

Bristol Water Challenge Panel

Annual Report 2023/24



CHALLENGE
PANEL

About this Report

This Bristol Water Challenge Panel Annual Report 2023/24 covers the period from 1 April 2023 to 31 March 2024. The aim of this report is to demonstrate the work of the Challenge Panel during 2023/24 and to set out what the Challenge Panel aims to achieve in 2024/25. Unless otherwise stated, the data included in this report is for 2023/24.

Since 2021 Bristol Water has been part of Pennon Group Plc, an environmental infrastructure group focused on the UK water sector that delivers water to 4.24 million people every day. Bristol Water provides water services only to 1.2 million people. Since February 2023, Bristol Water has been a part of South West Water's license to supply drinking water. Customers of Bristol Water receive joint bills that include charges from Wessex Water, which provides sewerage services to the region. In this report, the 'company' refers to South West Water and the 'Challenge Panel' refers to the Bristol Water Challenge Panel.

The Challenge Panel is an Independent Challenge Group (ICG) that holds the company to account on behalf of Bristol Water's customers. It works alongside the WaterShare+ Group Panel, which is the ICG for South West Water.

Water companies submit business plans to Ofwat (the Water Services Regulation Authority, which is the economic regulator of the water and sewerage industry in England and Wales) setting out the investment plans and service improvements they intend to deliver over the following five years. These five-year periods are known as Price Reviews (PR) and Asset Management Periods (AMPs). PR19 covers the AMP7 period from 1 April 2020 to 31 March 2025. Companies submitted PR24 plans to Ofwat in October 2023 before approval ahead of the AMP8 period from 1 April 2025 to 31 March 2030. The WaterShare+ Group Panel has scrutinised the company's PR24 business plan proposals, and further details on this and Group performance can be found in the WaterShare+ Annual Report 2024.

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Welcome from the Chair



Peaches Golding OBE CStJ
Chair of the Bristol Water
Challenge Panel, Deputy Chair
of the WaterShare+ Group Panel

The Challenge Panel focuses on scrutinising the performance of Bristol Water against the commitments laid out in its business plan. This Annual Report, which we publish on behalf of customers, covers how the company has responded to challenges and successes over the previous year.

Specifically, we monitor and challenge how Bristol Water is performing against its 29 performance commitments (PCs) laid out in its plan for 2020-25 and as amended by the Competition and Markets Authority in March 2020. The Challenge Panel has done this, both at the mid-year and end-of-year positions, challenging the company to explain the reasons for changes in its performance. We also monitor the range of customer research projects carried out by the company to understand customer priorities, needs and preferences.

The Challenge Panel also seeks to understand operational issues affecting customers that arise throughout the year. For example, there was a particular challenge this winter when a large water main burst in the Winterbourne area, leaving some families without running water on Christmas Day. The company worked very hard to restore supply, and we have issued challenges on how communication can be improved during and after such events and how they could be prevented in the first instance. We accept that water companies are challenged by extreme weather, however we always believe increases in resilience provide opportunities for the company to improve.

While overall performance has been challenging over the last year, the Challenge Panel has been most pleased with Bristol Water's customer experience performance. The company has risen from 6th place to 4th out of the 17 water companies in England and Wales. This is great news for customers.

As assessed against the regulator's definition of water poverty, Bristol Water has maintained a 0% rate of water poverty in the region, signalling the company's commitment to its customers to keep bills affordable. This has been achieved through concerted efforts by the company to improve and market bill discounts, payment plans, and free debt advice for those who are struggling with their water bill. As well as this the company has exceeded its target number of customers on the Priority Services Register.

The Challenge Panel forms part of the WaterShare+ Group Panel, on which I and the Deputy Chair of the Challenge Panel sit. On this larger panel, we ensure that Bristol Water customers and stakeholders have their views heard in the wider decision-making processes and provide assurance that reported performance is accurate and reliable across the group, including for Bristol Water.

Over the last year, the company has been working on its business plan for 2025-30, which for the first time is a joint plan covering all South West Water, Bournemouth Water, Isles of Scilly Water and Bristol Water. In our roles on the WaterShare+ Group Panel, my deputy and I have ensured that the needs of Bristol Water customers and stakeholders have been considered in this new combined plan. We are pleased that Bristol Water will maintain some separate performance metrics, such as customer experience, in which it outperforms.

As part of this process, the Panel has welcomed plans for the trials of the progressive charges to be implemented in the winter of 2024/25. We have applied challenge to this, scrutinising it closely at this early stage of development. We welcome the plans to invest in two Water Treatment Plants, work that is now ongoing. This level of investment would not have been possible without the merger.

The Challenge Panel thanks Bristol Water for its openness and transparency throughout the year and for providing regular, timely briefings and presentations, and sharing its plans on how it intends to improve its operational performance and customer service.



“The Challenge Panel has been most pleased with Bristol Water’s customer experience performance. The company has risen from 6th place to 4th out of the 17 water companies in England and Wales. This is great news for customers.”



Chief Executive's Reflections



Susan Davy
Chief Executive Officer

I am very proud of Bristol Water's position as a leading drinking water-only company with excellent customer service. Keeping the taps running in the South West's largest city and surrounding areas is a very important job, and one my team take extremely seriously.

We have built up strong partnerships in the community, working with local organisations to improve lives through our social contract. Thanks to our wide range of social tariffs and the extra support we offer customers, we maintain a rate of 0% of customers in water poverty, which means that 100% of our customers find their bills affordable.

Given that customers cannot choose their water provider, it is important that they have a say in how our company operates, through our unique WaterShare+ Scheme. I am grateful to the Bristol Water Challenge Panel for holding Bristol Water to account and ensuring that we prioritise customers in everything that we do.

My colleagues and I are sorry that a burst water pipe caused disruption to a large number of customers in the Winterbourne area of Bristol on Christmas Day in 2023. It was a very complicated repair, and we got the water back on the same day in very challenging circumstances.

We have robust water quality action plans in place to provide a resilient supply of drinking water. In addition, we are encouraging customers to use less water and we are developing long-term plans to invest in the Cheddar 2 Reservoir, improving the resilience of water resources across the region in the future. The Bristol Water Challenge Panel scrutinises our plans in all these areas to ensure that we meet customer needs.

In all the areas we serve, average bill increases were below the rate of inflation. Over 132,000 unique customers were benefiting from one of our affordability incentives. We have unlocked £100million of financial support for customers as well as sharing £38 million through the WaterShare incentive.

I would like to extend my thanks to Bristol Water Challenge Panel for their hard work in constantly focusing our attention on delivering for customers, communities and the environment.

“I am grateful to the Bristol Water Challenge Panel for holding Bristol Water to account and ensuring that we prioritise customers in everything that we do.”





Introduction

Bristol Water serves a population of around 1.2 million. It supplies the city of Bristol and surroundings with 280 million litres of drinking water every day. It is not involved with wastewater processing.



During 2023/24, the Challenge Panel scrutinised performance and the implementation of the company's Social Contract. The Challenge Panel received technical assurance and scrutinised customer research relating to the current five-year business plan (PR19). The Challenge Panel is supported by its Social Contract Sub Group.

The Challenge Panel both requested and received documents and information from the company relating to its role as set out above. The support and cooperation of the senior executives of the company enabled the Challenge Panel to perform its duties of challenging and scrutinising the performance and ways of working of the company, acting on behalf of all customers. A register of challenges can be found in the section entitled Actions and Challenges.

Receiving reports from external advisers enabled the Challenge Panel to obtain expert, independent assessment of the performance of Bristol Water in specific areas:

- The company's Technical Auditor, Jacobs, found no material issues on the accuracy and reliability of data recorded by Bristol Water, reinforcing the trust and confidence customers may place in the data scrutinised in this Annual Report.
- The Challenge Panel was pleased to receive a summary of the findings of the UK Customer Satisfaction Index and the ICS Business Benchmarking Survey that provided independent, external, and expert assessment of Bristol Water's performance on customer service from different angles. Both assessments enabled the company, which consistently maintains some of the highest ratings in the sector, to develop action plans to further improve as a service provider. The Challenge Panel was pleased to read that 88% of customers on the Priority Services Register, a service to assist vulnerable customers, were satisfied with the service provided.

In PR19, the price review that sets out what customers pay and the rewards that incentivise the company to do more in the interest of customers and the environment, Bristol Water made 29 performance commitments (PCs) in the areas of:

- Excellent Customer Services
- Safe and Reliable Supply of Water
- Local Community and Environmental Resilience

While Bristol Water met 20 commitment targets, it missed nine (compared to 2022/23 when it met 18 and missed 11).

The Annual Report sets out in detail where targets have been met or exceeded, and where performance fell below the promises made in the 2019 business plan.

The Challenge Panel noted the strong performance by Bristol Water in the following areas and encouraged it to deliver on its performance commitments in these areas:

- **Excellent Customer Services:** Bristol Water performed well in areas of supporting vulnerable customers and those on the Priority Services Register. It performed well on keeping customer complaints low and overall customer experience for all customers.
- **Safe and Reliable Supply of Water:** Bristol Water performed well in areas of taste and odour of water, properties at risk of receiving low pressure resilience measures such as low turbidity, unplanned non-infrastructure maintenance and the improvements to the Glastonbury Street network.
- **Local Community and Environmental Resilience:** Bristol Water performed well in areas of the quality of raw water sources, its industry leading biodiversity index, compliance with and delivery of the Water Industry National Environment Programme (WINEP) and community satisfaction where the company met the delivery targets expected.

This report sets out in detail the discussion of the Challenge Panel, how challenges are logged, handled, and cleared. It also includes details from the Minutes of each of the Challenge Panel meetings from April 2023 to March 2024.



However, the Challenge Panel scrutiny of the targets that Bristol Water did not achieve led it to seek reassurances on how the company plans to address such deficits:

- Excellent Customer Services: Bristol Water failed to meet its performance targets against meeting customers' perception related to value for money.
- Safe and Reliable Supply of Water: Bristol Water failed to meet its performance targets against the targets set by regulator (the Drinking Water Inspectorate) noting a deterioration during the year and was challenged on the mitigation strategy that has been put in place.
- Local Community and Environmental Resilience: Bristol Water failed to meet its performance targets against leakage and Per Capita Consumption.



The Challenge Panel and WaterShare+

The role of the Challenge Panel is to act on behalf of customers to make sure that the promises made by Bristol Water to the regulator Ofwat for the supply of clean, fresh water are fulfilled.



The Challenge Panel is independent of Bristol Water and is part of the transparency customers expect of the water industry.

The Challenge Panel:

- Carries out detailed, informed scrutiny on the current performance of the business.
- Scrutinises the reliability of what it reports to customers and regulators.
- Pays great attention to non-regulatory matters, such as the Social Contract established by Bristol Water to enhance its impact on the social fabric where it operates.

During 2023/24, the Challenge Panel was composed of an independent Chair (Peaches Golding OBE CStJ) and Deputy Chair (Tony Denham) and an independent Report Writer (Jeremy Hawkins), together with representatives from the Consumer Council for Water (CCW), Environment Agency and Natural England. In addition, Challenge Panel members include local councillors and individuals drawn from backgrounds in social issues including health, debt and other vulnerabilities. Challenge Panel members are listed in Appendix 1.

The opinions expressed within this Annual Report are those of Challenge Panel members as a group and do not represent the views of specific individuals or the organisations they represent.

The Challenge Panel focuses on how Bristol Water performs against its PR19 business plan. All aspects of future planning are covered by the WaterShare+ Group Panel (see opposite). The views of Bristol Water customers and stakeholders continued to be represented on future planning under this governance.

The WaterShare+ Group Panel

The Challenge Panel works alongside the WaterShare+ Group Panel, which represents and protects the interests of customers by providing independent review, scrutiny and challenge of South West Water. The Group Panel monitors and reviews performance against the company's current 2020/25 business plan (PR19) and ensures that the company's proposals for its 2025/30 business plan (PR24) are fair for customers and reflect their needs and priorities.

Peaches Golding OBE CStJ is both Chair of the Challenge Panel and Deputy Chair of the WaterShare+ Group Panel, and Deputy Chair Tony Denham is also a member of the Group Panel. Both are members of the Group Panel's Sub Groups. They represent the views of Bristol Water customers in company-wide scrutiny and challenges.

WaterShare+ Share Scheme

The WaterShare+ Group Panel also oversees the operation of the company's WaterShare+ Share Scheme, which gives customers a financial stake in the business. Water companies can earn financial rewards if they outperform against targets in their five-year business plan, and they are required to share these financial benefits with customers. In 2022 Bristol Water outperformed and gave customers the option of choosing shares in Pennon Group Plc or credit on their bill as their share of outperformance payments.

Pennon Group Plc is the only UK water company to have a specific share scheme for customers, and over 90,000 customers have chosen to become shareholders in Pennon via the WaterShare+ scheme to date. WaterShare+ shareholders receive dividends and have the right to attend the company's Annual General Meeting (AGM). The company has committed to continuing with this approach in the future.

The Challenge Panel and WaterShare+ continued



Pennon Group Plc is the only UK water company to have a specific share scheme for customers, and over 90,000 customers have chosen to become shareholders in the company via the WaterShare+ scheme to date.

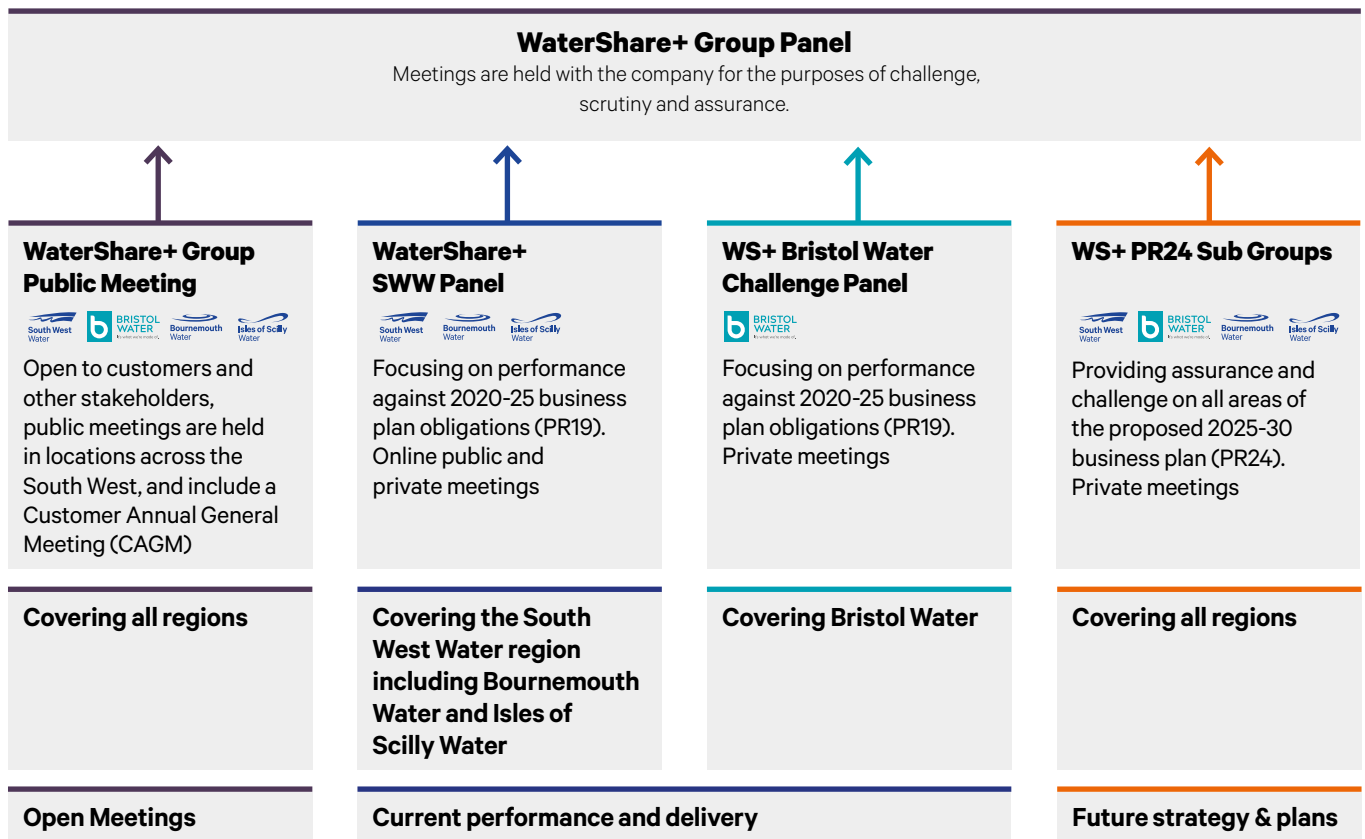
Assurance

The Challenge Panel places great importance on the need for Bristol Water to provide its customers with clear, high-quality information on its service performance, billing matters, operational issues and customer engagement. Customers' trust in the company is heavily dependent upon sound, expert information.

Following the merger, the company's Technical Auditor, Jacobs, has responsibility for auditing Bristol Water's PR19 performance information. Challenge Panel members met with Jacobs through the Group WaterShare+ Panel.

Jacobs reported that it had found no material issues with the accuracy and reliability of Bristol Water's performance data. Several minor areas of not following reporting methodologies were identified, which Bristol Water was resolving.

The Challenge Panel noted this assurance and will also encourage the sharing of best practice reporting processes across the company. In all cases, Jacobs has confirmed that both the company's reporting methodology and the resulting data for all the PCs and ODIs are sufficiently robust to enable the Challenge Panel to rely upon the published results.



Bristol Water Challenge Panel Meetings

The Challenge Panel main meetings and Sub Group meetings held during 2023/24 are shown in the table below, along with the topics covered in each meeting. The numbering for each type of meeting started at the beginning of PR19 and will continue throughout the business planning period. All the 2023/24 meetings were held online unless otherwise stated.



The main BWCP meetings include an ‘in-camera’ session for members only, without company representatives present, at the start and end of each meeting. The table shows the large spread of topics the Challenge Panel members have scrutinised and have been involved with in 2023/24. Also shown is the number of actions raised during each meeting.

This reduction was expected as the WaterShare+ Group Panel took over PR24 challenge discussions, with the Challenge Panel focusing on Bristol Water’s PR19 performance and delivery.

The Challenge Panel’s review of Bristol Water’s performance in 2023/24 is presented later in this report.

The Challenge Panel uses a two-tier system challenge logging process. This has resulted in a large increase in the number of short-term actions which were quickly cleared to the satisfaction of all, but a reduction in the number of substantive challenges.

Meeting	Date	Main areas for discussion	Actions
Social Contract Sub-Group (SCSG) Meeting 11	10 May 2023	Resource West update	3
		Social Contract programme update	3
		Social Contract Deep Dive review	3
		Action review	1
Environment Sub-Group (ESG) Meeting 5	9 June 2023	Review of ESG actions outstanding	2
		Water Resource Management Plan 2024	0
		Drought Plan	0
		PC performance	0
		Defra accelerated items	0
Challenge Panel Main Meeting 13	22 June 2023	Chair update	0
		Minutes, actions, and challenge log	2
		Review of 22/23 company performance	6
		Customer research and engagement update	2
		Vulnerability Action Plan	2
		Social Contract and ESG updates	1
		WaterShare+ Group Panel	0
SCSG Meeting 12	21 September 2023	Deep dive – Education for the employee	3
		Social Contract programme update	2
		Action review	1

Bristol Water Challenge Panel Meetings continued

Challenge Panel Main Meeting 14	21 September 2023	Chair update	1
		Minutes, actions, and challenge log	1
		The Challenge Panel Annual Report	0
		PR24 Timeline	3
		Jacob's report on assurance	1
		Customer research and engagement update	5
		WaterShare+ meeting in Bristol	1
		Vulnerability Action Plan	0
		AOB	1
SCSG Meeting 13	31 October 2023	Review of Benefits and Transparency Report	6
		Social Contract programme review	4
		Action review	1
Challenge Panel Main Meeting 15	5 December 2023	Chair update	0
		Minutes, actions, and challenge log	1
		Performance	1
		Delivering for our Customers	0
		Social contract Sub Group update	3
		Customer research and engagement update	0
		Vulnerability Action Plan	1
SCSG Meeting 14	13 February 2024	Deep Dive – Community Engagement	7
		Update on Social Contract activities	0
		Stakeholder feedback	3
		Integration with Pennon activities	0
		Questions and Close	1
Challenge Panel Main Meeting 16	16 February 2024	Chair update	0
		Minutes, actions and challenge log	1
		24/25 charges	3
		Progressive charges	1
		Performance	2
		Customer research and engagement update	1
		Vulnerability Action Plan	1
		Incident management update	0
		Future meetings	1

As examples of topics covered, the Challenge Panel welcomed the company's plans for trials of the progressive charges to be implemented in the winter of 2024/25. It applied challenge to this, scrutinising it closely at this early stage of development. The Panel also welcomed plans to invest in two Water Treatment Plants, work that is now ongoing and would not have been possible without the merger with South West Water, and the acquisition by Pennon Group.

The Environmental Sub Group ceased during the period because most of the Sub Group's work had been transferred to the WaterShare+ Group Panel. The residual work not addressed in this manner was accommodated within the main Challenge Panel meetings.

The Chair and Deputy Chair attended seminars and workshops organised by CCW and others on diverse topics to do with PR24. These are now named Challenge Co-Ordinations Group meetings (COG).

The Chair attended selected South West Water Board meetings to keep them apprised of the Challenge Panel view of the South West Water PR19 business plan. Challenge Panel members have been kept informed of the topics discussed and any resulting output.

The Challenge Panel is grateful to Bristol Water staff and executives for organising, hosting and attending all the meetings listed on the previous page..

Case study – Listening to Customers

WaterShare+ public meetings provide a unique opportunity for customers to ask questions of senior company executives including Chief Executive, Susan Davy and to receive up-to-date information regarding company performance and specific local issues.

They are also designed for the Challenge Panel and the company to hear about the issues that matter to local residents. A total of 36 customers attended the Bristol public meeting hosted by the Challenge Panel in July 2023. Customers were also encouraged to submit questions in advance, all of which were answered by the company during or outside the meeting. Additional questions were raised during the public meeting and were answered fully either during the meeting or through separate, bespoke discussions where specific problems in individual households were resolved.

Company executives presented on four key areas of interest or concern to local customers: leakage, smart meters, high water quality and lead pipework. The event also included ‘market stalls’ showcasing aspects of the company’s customer-facing activities including water quality, leakage, metering and careers at Bristol Water. Breakout sessions and group discussions took place, allowing customers to discuss and debate their priorities and the plan with each other. The meeting provided valuable customer feedback and has helped to shape the Challenge Panel’s on-going discussions with the company.





Actions & Challenges

Throughout the year, the Challenge Panel scrutinised the delivery of performance commitments and customer-facing operational activities and incidents, logging all actions and requests for further information from Bristol Water.



When an action or challenge is cleared by Bristol Water, the Challenge Panel considers whether it has resulted in Bristol Water changing any of its processes or assumptions. If so, then the action is transferred to the challenge log.

Previously the Bristol Water Board Independent Non-Executive Director, who attended the Challenge Panel's main meetings. However, with the integration with South West Water, the iNED resigned in late 2021. All iNED actions arising from the Challenge Panel meetings have been included in the overall number of actions recorded.

Actions Raised

The number of actions raised during 2023/24 was 83, giving a total of 465 actions raised since April 2020, the beginning of the current Asset Management Period (AMP). During 2023/24, 90 actions were cleared, giving a total of 402 cleared so far this AMP.

Of the 83 actions raised during 2023/24, two were raised by the now disbanded Environment Sub Group, 42 raised by the Social Contract Sub Group, and 39 raised by the main Challenge Panel. Of the 465 actions raised since April 2020, 67 were raised by the Environment Sub Group, 132 by the Social Contract Sub Group, 98 by the now disbanded Customer Engagement Sub Group and 156 by the main Challenge Panel. The remaining 12 actions were raised directly by Challenge Panel members, usually by email.

At the end of 2023/24 the status of the action log was:

- 38 actions transferred to the challenge log
- 3 actions that will not be cleared until AMP8
- 402 actions cleared
- 22 actions that remained outstanding

This gives a total of 465 actions.

Of the 83 actions raised during 2023/24

- 2 were raised by the Environmental Sub Group
- 42 by the Social Contract Sub Group
- 39 by the main Challenge Panel

Of the 465 actions raised since April 2020

- 67 were raised by the Environment Sub Group
- 123 by the social Contract Sub Group
- 98 by the now disbanded Customer Engagement Sub Group
- 156 by the main Challenge Panel
- 12 by email, raised by Panel members

Challenges

No actions were transferred to the challenge log during the year, however 38 actions had been transferred to the challenge log in previous years. Due to the approaching end of the AMP, the outstanding actions were reviewed to determine if any would not be cleared until AMP8 and three such actions were identified. This review process will continue during 2024/25.

There have been four different sources of challenges during AMP7. Nine challenges had not been completed in AMP6, 41 challenges arose from Challenge Panel members' scrutiny of Bristol Water activities during AMP7, two challenges arose from the iNED intervention described above and the final challenge was a direct challenge from the Chair to the Board of Bristol Water. No challenges arose in the public meeting.

At the end of 2023/24, the status of the challenge log was 40 challenges confirmed, seven actions that required no action and six actions that need to wait until AMP8 to be decided. There were no challenges outstanding.



Case study – Winterbourne Burst

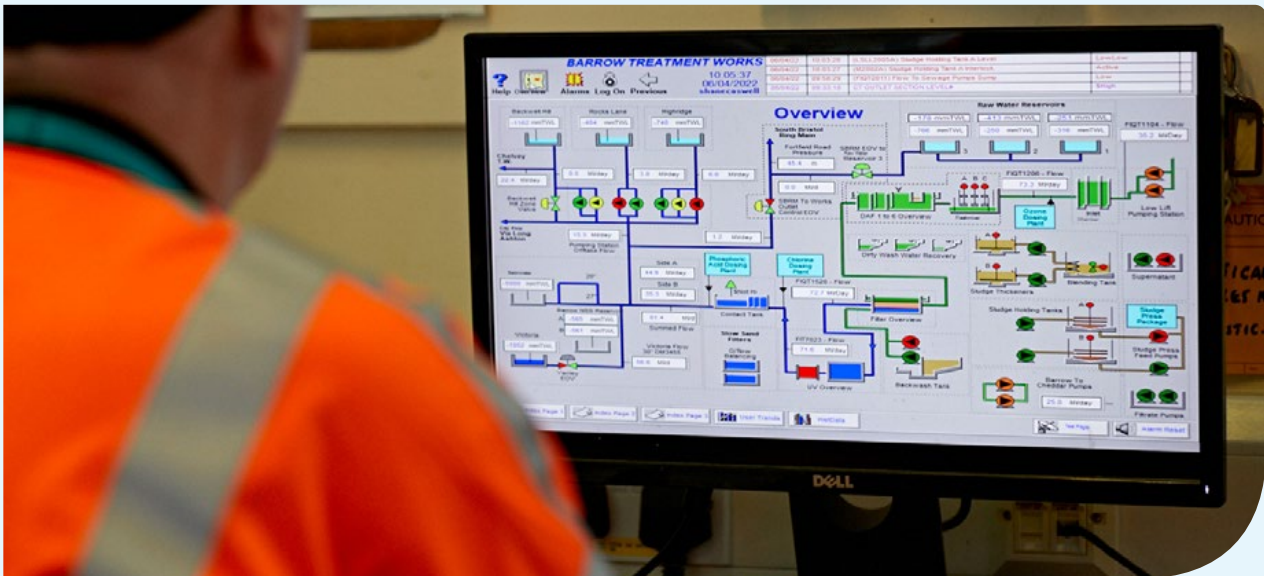
On Christmas Day 2023, a burst water main caused significant disruption to over 3,000 homes and organisations across the Winterbourne area of Bristol.

65% of customers were satisfied or very satisfied with the time it took to resolve the incident



It was a very complicated repair that Bristol Water managed to fix the same day under very challenging circumstances. The company provided the Challenge Panel with detailed information about the causes and resolution of the burst, as well as its consequences for customers including the findings of a customer survey undertaken in early January 2024. The Challenge Panel has also engaged with the company about how the incident was handled and lessons learned as a result.

There were issues around communications with customers, and staff availability was lower than usual because the pipe burst on Christmas Day. The company has now developed better response plans, particularly around social media, and has increased the amount of bottled water in storage. The Challenge Panel noted that Bristol Water engaged with 51,000 customers following the burst and that the company is making a range of improvements for the future.



Company performance in 2023/24

Bristol Water often asks the Challenge Panel to use its skills and experience to ensure that their communications are clear and understandable to customers. Hence, the Challenge Panel places great importance on the readability and understandability of the technical information provided and used in questionnaires, surveys and in-person or online research.



The Challenge Panel expects the company to maintain its strong information reporting and governance processes in order to consistently report accurate and reliable information to customers and other stakeholders.

This section identifies the key points and challenges arising from Bristol Water performance during 2023/24..

Bristol Water's 29 Performance Commitments (PCs) and Outcome Delivery Incentives (ODIs) for AMP7 are set out in its PR19 Final Determination from Ofwat.

Some of these have since been modified slightly by the outcome of the subsequent Competition and Markets Authority Determination following the Bristol Water appeal against the Ofwat PR19 Final Determination.

PCs are distributed across three main Outcomes for customers. These Outcomes, the number of PCs associated with each and the company's performance in 2022/23 and 2023/24 is summarised as follows:

Outcome	Total PCs	PC targets met in 2022/23	PC targets missed in 2022/23	PC targets met in 2023/24	PC targets missed in 2023/24
Excellent Customer Services	8	7	1	6	2
Safe and Reliable Supply of Water	11	5	6	7	4
Local Community and Environmental Resilience	10	6	4	7	3
	29	18	11	20	9

Bristol Water met 20 PC targets in 2023/24 in comparison with 18 in 2022/23.

Most PCs and associated ODIs reflect performance in the Ofwat reporting year, which is April 2023 to March 2024. Water quality and waste disposal PCs are measured on a calendar year basis.

An overview of the performance against each of the PCs is given below. A more detailed review is available in the company's Annual Performance Report and Regulatory

Reporting (APR) at southwestwater.co.uk/about-us/performance/how-we-are-performing

The company's performance against its PC targets in 2022/23 is expected to result in around £0.335 million ODI outperformance payments (rewards) and around £2.711 million ODI underperformance payments (penalties) from those PCs that can be calculated by Bristol Water. In addition, Bristol Water estimate they will receive £0.414 million from the Ofwat industry-wide ranking process for C-MeX and D-MeX.

Bristol Water 2023-24 Performance

Performance Commitment	Type	Incentive	2022/23 Actual	2023/24 Target	2023/24 Outturn Performance	Performance against target	2023/24 Payment
Safe and Reliable Supply of Water							
Water quality compliance (CRI)	Common	Penalty for under performance	4.60	0	7.05	Significant work to return to target	Penalty £1.060m
<p>The Challenge Panel is concerned that performance against this key measure has deteriorated over the last four years. The company informed the Challenge Panel that its CRI performance in 2022 had improved from 46 failures in 2022 to 34 compliance failures in 2023 but was impacted by failures at treatment works (which accounted for 66% of the CRI) where a programme of improvement is being delivered under a DWI enforcement notice. This carries a higher CRI score weighting, but the DWI recognises that the company is aware of the risk to water quality. The company is delivering a clear plan to mitigate the risks concerned. The Challenge Panel noted this and the course of action in train.</p>							
Water supply interruptions	Common	Reward and penalty available	00:08:03	00:05:23	00:09:24	Minor work to return to target	Penalty £0.382m
<p>The Challenge Panel was disappointed to see this deterioration in performance, especially given that the report by the company regarding its improved operational systems and processes worked well to mitigate supply interruptions in 2021/22.</p>							
Mains repairs	Common	Penalty for under performance	170.8	132.7	124.8	Met target or within tolerance	Nil
<p>The Challenge Panel notes that weather events can cause structural and operational problems on the pipe network but consider that the company should be increasing resilience to such events.</p>							
Unplanned outage	Common	Penalty for under performance	6.21	2.34	2.06	Met target or within tolerance	Nil
Risk of severe restrictions in a drought	Common	Reputational	60.9	29.8	7.3	Significantly exceeded target	N/A

Company performance in 2023/24 continued

Performance Commitment	Type	Incentive	2022/23 Actual	2023/24 Target	2023/24 Outturn Performance	Performance against target	2023/24 Payment
Customer contacts water quality – appearance	Bespoke	Reward and penalty available	0.94	0.53	0.59	Minor work to return to target	Penalty £0.011m
<p>The Challenge Panel expressed disappointment in seeing the company again fail to meet its target. The company informed the Challenge Panel that a dedicated member of staff contributed to reducing the overall appearance contact rate to its lowest ever figure, and is continuing to work to identify the root cause of such discolouration. The company also reports that continual improvements to the information available for customers to self-serve have been beneficial. The Challenge Panel understands the company is working with external stakeholders to provide training and to raise awareness of risks to water discolouration.</p>							
Customer contacts water quality – taste and smell	Bespoke	Reward and penalty available	0.27	0.28	0.23	Demonstrably exceeded target	Reward £0.011m
<p>The Challenge Panel welcomes the reducing trend with taste and odour complaints. It notes that many such complaints stem from internal plumbing systems, and welcomes the improved Bristol Water information available to customers to help prevent such problems.</p>							
Properties at risk of receiving low pressure	Bespoke	Reward and penalty available	2	53	6	Significantly exceeded target	Reward £0.193m
<p>The Challenge Panel welcomed the company's continued strong performance against this measure and encourages it to maintain this for the rest of the five-year period.</p>							
Turbidity performance at treatment works	Bespoke	Reputational	0	0	0	Met target or within tolerance	N/A
<p>The Challenge Panel welcomed this continuing good performance.</p>							
Unplanned maintenance – non-infrastructure	Bespoke	Penalty for under performance	3,077	3,272	3,045	Significantly exceeded target	Nil
<p>The Challenge Panel welcomed the company's improved performance against this metric in 2023/24.</p>							
Glastonbury Street Network Resilience	Bespoke	Penalty for under performance	0	0	0	Met target or within tolerance	Nil

Company performance in 2023/24 continued

Performance Commitment	Type	Incentive	2022/23 Actual	2023/24 Target	2023/24 Outturn Performance	Performance against target	2023/24 Payment
Local Community and Environmental Resilience							
Leakage (three-year average)	Common	Reward and penalty available	36.9	33.0	38.2	Significant work to return to target	Penalty £1.362m
<p>The Challenge Panel was disappointed to see the deterioration in Bristol Water leakage performance in 2023/24, especially after its excellent result in 2021/22. This reversed the strong downward trend in the three-year average leakage levels in recent years. Nevertheless, Bristol Water has one of the lowest leakage rates in the water sector. The Challenge Panel did note last year that the company was identifying increasing challenges associated with further reduction in leakage levels. The Challenge Panel was encouraged to learn that the company has now implemented new initiatives including the development of a fixed acoustic network in Bristol, which should help location time including the problematic winter period. The non-achievement of the Bristol Water meter penetration target is contributing to Bristol Water not achieving the leakage target.</p>							
Per Capita Consumption (three-year average)	Common	Reward and penalty available	154.8	141.3	148.8	Minor work to return to target	Nil (Reward £0.240m)*
<p>The Challenge Panel notes that influencing customer behaviour in the future, including water consumption, forms part of the company's customer and community focused Social Contract. The Challenge Panel welcomed this innovative approach. The non-achievement of the Bristol Water meter penetration target is contributing to Bristol Water not achieving the PCC target.</p>							
Meter penetration	Bespoke	Reward and penalty available	64.89	73.10	67.45	Significant work to return to target	Nil
<p>This commitment only monitors household metering. The Challenge Panel noted that, as Bristol Water is not a water stressed area, it cannot use compulsory metering to increase its meter penetration, it must rely on demonstrating to customers the financial benefits of installing a water meter to achieve a higher penetration. This would probably require a commitment by the company to prioritise Bristol water meter penetration activities. An alternative would be for the Environment Agency to designate Bristol a water stressed area.</p>							
Raw water quality of sources	Bespoke	Penalty for under performance	394	427	514	Significantly exceeded target	Nil
<p>The Challenge Panel welcomed the company's improved performance against this metric in 2023/24.</p>							
Glastonbury Street Network Resilience	Bespoke	Reward and penalty available	0/Met	0/Met	0/Met	Significantly exceeded target	Reward £0.016m
<p>The Challenge Panel welcomes the strong improvement achieved over the four years.</p>							

Company performance in 2023/24 continued

Performance Commitment	Type	Incentive	2022/23 Actual	2023/24 Target	2023/24 Outturn Performance	Performance against target	2023/24 Payment
Biodiversity Index	Bespoke	Reward and penalty available	17,693	17,700	17,707	Significantly exceeded target	Reward £0.003m
The Challenge Panel noted the improved condition of Bristol Water land and water holdings.							
Waste disposal compliance	Bespoke	Penalty for under performance	98	100	98	Met target or within tolerance	Nil
Due to the discussion on this PC, the Challenge Panel obtained a better understanding of the problems at Blagdon. It understands that most of the issues at this site are attributed to a deterioration in raw water quality rather than operation of the fisheries.							
WINEP compliance	Bespoke	Reputational	Met	Met	Met	Met target or within tolerance	N/A
The Challenge Panel is encouraged that the company is continuing to meet its WINEP commitments, again resulting in environmental improvements.							
WINEP delivery	Bespoke	Reputational	100	100	100	Met target or within tolerance	N/A
The Challenge Panel notes that the company is meeting its WINEP commitments, again resulting in environmental improvements.							
Local community satisfaction	Bespoke	Reward and penalty available	92.0	85.0	88.9	Demonstrably exceeded target	Reward £0.081m
The Challenge Panel queried why the response rate by stakeholders to the survey in 2022/23 was low and the company explained that not all stakeholders were available at the time of the survey.							
Abstraction Incentive Mechanism	Bespoke	Reward and penalty available	0	-186.1	0	Met target or within tolerance	Nil
The Challenge Panel was pleased to note that the AIM was not triggered in 2022/23.							



Company performance in 2023/24 continued

Performance Commitment	Type	Incentive	2022/23 Actual	2023/24 Target	2023/24 Outturn Performance	Performance against target	2023/24 Payment
Excellent Customer Services							
C-MeX	Common	Reward and penalty available	80.68	Above Median	80.98	Significantly exceeded target	Reward £0.283m**
<p>The Challenge Panel notes that whilst Bristol Water's rank position improved, it did not achieve the target. The Challenge Panel is questioning why the C-Mex performance fell slightly in the 4th quarter. The Challenge Panel noted that Bristol Water had achieved its best ever C-Mex performance.</p>							
D-MeX	Common	Reward and penalty available	89.99	Above Median	91.08	Demonstrably exceeded target	Reward £0.131m**
<p>The Challenge Panel was disappointed to see the company's ranking drop one position but notes the small range of D-MeX scores between 3rd and 5th place.</p>							
PSR reach	Common	Reputational	6.5	6.1	8.9	Significantly exceeded target	N/A
PSR - Attempted contacts	Common	Reputational	91.1	90.0	95.1	Significantly exceeded target	N/A
PSR - Actual contacts	Common	Reputational	53.1	35.0	59.6	Significantly exceeded target	N/A
<p>The Challenge Panel welcomes the company's achievements on actual and attempted PSR contacts and on the number of households registered on the PSR. The Challenge Panel was encouraged to see that the company continues to look at alternative ways to meet its PSR targets and improve affordability for its most vulnerable customers.</p>							
Percentage of customers in water poverty	Bespoke	Reputational	0	0	0	Met target or within tolerance	N/A
<p>The Challenge Panel noted this performance and will continue to challenge the company over its awareness and preparedness for likely increases in customer debt and long-term indebtedness. The Challenge Panel learnt that Bristol Water continues to monitor the number of customers in debt and offers debt advice surgeries as part of its Social Contract work. The company has increased its customer support to provide discounted tariffs to additional customers. The Challenge Panel continues to monitor the company's social tariff initiatives and its performance against this commitment.</p>							

Company performance in 2023/24 continued

Performance Commitment	Type	Incentive	2022/23 Actual	2023/24 Target	2023/24 Outturn Performance	Performance against target	2023/24 Payment
Value for money	Common	Reputational	68	83	59	Minor work to return to target	N/A
<p>The Challenge Panel is concerned that performance against this Commitment has now fallen each year for the last three years. The Challenge Panel agrees that external factors such as media coverage around the industry's environmental pollution and on dividend and bonus payments may have had an impact on customers' perception of value for money for the services provided. It understands other water companies have experienced a similar effect. However, the Challenge Panel continues to have concerns over likely rising water poverty customer indebtedness.</p>							
Percentage of satisfied vulnerable customers	Bespoke	Reputational	88	85	80	Minor work to return to target	N/A
<p>The Challenge Panel expressed disappointment with the outcome.</p>							
Void properties	Bespoke	Reward and penalty available	1.79	1.80	1.70	Demonstrably exceeded target	Reward £0.041m
<p>The Challenge Panel welcomed Bristol Water maintaining its good performance.</p>							
Total customer complaints	Bespoke	Reputational	23.9	30.9	23.4	Demonstrably exceeded target	N/A
<p>The Challenge Panel welcomes the company's good performance during the year.</p>							

Notes

* the PCC reward/penalty mechanism is under review by Ofwat

** to be confirmed by Ofwat





Social Contract

Bristol Water's Social Contract is a framework to help the company deliver societal benefits and be accountable to customers and stakeholders on the delivery of these. It is intended to inform how the company invests in projects in various communities and how it forms partnerships with other bodies and institutions.

The Social Contract has over 40 individual initiatives spread across nine programme areas:

- Academic partnerships
- Community engagement
- Conservation
- Education for citizens
- Education of employees of the future
- Lakeside leisure
- Regional strategies
- Resource West
- Vulnerability

A detailed description of the Social Contract is provided in Bristol Water's Annual Performance Report and on its website at bristolwater.co.uk/about-us/our-story/social-contract

The role of the Challenge Panel in the Social Contract is to:

- Independently challenge and contribute to the on-going development of the Social Contract framework with the objective of gaining insight and pushing for continuous improvement.
- Oversee and challenge the delivery of the Social Contract programme on behalf of customers.
- Challenge transparency of reporting in relation to the Social Contract.

The Challenge Panel is very aware of its independence and potential conflicts of interest during the development and monitoring of the Social Contract and the associated stakeholder engagement. It used its Social Contract Sub Group (SCSG) to undertake detailed work and to keep it informed of key developments and findings.

The SCSG reported its findings and opinions to the main Challenge Panel.

The Challenge Panel noted that during the Resource West deep dive, the company stated its intention to transfer the learnings on Per Capita Consumption to the rest of the South West Water area.

The Challenge Panel welcomed the company's Social Contract deep dives, particularly on biodiversity. The Challenge Panel would like to see them continue in 2024/25 and the company confirmed that is their intention.

The Challenge Panel noted the existence of the company's Community Partnership Team (CPT) and asked how this affects the Social Contract work. The company replied that traditionally community partnerships and engagement had been organised by different departments, but that the CPT would now bring this together to improve governance and focus. The CPT is part of delivering on the 'Cares' and 'Share' initiatives and on outreach. It is not specific to the Social Contract but looks at broader engagement with the community.

The Challenge Panel stated that the company will have to consider how the CPT links with the Social Contract. The Challenge Panel noted that the CPT's work will be communicated through the vulnerability updates.

The Challenge Panel noted the delay to the lakeside equality and access initiative. The company said the concern was the cost of the electrical supply to the proposed disabled access gate. The Challenge Panel was pleased that the company was considering alternative sources of power.

The Challenge Panel noted that it is critical to try and establish the benefits of the Social Contract initiatives and their comparability across other organisations. The Challenge Panel suggested that triangulation of different methods and results could be considered.



The Challenge Panel stated they would like to see more feedback on the initiatives from company participants and from stakeholders.

The Challenge Panel stated they would like to see more feedback on the initiatives from company participants and from stakeholders. Also, the number of employees and communities that have been involved should also be recorded along with the ethnic diversity of participants. The Challenge Panel considered this would carry more weight when discussing the future of the Social Contract.

The Challenge Panel said that the company's work in communities associated with improving equality and access has incidental additional benefits which could be significant. The company agreed that this was a consequence that wasn't anticipated at the beginning of the Social Contract.

The Challenge Panel stated its concern with understanding how the benefits of the Social Contract were to be integrated as business as usual within the company.



Case study – Protecting Vulnerable Customers

In September 2023, Bristol Water achieved accreditation in the BSI ISO 22458 Kitemark for Vulnerability and Inclusive Service.



This is an international standard that aims to increase positive outcomes for vulnerable consumers when dealing with service providers, and also reduces the risk that customers will experience harm. The Challenge Panel commends the company on this achievement, which involved a significant amount of work. Customers now benefit from a fully accessible website, more robust processes, staff trained in vulnerability and a continued focus on improving customer communication. The company will be reassessed every year to ensure that it continues to meet the standard.

According to the auditor's report: "Worthy of particular note are the efforts made by the business to reach out to society in order to learn about lesser-known vulnerabilities and harder to reach cohorts with the aim to improve lives and prevent harm. A great deal of empathy and understanding was shown by all personnel that engaged with the process – cultural values are clearly well embedded and delivered."

Customer Engagement

Bristol Water undertook several pieces of customer engagement during 2023/24 to understand customer views, preferences, and priorities. Some of these were continual (business as usual) and some were bespoke.



The company also undertook engagement alongside South West Water regarding the company's PR24 business plan proposals. This included consultation on the draft Water Resources Management Plan.

The WaterShare+ Group Panel, which includes the Chair and Deputy Chair of the Challenge Panel, reviewed the company's PR24 engagement during 2023/24. The table below summarises the routine engagement undertaken during 2023/24 by Bristol Water.

Timeline	Task	Topic	Phase	The Challenge Panel Input
Q2 23-24	Affordability & Acceptability Testing	Business Plan A&A	PR24 Balancing trade-offs, risk v return	Reviewed stimulus material
Q2 23-24	UKCSI results ummary	Customer Satisfaction	Business As Usual research	Read results
Q1 23-24	C-MeX Q1 analysis	Customer Satisfaction	Business As Usual research	Read results
Q1 23-24	Q1 post-event feedback	Customer Satisfaction	Business As Usual research	Reviewed results
Q2 23-24	D-MeX Q1 qualitative analysis	Developer Satisfaction	Business As Usual research	Reviewed results
Q4 23-24	Q2 post-event feedback	Customer Satisfaction	Business As Usual research	Reviewed results
Q3 23-24	D-MeX Q2 qualitative analysis	Developer Satisfaction	Business As Usual research	Reviewed results
Q4 23-24	Annual surveys	Customer Satisfaction	Business As Usual research	Reviewed results
Q4 23-24	Youth Board	Future customer priorities	Business As Usual research	Attended if desired and read final output
Feb-24	D-MeX Q3 qualitative analysis	Developer satisfaction	Business As Usual research	Reviewed results
Q4 23-24	BRL Online Panel	The Drop magazine	Business As Usual research	Reviewed results

Customer Engagement continued

Each survey was discussed and reviewed with the Challenge Panel including the surveys' aims, methods, documentation, and timings. The results from the surveys were reviewed and challenged at the Challenge Panel's subsequent main meetings.

The Challenge Panel noted the use of quotes from people who had taken part in the Affordability and Acceptability Testing research. This was best practice, and it was good to see this being adopted by Bristol Water.

The Challenge Panel requested that the company produce a one-page document to illustrate the synthesis of all the PR24 engagement and to show the linkage between the research and the business plan. The company said the document was being prepared.

The Challenge Panel congratulated the company on its latest UKCSI scores, both within the industry and in the wider sector. The Panel noted that although the Bristol Water UKCSI score went down 1.4 points, the company's all sector ranking increased by eight places. This illustrates the effect on the other water companies of the cost-of-living crisis but not on Bristol Water, who worked hard to mitigate the effects of the cost-of-living crisis. The company responded that this was a current interesting challenge.

The Challenge Panel referred to the Ofwat consultation on C-Mex and the proposal to not pay incentives if companies' UKCSI scores are not above the all-sector average. The Challenge Panel noted that currently there are only three water companies that are above the all-sector average.

The Challenge Panel suggested that the company refreshes the membership of its online panel. The company replied that it advertises on customer bills that people can join the online panel at any time, but it will refresh its online panel when South West Water and Bournemouth Water commence their online panels later in 2024/25.

The Challenge Panel praised the company for achieving upper quartile performances for D-MeX and C-MeX. The Challenge Panel hoped that Bristol Water's good practice on customer service is being replicated in the rest of the company. The company replied that it is.

The Panel congratulated the company on its latest UKCSI scores, both within the industry and in the wider sector.



Priorities and Challenges for 2024/25

The following areas will be key priorities and areas of challenges for the Challenge Panel in 2024/25:



key priorities and areas of challenges

Lead pipe removal

PR24 expectations, particularly including changes to Ofwat's approach to forever chemicals known as PFAs.

AMP7 Outcomes and how this will affect customer bills

Vulnerability and water poverty

Progressive charging

Improving water quality including Water Treatment Plant rebuilds

Meter penetration

During 2024/25, the Challenge Panel will also continue to contribute to WaterShare+ Group Panel in its scrutiny and challenge of the company's PR24 business plan proposals.



Appendix 1

Meet the Panel

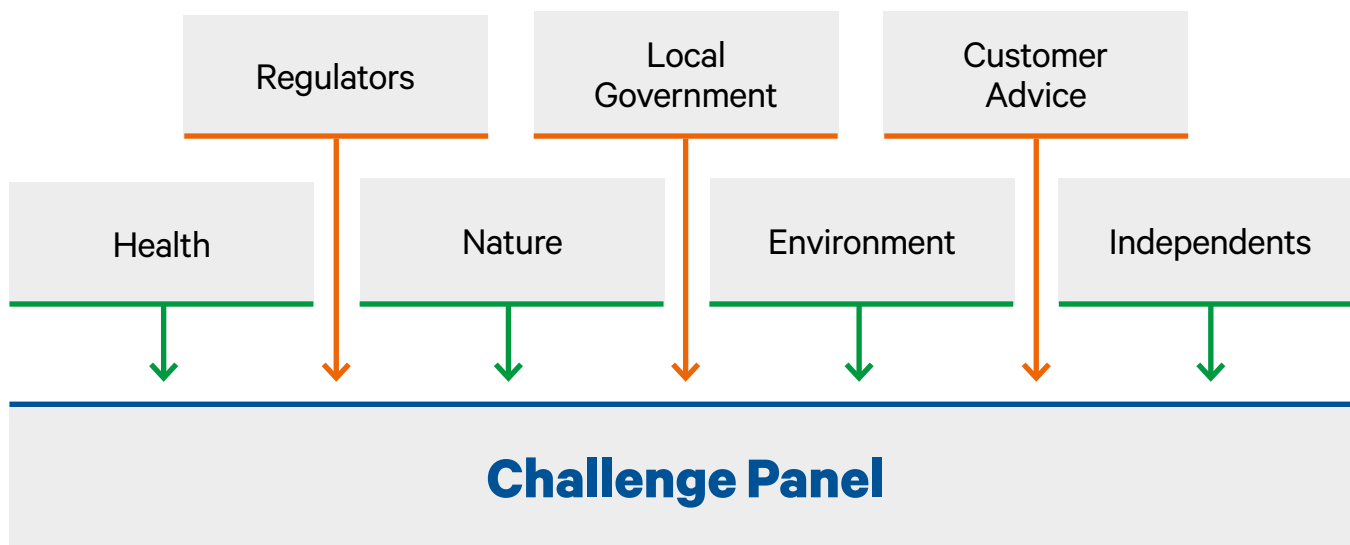
The 11 members of the Challenge Panel at the end of 2023/24 were:

Peaches Golding OBE CStJ Independent Chair	Tony Denham Independent Deputy Chair	Jeremy Hawkins Report Writer	Catherine Jones CCW
Tamsin Sutton Environment Agency	Laura Henley Natural England	Dr Tabinda Rashid-Fadel National Health Service	Fran Begley South Bristol Advice Centre
Councillor Patrick Keating North Somerset Council	Councillor Roz Wyke Somerset Council	Colin Williams Independent	

The Challenge Panel welcomes new members, Councillor Patrick Keating, Councillor Roz Wyke and Colin Williams. The Challenge Panel also thanks members who stepped down during or after the end of 2023/24, which include Councillor Michael Gay of Mendip District Council, Councillor Geoffrey Robinson of North Somerset Council and Jeremy Hawkins.

The Challenge Panel appreciates their hard work, input and support.

The independent Challenge Panel members come from a range of backgrounds and areas of expertise. These include:



Appendix 2

Glossary

Initials	Explanation
AMP	Asset Management Period – five-year period for which the Price Review sets the company’s revenue and thus the customers’ bills. AMP7 started in 2020 and AMP8 in 2025
APR	Report produced by the Company for regulatory reporting purposes, known previously as the Regulatory Accounts
BRL	Bristol Water
Challenge Panel	Bristol Water Challenge Panel – Bristol Water’s ICG, usually called the Challenge Panel
CCG	Consumer Challenge Group – a group whose primary purpose is to challenge Bristol Water’s performance and to review and challenge the Social Contract implementation
CCW	The Consumer Council for Water – the independent voice for water consumers in England and Wales
CESG	Customer Engagement Sub Group of the Bristol Water Challenge Panel
CMA	Competition and Markets Authority – the organisation the company appeals to if they cannot accept the Ofwat FD
C-MeX	C-MeX is the industry wide measure of customer satisfaction based upon surveys both of customers who have recently contacted their water company, and a random sample of members of the public.
COG	CCW’s Challenge Co-ordination Group – a group consisting of the Chairs of all the water companies ICGs
CRI	Compliance Risk Index (CRI) is a measure designed to illustrate the risk arising from treated water compliance failures, and it aligns with the current risk-based approach to regulation of water supplies used by the Drinking Water Inspectorate (DWI)
Defra	The UK Government’s Department for Environment, Food and Rural Affairs
D-MeX	D-MeX measures the quality of services to developers and other third parties. It has two components. The qualitative component is based on interviews with developer services customers that have transacted with a water company in the previous month. The quantitative component is based on the water company’s performance against a key set of Water UK metrics, which measure the service provided by water companies to their developer services customers
DWI	Drinking Water Inspectorate – formed to provide independent reassurance that public water supplies are safe and drinking water quality is acceptable to consumers
EA	Environment Agency – a public body that works to protect and improve the environment and support sustainable development in England
ESG	Environment Sub Group of the Bristol Water Challenge Panel
FD	Final Determination of Prices – provided by Ofwat and sets the company’s revenues and thus the customers’ bills for the next AMP
ICG	Independent Challenge Group – successor to the CCG
ICS	Institute of Customer Service

Appendix 2

Glossary

MI/D	Mega litres per day
NE	Natural England – the Government’s advisor for the natural environment in England
ODI	Outcome Delivery Incentive – financial or reputational incentive for each performance commitment, set by Ofwat in its Final Determination
PCs	Performance Commitments – Performance measures supporting the Outcomes. The levels of performance (targets) were set by Ofwat in the Final Determination
PCC	Per Capita Consumption – a measure of the volume of water used by each person
PFA	Per- and polyfluoroalkyl substances (PFAS) are a large class of thousands of synthetic chemicals that are used throughout society. However, they are increasingly detected as environmental pollutants, and some are linked to negative effects on human health. They are sometimes called ‘everlasting chemicals’ due to their long time in the environment.
PR19	Price Review 2019 – sets the customer bills for AMP7 from 1 April 2020 to 31 March 2025
PR24	Price Review 2024 – sets the customer bills for AMP8 from 1 April 2025 to 31 March 2030
PSR	Priority Services Register – a free service available for customers who need extra support
SC	Social Contract
SCSG	Social Contract Sub Group of the Challenge Panel – reviews and challenges the Bristol Water Social Contract planning and implementation of initiatives
SBAC	South Bristol Advice Centre
SWW	South West Water
SWWP	South West Water Panel
UKCSI	UK Customer Satisfaction Index
WS+	WaterShare+ is the customer share scheme and the WaterShare+ Group Panel is the ICG for South West Water
WINEP	Water Industry National Environment Programme is the programme of actions water companies need to take to meet statutory environmental obligations, non-statutory environmental requirements or delivery against a water company’s statutory functions
WTW	Water Treatment Works

