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Minutes of the extraordinary meeting of the Water Forum

Severn Trent Centre, Coventry / by conference call

23 March 2016

Present:

<i>Chair</i>	Bernard Crump
<i>CBI (and Deputy Chair)</i>	Richard Butler
<i>Consumer Council for Water (CCWater)</i>	Gemma Domican
<i>Environment Agency</i>	Adam Lines (by phone)

In attendance:

<i>Severn Trent Water</i>	Tony Ballance, Will Corcoran, Sarah Freeman, Caren Hands, Vanessa Mallinson, Alex Mortlock, Matthew Pursall, Phil Wray
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Apologies for absence:

Ian Butterfield (Natural England), Sarah Faulkner (NFU), Cllr Bruce Laughton (East Midlands Councils), Paul Quinn (CCWater)

1. Welcome

The Chair welcomed attendees to the extraordinary meeting of the Water Forum ("the Forum") and after introductions round the table, confirmed the purpose of the meeting was to follow up on the findings from the half year assurance activity conducted by Jacobs Consulting.

The Forum members agreed this was the meeting purpose and had no other comments on the agenda.

The Chair commented on the robust approach that had been undertaken by Jacobs Consulting as well as the openness and transparency of the Severn Trent (STW) team throughout the assurance process. The other Forum members supported this view and agreed that STW's approach to identify and clarify the issues at this stage will be beneficial to reporting in the rest of the AMP.



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2. Wholesale performance commitments

A reminder of the half year assurance work undertaken by Jacobs Consulting was shared with the Forum members. Following this assurance activity, STW have undertaken a detailed review of four performance commitments on mains bursts, drinking water quality complaints and internal and external sewer flooding.

W-B6 Mains Bursts

STW outlined that at the half year audit by Jacobs Consulting, it appeared that there was a duplication of burst repairs in the report. Further investigations by STW confirmed that on average in any given year there was a duplication in reporting.

Subject to discussions with Ofwat, STW propose to take account of this duplication (which would have impacted the Final Determination (FD) baseline) through the use of a 'shadow commitment' to give a new lower baseline. This will ensure customers have the same level of protection as intended in the FD and provide a clear line of site between the original FD and the new baseline. STW will pay penalties based on the shadow performance commitment that will be binding for the remainder of the AMP.

The Forum challenged how other companies measure the number of mains burst and how this compared to STW. There is currently no industry standard on how this is measured.

The Forum supported the proposed approach by STW.

WA1 Drinking Water Quality Complaints

The results of the Jacobs Consulting assurance indicated a concern around the quality of the input data on drinking water quality complaints. STW have since completed additional data checks on all water quality complaints for the current year and on a sample for previous years. Although this shows areas where processes could be improved, there was no material impact on STW's level of performance. STW confirmed it did not believe that there was an impact on the upper quartile assessment Ofwat made as part of the Final Determination.

The forum asked whether Jacobs Consulting would be re-assessing this performance commitment, STW confirmed that that whilst Jacobs have not re-assessed the process templates, they have re-assessed the face to face scores. These have increased to 3.48 out of 4. Both aspects of the measure will be re-scored for year end.

Following challenge from the Forum, STW confirmed that the Drinking Water Inspectorate are aware of the review and plan to update them on the issues found and the improvements made at the next liaison meeting.

STW confirmed that the issue was not related to a specific type of drinking water quality complaint and that process improvements are being embedded for year end reporting.

The Forum supported the proposed approach by STW.



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SA1 and SA2 Internal and External Sewer Flooding

During the audit of the internal and external sewer flooding performance commitment, Jacobs Consulting raised concerns about the identification of flooding on private assets. STW are undertaking a full review of all sewer flooding incidents for 2015-16 and indications are that whilst reporting processes are robust, there is the potential that there is not enough supporting evidence. The company has committed to review every incident to improve the accuracy of the reported number. This will also ensure that every customer that is owed a GSS payment will receive one.

STW confirmed that all the findings of the review will be included within the Annual Performance Report submitted to Ofwat..

The Forum questioned what would be classified as a private sewer asset following the transfer of public drains and sewers to STW. STW confirmed that the type of asset that would be classified as private could include; a single sewer serving a property, issues with the highway drains, sink gully blockages and plumbing issues within a customer's house.

The Forum supported the proposed approach by STW to clarify the definitions to support ten of the company's performance commitments.

3. Removing Ambiguity

The Forum challenged STW on how it had interpreted the ambiguity around the incentive rates on five of the performance commitments. The question was raised whether the interpretation was a change in STW's approach to the one that had been included in the final business plan submission.

STW confirmed that for these performance commitments, the FD indicated that the incentive rate was an amount per year rather than having a single incentive for the whole AMP as included in the STW business plan submission. The ambiguity is whether Severn Trent should pro-rate the incentive rate based on the year of delivery, or include the five year incentive irrespective of the year of delivery.

The STW interpretation confirms that the business plan proposal was that the whole AMP incentive rate, that is five times the annual incentive rate, would be used to calculate any rewards or penalties as part of PR19. This was demonstrated with the Partnership Working incentive rates.

The Forum questioned whether there were any other performance commitments other than the five listed that had ambiguity around the measures. STW confirmed that there were not.

A Forum member questioned whether there were any incentives to bring forward scheme completion dates. STW confirmed that there were no incentives due to the project dependencies with external agency funding, although an indicative progress profile that would be audited by Jacobs Consulting has been established.

The Forum supported the proposed approach by STW.



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WA4 Catchment Management

The Forum recognised and supported the view that there is no single solution to support catchment management and saw the development of a maturity model with key performance indications as positive. The EA representative confirmed that due to the long term nature of this measure, the measurement of this performance commitment focuses on the delivery of outputs rather than outcomes.

[Post meeting note: STW confirmed that a wide range of stakeholders that included Natural England, Environment Agency and the NFU were extensively engaged with during the development of this measure].

Action:

- STW to discuss measure with Paul Quinn and share the approach to how the key performance indicators will be measured.

WB8 Restrictions on Use

The Forum challenged the STW interpretation of the measurement of a partial temporary use ban. STW confirmed that the interpretation was in accordance with the FD and will circulate the relevant section.

On the assumption that the extract from the FD supporting the STW approach is circulated, the Forum supported the STW approach.

Action:

- STW to circulate the lines in the Final Determination that relate to partial area temporary use bans.

[Post meeting note: The FD states the following on page 170 ([link](#)):

If restrictions on use are imposed in a part of Severn Trent Water's area in the five-year period:

- no reward will be earned
- the penalty will be scaled by the population of the affected area as a proportion of the total population in the Severn Trent Water area.

Therefore, the calculation stated in the slides remains our proposed approach.]

Other areas of ambiguity

No further queries were raised by the Forum members. The EA representative confirmed they were working closely with STW on the environmental measures.



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4. Any Other Business

Abstraction Incentive Mechanism (AIM)

STW provided the Forum with a summary of Severn Trent's position on the Abstraction Incentive Mechanism. The Forum confirmed that they supported STW's position not to have any abstraction sites included in AIM.

Environment Agency representative

The EA representative confirmed that with effect from 18 April he will be changing role and is no longer able to be a member of the Water Forum. Details of a replacement EA representative will be provided in due course.

Date of next meeting

The next meeting is currently planned for 14 July 2016.

Approved: 3 June 2016

Signed:

Bernard Crump

Interim independent Water Forum Chair