times	Y	SBW	Mar-13
12	19/03/2013	As Above	Challenged research had not stuck rigidly to the UKWR guidance.	Ed Vidler	SBW (AL and TKL) explained the current modern research SBW were using and also cited the independent industry expert peer reviewer Dr. Scott Reid's endorsement. "Stated preference methods are continually evolving and deviations from UKWR guidelines should in no way detract from the expertise that has underpinned SBW's approach."	Y	SBW	Mar-13
13	25/03/2013	Email from Alan Burrows of the EA and CEPF Member	Challenged SBW re how flood risk / resilience had been included in SBW's Outcomes and Measures of Success documentation	Alan Burrows	SBW (AL) responded supplying a copy of the MoS documents and the following statement. "There is no specific outcome for flood risk. This is because in AMP5 we completed a flood risk assessment of our assets re a 1 in 1000 year risk. Measures are being undertaken, as part of AMP5, to improve resilience against floods and therefore do not directly form part of this business plan. However flood would be seen to be a failure of reliability and as such would be indirectly covered in the 'Reliable Supply of Water' outcome." AB then responded with, "Alan, thank you for your reply."	Y	SBW	05-Apr
14	28/03/2013	Email 28 March 2013 from Gillian Mayhew of CCW and CEPF Member	Challenge as follows: "CCW would very much like to explore with you what SBW's intentions are with regard to producing a Strategic Direction Statement and at what point this will be shared with the CEPF."	Gillian Mayhew	SBW (TKL) replied on the 5th April. "...the document is now well underway. As there is no formal requirement for a formal PR10-type 'SDS' we are taking a different approach to previously. The document will be far more customer-focused and in the style of last year's 'How we're doing' publication. It will neither be long nor full of jargon. We are producing it to be succinct and in language that customers will want to read. It is currently in draft and with our communications team (the creation of which of course was another direct response to what customers told us they wanted)."	Y	SBW	05-Apr

Sembcorp Bournemouth Water Customer Engagement Planning Forum Report to Ofwat

No		Date		Event		Raised by		Challenge Description		Outcome, Comments & Attachments		Complete		By		Date	
15	14/05/2013						Gillian Mayhew	Challenged SBW to outline their plans for customer acceptability of the business plan			SBW considering their options before replying. See 'Acceptability Testing Paper' sent to the CEFF for consideration in the week beginning 8th July 2013. This paper outlines the option available to SBW for carrying out this testing. SBW is requesting feedback and guidance by way of this paper.	Y		SBW	06-Aug		
16	11/06/2013						Ed Vider	Challenged SBW to evidence that universal installation of meters gave a 20% saving in capex costs, over the current adhoc method of installation			Construction & Utility Solutions Partnerships Ltd (CUSP), who are contractors for SBW, have provided savings based on SBW's current policy for meter installation and the proposed 'roll out' meter policy. Current policy allowed has a unit cost of £211.66 (the 'by street' method has a unit cost of £194.31). Following the 'roll out' method would render a saving of approximately 8%. SBW to provide paper showing numerical rationale for this before next meeting 6th August.	Y		SBW	06-Aug		
17	11/06/2013						Ed Vider	Challenged SBW to provide the probability of risk of failure on their areas supplied by a single feed pipe.			SBW to consider and advise; paper to be distributed prior to next meeting.	Y		SBW	06-Aug		
18	11/06/2013						EV (CEFF)	Challenged SBW to increase the level of educational activity in the MOS and also to measuring its effectiveness			SBW to consider and advise; paper to be distributed prior to next meeting.	Y		SBW	06-Aug		
19	18/06/2013						Gillian Mayhew	Challenged SBW to confirm that the low % of younger (<35Yrs) respondents in the CSPC research is reflective of the actual demographics			SBW stated that they could not answer until full report issued, as the proportions may change. However as acknowledged by CCW, SBW's customer base is weighted heavily against an older population (many of the younger population, ie students are not bill payers) and it is an accepted fact that the more mature customers are not only more willing to take part in surveys, but actually have more time so to do. Clarification from Nuance reported in paper to CEFF. Distributed prior to 6th August Meeting.	Y		SBW	06-Aug		
20	18/06/2013						Gillian Mayhew	Challenged SBW why Acorn used as the basis for sampling when other companies have used census data			SBW use the Acorn classification as this is the only data currently held on SBW's billing system from which the sample was drawn. Confirmation from Nuance reported in paper to CEFF. Distributed prior 6th August Meeting.	Y		SBW	06-Aug		
21	18/06/2013						Gillian Mayhew	Challenged SBW to satisfy CCW that the CPSC simulator tool has been "roadtested" before.			SBW response: Essentially there is nothing about the simulation tool that is not industry best practice. Nuance have built the tool in Excel, this is for ease of use and accessibility. The programming for the simulation tool is based around that used in many of the shelf simulator packages. Nuance have used the mathematical programming found within the software provided by Sawtooth Software, who are the world's leaders in market simulation technology of this nature. As such, it is similar in nature to the 'off-the-shelf' software packages that CCW refers to, and in many ways more advanced and more accessible as many of the off the shelf solutions that are out there are based on out-dated mathematical algorithms. See report form Nuance distributed to the CEFF prior to 6th August Meeting. Also SBW will ask their peer reviewer to comment on the proven ability of the software.	Y		SBW	06-Aug		
22	18/06/2013						Gillian Mayhew	Challenged SBW about the appropriateness of using Reed as a peer reviewer given his involvement at the design stage.			SBW disagreed with this observation for the following reasons and will provide rationale for view in the paper for the whole CEFF. CCW correctly encouraged SBW to have its CPSC research peer reviewed by an independent expert. Dr Scott Reed of ICS Consulting is highly regarded throughout the industry, and by reason and also for being completely independent from our research providers Nuance. He has not been involved any of the design elements of the research. So far he has conducted his peer review tasks at the critical periods, namely the CPSC questionnaire. This was welcomed by CCW. Dr Reed provides valuable insight in his role as peer reviewer and enhances the research process, making it robust, which is the key component that we and CCW wish to achieve.	Y		SBW	06-Aug		
23	12/07/2013						Jacky Atkinson (DWI)	For PR14 planning, I would like to stress that we would expect the Company to be allocating sufficient resource to address all of the risks identified at Alderney, and at all other treatment works operated by Sembcorp, to prevent a recurrence of events of this nature. The Company should review all of its Regulation 27 risk assessments and submit revised reports to us as appropriate.			New UV plant for Alderney and Knapp Mill to be constructed and operational by March 2015. Work has already commenced at Alderney.	Y		SBW	01-Jul		
24	19/07/2013						CEFF	The CEFF challenged the Company on its plan to Qualitatively assess the Business Plan largely on the grounds that it was not according to the Guidelines.			After considerable discussion involving the whole of the CEFF the Company proposed a compromise between full Quant. research and Qual. This proposal known as the 'Hall' Test which was also accompanied by some Qualitative work was accepted and agreed.	Y		SBW	01-Aug		
25	06/08/2013						CCW	CCW challenged SBW to provide some specific examples of cost benefit analysis developed from the CPSC survey results			A paper was prepared and circulated at CEFF meeting on the 24th September	Y		SBW	24-Sep		
26	24/09/2013						CEFF	CEFF felt that existing stimulus material and questionnaire for 'hall test' acceptability testing was fundamentally flawed and as such would not provide robust data.			SBW cancelled first two hall tests and made significant revisions to material and questionnaire. This was discussed at emergency meeting on 24th September and following confirmation by SBW that two final amendments had been made to questionnaire it was agreed that the material was now fit for purpose. Hall tests commenced on the 25th Sept	Y		SBW	24-Sep		
27	24/09/2013						CEFF	Sub Committee challenged SBW to attend first Hall Test and confirm back to them that the structure had been amended as per the instructions			SBW (David Harrison) attended first hall test at Ringwood and confirmed that the interviewers' instruction sheet and the actual questionnaire was amended as requested.	Y		SBW	25-Sep		
28	24/09/2013						CEFF	CEFF challenged SBW to explain whether it had evaluated the potential for debt re-structuring to reduce its cost of capital			SBW advised that such an exercise had been recently carried out and it was shown not to show an overall gain. SBW's gearing is within Ofwat's expectations	Y		SBW	24-Sep		

Semcorp Bournemouth Water Customer Engagement Planning Forum Report to Ofwat

No	Date	Event	Raised by	Challenge Description	Outcome, Comments & Attachments	Complete	By	Date
29	24/09/2013	Challenge at CEPF meeting	CEPF	After presentation to CEPF of final MOS document several challenges were received from members	SBW to make amendments where possible or explain reasons for not doing so: challenges relating to detail of wording; last appearance target is average achieved over last 5 years; reduced risk of supply failure to 12,000 customers should be assessed as fully achieved or not (can't have partial achievement for a new supply main); SIM target should be for year 5, not an average; leak repairs – does repair in 7 days mean working days?; why had value for money been omitted from Financial sustainability outcome? – company view that now covered by fair bills	y	SBW	22-Oct
30	22/10/2013	Challenge at CEPF meeting	CEPF	The company was challenged to increase NHH communications as non-households weren't included in the BP acceptability testing	SBW has a seminar booked already for 5th November 2013 and intends to make this a regular occurrence	y	SBW	22-Oct
31	22/10/2013	Challenge at CEPF meeting	CEPF	The company was challenged over the lack of quantitative acceptability testing of NHH customers	SBW look the view that most NHH have domestic style consumptions and previous research had showed the NHH mirrored HH views. SBW were in regular contact with large NHH and thus were much closer to these customers than HH. They also have contacts within the wider business community.	y	SBW	22-Oct
32	22/10/2013	Challenge at CEPF meeting	CEPF	The company was challenged to respond to the lower level of acceptance or plan by Vulnerable Customers	SBW responded that the sample was small and that the vulnerable focus group had given 100% acceptance. SBW debt position was good and stable and so the cross subsidy to other customers is low. SBW have recently established an assistance fund for severe cases of hardship. SBW confirmed that it would strengthen this subject in it's business plan.	y	SBW	22-Oct
33	22/10/2013	Challenge at CEPF meeting	CEPF	The company was challenged over the potential risk of losing its largest customer.	SBW confirmed that such risks were included in its our risk register; SBW MD is in regular contact with large customers	y	SBW	22-Oct
34	22/10/2013	Challenge at CEPF meeting	CEPF	The company was challenged that business plan AMP 6 mains renewals length was less than the modelling prediction of long-term mains renewal needs; was this going to cause bill increase in future AMP periods?	SBW replied that increased length of mains renewals in AMP6 period could not be justified by current serviceability data or trends (particularly number of bursts occurring) and that the deterioration modelling was an indicator of potential future maintenance needs but could not give fully robust forecasts	y	SBW	22-Oct

Appendix B – Statement by Drinking Water Inspectorate



Drinking Water Inspectorate Statement for Sembcorp Bournemouth Water Customer Engagement Planning Forum Report to Ofwat

1. Introduction

- 1.1 The Drinking Water Inspectorate (DWI) is the independent regulator of drinking water quality in England and Wales. We protect public health and maintain confidence in public water supplies by ensuring water companies supply safe clean drinking water that is wholesome, and that they meet all related statutory requirements. Where standards or other requirements are not met, we have statutory powers to require water supply arrangements to be improved.
- 1.2 We publish information about drinking water quality and provide technical advice to the Secretary of State for the Environment, Food & Rural Affairs, and to Welsh Ministers.
- 1.3 For PR14, water companies are expected to ensure that their business plans make provision to meet all their statutory obligations, including the need for public water supplies to be safe, clean and wholesome, and that provision is made for a sustainable level of asset maintenance to maintain public confidence in drinking water quality. Ministers summarised these requirements in Defra's Statement of Obligations¹ and in their further guidance on PR14 matters to Ofwat. In addition, the Inspectorate set out in **DWI Information Letter 01/2013 – The 2014 Periodic review of Prices – Guidance for water companies**, published on 1st February 2013, supplementary guidance to companies on the regulatory framework for drinking water quality, statutory requirements, the Inspectorate's role in the Price Review process and our requirements for companies seeking technical support. The Inspectorate also published separate PR14 guidance on a range of specific issues. All of the Inspectorate's published PR14 guidance is available on the DWI website.
- 1.4 It is worth noting the particular emphasis that Ministers placed in their Guidance on the resilience of supply systems, and that the Inspectorate placed on existing duties to manage the introduction of new sources and to plan supply arrangements to protect consumers and ensure no deterioration in the quality of their supplies.

¹ <http://www.defra.gov.uk/publications/files/pb13829-statement-obligations.pdf>

- 1.5 The Inspectorate has a position on all of the water companies' customer challenge groups in England and Wales. The Inspectorate's representative on Sembcorp Bournemouth Water Customer Engagement Planning Forum (CEPF) has supported the process by acting as an independent member with the overall remit of ensuring that the Company business plan proposals reflect the views of consumers and place drinking water quality at the forefront of such plans.

2. Formal Drinking Water Quality Proposals Requiring DWI Technical Support

- 2.1 Sembcorp did not submit any formal PR14 proposals for drinking water quality to the Inspectorate.
- 2.2 The Company has shared with us and the CEPF its capital maintenance proposals for drinking water quality². One of the proposals was to make major improvements to the disinfection arrangements at Alderney WTW, which was discussed at a liaison meeting with the DWI on 8th February 2013, and later presented to the CEPF. Subsequently, the Company reported an event to the Inspectorate involving a cluster of cases of cryptosporidiosis in the community². This event is under investigation by the Inspectorate, but in response to the event Sembcorp has modified and brought forward these plans and will install UV irradiation for inactivation of *Cryptosporidium* at Alderney WTW by January 2015. The Company also plans to install UV for *Cryptosporidium* inactivation at Knapp Mill WTW and Adlams Lane WTW early in AMP6.
- 2.3 Alderney WTW is subject to an existing Undertaking for the Total Coliforms and *E.coli* parameters (ref BWH3115) which requires the Company to investigate and address the cause of coliform failures in Alderney treated water. This Undertaking was due for closure in March 2012 but has not yet been signed off by the Inspectorate. Following the event reported to the Inspectorate referred to in 2.3 above, the Inspectorate has served a Notice on the Company to take action to make improvements to the assets and operation of Alderney WTW to address potential risks to public health from *Cryptosporidium*. The proposal to install UV at Alderney is one of the actions covered by this Notice.
- 2.4 All companies should have Distribution Operation and Maintenance Strategies (DOMS) in place as part of their drinking water safety plans which identify zones in the network that are at high risk, based on customer contacts and water quality data, and the Company's proposals are consistent with this requirement.
- 2.5 It should be noted that these improvement schemes will make an important but limited contribution to enabling the Company to meet its legal obligations in respect of drinking water quality. These obligations are met overwhelmingly by the Company making sufficient provision for operational and maintenance requirements in its business plan, and by its use of those resources. These are matters for the Company to determine and deliver. For its part, the Inspectorate will continue to keep under review, and report on, the performance of the

² Water Quality PR14 statement per V4 (TL) 16.10 issued October 2013.

Sembcorp Bournemouth Water Customer Engagement Planning Forum
Report to Ofwat

Final Version

29/10/13

Company in meeting its legal obligations. Statutory powers are available to secure or facilitate compliance, if necessary.

2.6 This summary of drinking water quality proposals reflects the position at the time of writing this statement. We will advise the CEPF and Ofwat of any material changes.

2.7 This statement will be copied to Roger Harrington of Sembcorp, and any queries arising should be directed to Jacqueline Atkinson, Inspector, Drinking water Inspectorate, telephone number: 03000686402; email dwipricereview@defra.gsi.gov.uk.



Milo Purcell
Deputy Chief Inspector (Regulations)

Drinking Water Inspectorate
Area 7e, 9 Millbank
c/o Nobel House
17 Smith Square
London SW1P 3JR

29th October 2013

Appendix C – Reports by Environment Agency

a) Environment Agency report of 4 November 2013

creating a better place

Mr Roger Harrington
Sembcorp Bournemouth Water Ltd
George Jessel House
Francis Avenue
Bournemouth
Dorset
BH11 8NX



Your ref:

Our ref: SWMT 13 059

Date: 4 November 2013

Dear Roger

Sembcorp Bournemouth Water Business Plan Evaluation response

I would like to thank Sembcorp Bournemouth Water Ltd for providing the Environment Agency with material from your draft business plan.

In the attached report, we have used this information to assess the extent to which your business plan will meet your statutory requirements, and the environmental obligations set out in Defra's Statement of Obligations.

When making our assessment, we have reviewed how quickly you are planning to deliver your obligations, together with your overall level of performance. For your river basin management plan obligations in particular, Ministers are looking for assurance of early delivery wherever possible.

My team would be happy to discuss the report with you. We would be pleased to include any clarifications before we contribute to the Customer Challenge Group report and prior to our submission to Defra in mid November.

We look forward to continuing to work with Sembcorp Bournemouth Water Ltd to help ensure that your investment protects and improves the water environment, for the benefit of your customers and the economy.

Yours sincerely

A handwritten signature in black ink that reads "R Cresswell".

RICHARD CRESSWELL
Director South West

Cc: Dr Paul Leinster CBE, Chief Executive, Environment Agency
Ian Barker Head of Land and Water, Environment Agency
Charles Howeson, CEPF Chair
Sonia Brown, Ofwat
Tim Collins, Natural England
Milo Purcell, Drinking Water Inspectorate

Environment Agency
Manley House, Kestrel Way, Exeter, EX2 7LQ
Tel: 08708 506506

Director South West : Dr Richard Cresswell MBE
Direct tel: 01392 442085
e mail: richard.cresswell@environment-agency.gov.uk



Response to Sembcorp Bournemouth Water

Introduction

The final price review methodology confirms that Ofwat expect the Environment Agency to highlight in the Customer Challenge Group report whether your business plan will meet your statutory obligations (section 4.2.1 Setting Price Controls for 2015-2020, Ofwat, July 2013). As part of our engagement with your Customer Challenge Group, we have been working with you to be assured that your business plan is in accordance with these requirements.

The following report summarises our views of the evidence provided. These views are based on a high-level review of the processes as described in the letter explaining our expectations sent to you in August 2013.

Overview

We welcome the positive way that you have engaged with the PR14 planning process, through your support of the Customer Challenge Group (Customer Engagement Planning Forum) and through close discussions with Environment Agency managers and technical staff.

We would like to thank you for the information that you have shared with us to allow us to comment on your business plan approach. This information was in the form of written answers to our questions, with some supplementary information supplied to support your responses. We also had subsequent discussions.

We support:

- Your commitment to deliver all measures identified in the National Environment Programme (NEP).
- Your ambitious approach to leakage management.

We need to see:

- Details of your proposals for making changes to the plan during the AMP6 period and confirmation that these have been proposed to Ofwat.

We have made more specific comment on the following areas:

These are our observations on the replies you have made to the questions posed in response to the expectations letter.

1) Delivery of statutory and environmental requirements.

We welcome the commitment you have made to meet your environmental obligations. We believe that you have presented sufficient information in your response to demonstrate how your business plan will allow Sembcorp Bournemouth Water to meet the statutory environmental requirements set out in Defra's Statement of Obligations.

2) Measures identified within the National Environment Programme (NEP).

We are encouraged by your agreement to include all of the measures set out in the NEP within your final business plan. We believe that the programme will allow you to deliver what is best for both the environment and your customers.

3) Alignment of the Water Resource Management Plan (WRMP) options and business plans.

Defra expects that the Water Resources Management Plan (WRMP) will form the water resources supply-demand balance component of the business plan. We welcome your assurance that the main water resources supply-demand components of your business plan will be consistent with your WRMP statement of response.

4) Reservoir safety.

We note your intentions to maintain reservoir safety. This is an important duty given the potential high impact your reservoirs pose to public safety. Your continued maintenance and capital investment is essential for public safety.

You have referenced the recent changes in reservoir legislation. Please could you confirm how you will implement these changes during the next AMP.

Defra set out their expectation in the Statement of Obligations that companies will prepare reservoir plans. We encourage you to co-operate with relevant authorities and partners on the development and maintenance of site plans and on incident planning. Having good incident arrangements in place is essential in order to reduce impacts on downstream communities should an incident occur.

Under the Flood Risk Regulations, the Environment Agency is required to develop Flood Risk Management Plans for England that include objectives and measures to manage flooding from reservoirs. We look forward to working with you as reservoir undertakers to set out the measures and timescales for delivery.

5) What mitigation measures have been adopted to manage future risks?

You have provided some evidence that you plan to take appropriate measures to manage risks from natural hazards and climate change. However, we expected to see more details about your approach, and how you have used relevant guidance from Ofwat and others. It should be clearer as to how the risks revealed by your analysis are addressed in your business plan.

6) Environmental outcomes.

We are happy with the outcomes, performance measures, and targets outcome, performance measure and targets included in your business plan which accurately reflect the important role that your company plays in protecting the environment.

Delivery and incentives.

We are encouraged by your approach to setting delivery levels and designing incentives around your environmental outcomes and obligations, to ensure these are achieved. Overall your level of ambition is appropriate. Demonstrating the tightest links between quantitative

evidence of customer preferences and your ambition and incentives is essential. We expect all companies to explore using financial and reputational incentives in tandem, to go further and faster than statutory environmental obligations wherever justified by consumer research.

Pollution incidents and compliance.

We would like to see confirmation of your target for permit compliance. All water companies should be planning to achieve 100 per cent compliance for all licences and permits, as they are legal obligations. We expect to see this included as a target within your business plan. In addition, we expect your company to plan for a trend towards zero serious (category one and two) pollution incidents by 2020. Please provide further information on the actions you will take to improve your current operational performance to meet your legal requirements.

7) Change mechanism.

At previous price reviews, Ofwat has used the change protocol for managing in-period changes the risks and costs. This time you are being asked to put forward proposals for dealing with such changes. It is imperative that new statutory commitments can be delivered whilst maintaining levels of ambition around customer priorities, so we want to see a clear process for dealing with predictable but, nonetheless, uncertain new commitments you could face during AMP6.

Interim determinations of K provide a route to deal with genuinely unforeseeable events that meet Ofwat's materiality criteria, and of course you have more discretion over expenditure than in previous price reviews. However, to be assured that important "discretionary" outcomes are not prejudiced by additional legislative requirements, we would advise you to propose an explicit change mechanism for dealing with such changes.

Concluding remarks and recommendations

We are confident the information provided by your company and which is to be included in your business plan delivers the requirements as set out by Defra's statement of obligations and the Environment Agency's expectations.

We would like assurance on the issues described in our overview ahead of the submission of your business plan to ensure they are accounted for appropriately.

We look forward to working closely with you over the next few weeks to finalise your business plan. Our aim is to help you produce a plan that delivers its statutory obligations and facilitates the continuing achievement of better environmental performance.

b) Environment Agency update of 27 November 2013



Response to Sembcorp Bournemouth Water

26 November 2013 - Update following further communication with the company

Following receipt of our evaluation report on 4 November 2013, we have been involved in further discussions with you regarding our recommendations in the report. This note provides an update to our response based on those discussions.

The following table summarises the company's response to Environment Agency recommendations. Based on the further information provided to us, we now also make the following additional observations:

Environment Agency recommendation	Company response and date	Environment Agency comment and date
<p>Details of your proposals for making changes to the plan during the AMP6 period and confirmation that these have been proposed to Ofwat.</p>	<p>22 November 2013 letter and attachment from Sembcorp Bournemouth Water Managing Director confirms:</p> <p>We have conducted extensive modelling of potential risks to our business plan. The conclusion of this is that we are resilient and robust such that we can absorb the financial implications of the upside and downside scenarios, except for the long term impact of the loss of our major industrial customer. This customer represents approximately 12% of revenue. While this potentially could be absorbed in the short term by an increase in debt long term sustainability would not be viable.</p> <p>We have therefore concluded that with the exception of this one case we would be in a position to manage changes in our statutory obligations without compromising our outcomes commitments. If however the changes resulted in significant impacts we would, if necessary, deal with the matter through the current interim determination process.</p>	<p>Thank you for your additional comments, which are noted. 26 November 2013.</p>

<p>Reservoir safety.</p> <p>We note your intentions to maintain reservoir safety. This is an important duty given the potential high impact your reservoirs pose to public safety. Your continued maintenance and capital investment is essential for public safety.</p> <p>You have referenced the recent changes in reservoir legislation. Please could you confirm how you will implement these changes during the next AMP</p>	<p>22 November 2013 letter and attachment from Sembcorp Bournemouth Water Managing Director confirms:</p> <p>We have always had an active reservoir maintenance programme with regular inspections, repairs to the structures/pipework and application of waterproofing membranes to prevent external water ingress and contamination.</p> <p>We have a total of 33 tanks and covered service reservoirs with a total capacity of 250 MI. In addition we have the two bankside storage facilities at Longham with a combined capacity of 1000 MI. These are former gravel pits which are now used as an emergency source of water in the event of river pollution. Our water quality sample results from service reservoirs have been consistently amongst the best in the industry which is a clear vindication of the active reservoir cleaning and maintenance programme.</p> <p>We are aware of the recent changes to reservoir safety with the introduction of the Flood and Water Management Act 2010. This legislation is being implemented in two phases with phase 1 operational since 30 July 2013.</p> <p>Phase 1 applies to reservoirs with capacity of more than 25 MI which previously fell under the requirements of the Reservoirs Act 1975. We have five reservoirs which fall into this category, two are circular above ground covered service reservoirs at our Alderney treatment plant site (c.30 MI each); two are bankside storage reservoirs at Longham (300 MI and 700 MI) and one is a treated water reservoir at our Knapp Mill treatment plant site. The basis of the new legislation is to focus regulation on 'high risk' reservoirs above 25 MI capacity where 'high risk' means that human life could be endangered in the event of a rapid release of water and we are currently awaiting the Agency's assessment as to whether these five reservoirs are 'high risk'. We would consider this unlikely in all cases.</p> <p>Phase 2 of the Flood and Water Management Act will be included in a consultation in 2014 but it seems likely that reservoirs in the 10 – 25 MI size range will also be risk assessed. We have five reservoirs falling into this category all of which are located at the Alderney site.</p>	<p>Thank you for your additional comments, which are noted. 26 November 2013.</p>
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	<p>All are water storage tanks within the water treatment plant and unlikely to be classified as high risk. We are also undertaking our own risk assessment on these reservoirs using the framework provided by the Agency. 22 November 2013 letter and attachment from Semcorp Bournemouth Water Managing Director confirms:</p> <p>We have modelled a number of scenarios based on Ofwat's guidance. In addition we have identified the following key risks in relation to the environment and the following is an excerpt from our plan:</p> <p>Balancing wholesale risk and reward</p> <ul style="list-style-type: none"> ➤ Our area is classed as low water stressed but rising, leakage is low at 14% and we have never had a hose pipe or temporary use ban. The risk of running out of water is low and our bills are amongst the lowest in the country ➤ We will reduce the interruptions to supply of 3 to 6 hours from 3,300 customers down to 2,100 customers. There is no increased cost to customers for this improvement. ➤ Water quality risks are historically low and we have demonstrated our willingness to manage and share that risk by our proposed additional £3.5m capital investment in the Knapp Mill UV plant which will earn a lower return than the WACC. <p>Climate change Climate change represents one of the greatest uncertainties facing a water company. Based upon current scenarios, we believe that we are well placed to deal with the impacts of climate change. Here we discuss specific issues for AMP6 and how we will manage them. <i>Identified key risks</i> Demand exceeding our Water Available for Use (WAFU)</p>	
<p>What mitigation measures have been adopted to manage future risks?</p> <p>You have provided some evidence that you plan to take appropriate measures to manage risks from natural hazards and climate change. However, we expected to see more details about your approach, and how you have used relevant guidance from Ofwat and others. It should be clearer as to how the risks revealed by your analysis are addressed in your business plan.</p>		<p>Thank you for your additional comments, which are noted. 26 November 2013.</p>

	<p>The need for minor flood defences at Longham and Knapp Mill. This work will be completed March 2015 and will increase protection against a 1 in 1,000 year event, a change from our previous approach of considering 1 in 100 year events.</p> <p><i>How we will manage the risk</i></p> <p>We will continue to use our 2011 Climate Change Adaptation Plan as a living document to provide an assessment of risks posed by climate change to all areas of operation across SBW up to the 2080's.</p> <p>Ongoing demand management activities including metering and water efficiency to reduce demand.</p> <p>Ongoing work to reduce power consumption and carbon emissions, as evidenced in our outcomes and measures of success. Page 3 of 5 FINAL</p> <p>Water resources: capacity and drought</p> <p>An associated but different risk from 'climate change' is that of ensuring we have sufficient resources to deal with short and longer term changes in demand. During research 96% of customers told us that ensuring there is enough water for everyone is their top priority (a safe whole supply was taken 'as read'). 'A reliable water supply' therefore became our second outcome for AMP6.</p> <p><i>Water resources</i></p> <p>We must be able to manage the longer-term impacts of population and property growth. Properties are forecast to increase by 15% over the next 25 years; the water resources management planning time horizon.</p> <p>SBW is classed as currently experiencing 'low' water stress by The Environment Agency's (EA) revised 2013 methodology.¹ This increases to 'medium' stress in 3 out of the EA's 4 future scenarios. We therefore cannot and must not be complacent. Our revised Water Resources Management Plan (WRMP) is nearing finalisation and in it</p>
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	<p>we forecast headroom of over 50 Ml/d above the estimated volume of water we require to fulfil our obligations to 2040. We will manage future stress by: Continuing our metering programme Reducing leakage by 5% Through proactive education and communication to encourage water efficiency</p> <p><i>Drought</i> In the short term a drought could place additional significant pressures on both the demand and supply sides. Identified key risks are: While our resources are constrained by licence rather than availability, abstraction to satisfy demand may still have an adverse impact on the environment</p> <p>Peak demand may outstrip supply Adverse carbon impact through additional pumping Increased operating costs for power Increase in mains failures due to extremes in weather leading to ground movement Reputational risk if temporary use ban imposed</p> <p>We will manage the overall risk using the same control measures listed above for 'resources', but in addition we will Employ the activities detailed in our Drought Plan to manage any short-term drought situation that may arise.</p>	
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<p>Pollution incidents and compliance.</p> <p>We would like to see confirmation of your target for permit compliance. All water companies should be planning to achieve 100 per cent compliance for all licences and permits, as they are legal obligations. We expect to see this included as a target within your business plan.</p> <p>In addition, we expect your company to plan for a trend towards zero serious (category one and two) pollution incidents by 2020. Please provide further information on the actions you will take to improve your current operational performance to meet your legal requirements.</p>	<p>Email from Tracey Legg 26 November confirms that our target performance for discharge permit compliance is '100% compliance'.</p> <p>22 November 2013 letter and attachment from Semcorp Bournemouth Water Managing Director confirms:</p> <p>Our target for compliance sits within our proposed outcome 'Environmentally Sustainable Operations'. As illustrated below, in it we commit to 'no significant pollution events throughout AMP6.</p> <table border="1"> <thead> <tr> <th>Environmentally sustainable operations</th> <th>Current performance</th> <th>Target performance</th> <th>Measure</th> </tr> </thead> <tbody> <tr> <td>No significant pollution events</td> <td>None</td> <td>None</td> <td>Environment Agency defined Category I or II events</td> </tr> </tbody> </table>	Environmentally sustainable operations	Current performance	Target performance	Measure	No significant pollution events	None	None	Environment Agency defined Category I or II events	<p>Thank you for confirming your commitment to 100% permit compliance and zero Category one and two pollution incidents. 26 November 2013</p>
Environmentally sustainable operations	Current performance	Target performance	Measure							
No significant pollution events	None	None	Environment Agency defined Category I or II events							

Sembcorp Bournemouth Water Customer Engagement Planning Forum
Report to Ofwat

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Appendix D – Statement by Natural England

Semcorp Bournemouth Water Customer Engagement Planning Forum
Report to Ofwat

Date: 25th November 2013
Your Ref:
Our Ref: SBW/CCG

Charles Howeson
Chair
Customer Engagement Planning Forum
Semcorp Bournemouth Water

By Email only

Dear Charles



Land Use Operations
Consultation Service
Hornbeam House
Electra Way
Crewe Business Park
Crewe
Cheshire
CW1 6GJ

T 0300 060 3900

Statement for Semcorp Bournemouth Water Customer Engagement Planning Forum Report

Natural England is the government's advisor on the natural environment. We provide practical advice, grounded in science, on how best to safeguard England's natural wealth for the benefit of everyone. Our remit is to ensure sustainable stewardship of the land and sea so that people and nature can thrive. It is our responsibility to see that England's rich natural environment can adapt and survive intact for future generations to enjoy.

For PR14, water companies are expected to ensure that their business plans make provision to meet all statutory obligations, including the need to protect and restore special sites of nature conservation importance protected under national and/or European legislation. Ministers summarised these requirements in Defra's Statement of Obligations. In addition, Natural England has worked with water companies to identify opportunities for multiple benefits from other investments to and so make a wider contribution to Government aspirations to protect and restore biodiversity.

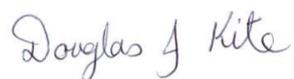
Through you as chair of the CEPF, I would wish to commend Semcorp Bournemouth Water for the quality of the documentation and submissions shared with the Forum throughout the process. I particularly welcome the very positive and proactive way in which Company staff has engaged in the CEPF, notably in providing a thorough understanding of the business and in addressing challenges made by the CEPF.

I welcome the commitment the Company has made in the Appointed Business Plan on obligations to the natural environment. All statutory obligations relevant to Natural England's remit are met. In doing this the Plan takes forward innovative approaches with multiple benefits for both the business and biodiversity. I particularly commend the ambition to strive forward on water efficiency and demand management, work which can reduce water take from the environment and thereby help to improve the quality of important chalk rivers such as the River Avon Special Area of Conservation. Also the newly planned catchment management, work which can deliver wider biodiversity benefits alongside water resource quality improvements.

Sembcorp Bournemouth Water Customer Engagement Planning Forum
Report to Ofwat

I also commend the attention given to operating the company in an environmentally sustainable way, with inclusion in the Plan of a performance measure on the matter alongside other high level business performance measures. In working with Natural England the Company has developed as part of its performance a metric on condition improvement of Company Sites of Special Scientific Interest and other biodiversity sites. This is most welcome.

Yours sincerely



Douglas Kite
Conservation Adviser (Land Use Operations Water Team)
M: 07786 312 375
douglas.kite@naturalengland.org.uk