

**Policy and Performance Scrutiny Committee - 20 April 2017**

Non-confidential minutes of the meeting of the Policy and Performance Scrutiny Committee held at on 20 April 2017 at 6.00 pm.

**Present:**           **Councillors:**           Greening (Chair), Jeapes (Vice-Chair), Debono, Gantly, Champion, Russell and Heather

**Councillor Richard Greening in the Chair**

**341       APOLOGIES FOR ABSENCE (Item 1)**

Councillors Doolan, Klute, Chowdhury, Wayne, O'Halloran, Court

**342       DECLARATION OF SUBSTITUTE MEMBERS (Item 2)**

None

**343       DECLARATIONS OF INTEREST (Item 3)**

None

**344       TO APPROVE MINUTES OF PREVIOUS MEETING (Item 4)**

**RESOLV ED:**

That the minutes of the meeting of the Committee held on 22 March 2017 be confirmed as a correct record of the proceedings and the Chair be authorised to sign them

**345       MATTERS ARISING FROM THE MINUTES (Item 5)**

None

**346       PUBLIC QUESTIONS (Item 6)**

The Chair outlined the procedure for Public questions and the filming and recording of meetings

**347       CHAIR'S REPORT (Item 7)**

The Chair stated that he intended to continue with the meetings of the PPS Committees on 4 May, to deal with the independent review commissioned by Thames Water and the

consequent report on major bursts in London, and also the 25 May PPS Committee. The Chair added that he intended, because of the announcement of the General Election, to limit the meeting of the Committee on 25 May, which would commence at 7.00 p.m. to consideration of one item relating to serious youth violence in the borough and the proposed revisions to the arrangements for Community Safety and the Police would be in attendance for such meeting. Members present concurred with this view.

The Chair added that he would be attending a meeting in Lambeth on 25 April relating to the flooding there and other Members were welcome to attend if they wished.

The Chair enquired of other boroughs that were present if they were of the view that the meeting at the GLA scheduled on 10 May should continue given that the proposed meeting of the GLA Environment Committee on 24 May had now had to be cancelled due to the General Election announcement. Other boroughs present felt that this cancellation would be advisable and the Scrutiny Officer was requested to rearrange revised dates after the General Election

### **348 SCRUTINY REVIEW FLOODING - OFWAT (Item 8)**

The Chair welcomed Aileen Armstrong, Keith Mason and Mark Anderson from OFWAT and also Councillors Jack Holborn, Chair of Lambeth Burst Water Mains Scrutiny Commission and Councillor Andy Wilson, Vice Chair Overview and Scrutiny Committee and member of Lambeth Burst Water Mains Scrutiny Commission.

Scrutiny officers from L.B.Lambeth, Gary O'Key and L.B.Lewisham Charlotte Dale were also present.

During consideration of the item, the following main points were made –

- OFWAT outlined their role as an independent regulator and that they wanted Thames Water to be accountable and take responsibility for delivering a good service to its customers
- A pricing review took place every 5 years and Thames Water needed to present a business plan to OFWAT and this was scrutinised to ensure that there is an efficient service being provided and effective standards were being provided. In addition Thames Water needed to demonstrate accurate information is being provided and how the service is being delivered
- Penalties could be applied by OFWAT if Thames do not deliver services to a satisfactory standard
- OFWAT stated that they wished to refute any suggestion that the bursts had resulted in them not making funding available to them as a result of the price review in 2014 and that they had actually approved funding for Thames Water proposals at that time that had been requested
- There is regular contact between OFWAT and Thames Water and there had been recent discussions between the Chairs and Chief Executives of OFWAT and Thames Water on the problems of communication and that it was felt that this needed to be improved, especially Thames making more use of social media
- OFWAT stated that Thames Water have an obligation to provide a high quality service to customers and if they did not deliver this then OFWAT could impose penalties
- OFWAT informed Members that Thames Water in addition to their statutory obligations have ODI's on serviceability and they had not achieved their serviceability in 2015/16 and the position is not known yet or 2016/17

## Policy and Performance Scrutiny Committee - 20 April 2017

- In response to a question as to the fact that Thames Water had referred to the difficulty of repairing mains bursts due to cost and the need to close roads and that this may impact on their desire to effectively replace the ageing Victorian pipes. OFWAT stated that such work is not measured as a KPI requirement and that OFWAT tried to capture outcomes rather than inputs. A Member stated that in his view this should be considered in future as a KPI in future
- The Chair referred to the fact that the Victorian pipes in London were over 150 years old and Thames Water had stated that over one third of these had been replaced. The Chair expressed the view that the remaining pipes should be replaced as soon as practicable given their age. However Thames Water had also stated that when they had replaced pipes many of these did not actually need replacement and that to do so was not an efficient use of resources
- It was stated that the advent of new technology to assess leaks could assist in this although they noted the fact that this may not address corrosion on the outside of the pipe, which had been the case in the Upper Street flood
- OFWAT stated that Thames Water had received funding in 2004 to commence replacement of Victorian water mains, but by 2009 had felt that many sections of pipework had been excavated and found to be in good condition. OFWAT tried to balance the affordability of price rises to customers however one KPI does look at the length of pipes that have been replaced
- OFWAT added that Thames Water had a duty to supply water and responsibility for maintaining the pipework and this needs to be evidenced in the business plan submitted to OFWAT
- In response to a question as to whether OFWAT felt that Thames Water to avoid major bursts it was stated that there is no specific KPI that measured the number of burst pipes that had occurred
- In response to a question OFWAT stated that they had the power to impose a fine of up to 10% of annual turnover if a company did not meet its overall statutory obligations
- A Member enquired whether the extensive development of tall buildings in London had affected the water pressure delivered by Thames Water. OFWAT stated that they did not have specific details and it has previously not arisen as a major problem however this could possibly contribute to higher pressure in the network
- A Member from L.B.Lambeth stated that there had been issues with compensation claims from the Herne Hill flood and some traders had actually ceased trading as a result due to the slow nature of payment of claims by Thames Water. OFWAT stated that they did not directly have involvement in compensation claims but Thames Water were encouraged, as with other water companies to engage with customers and be transparent, but ultimately if there were disputes these could only be settled by Court action. OFWAT stated that if there were any outstanding issues of compensation as a result of the Herne Hill flood if there were notified of these they would raise them with Thames Water
- A representative of the Angel BID expressed concern that similar problems on payment of compensation were occurring to residents and businesses affected by the Upper Street flooding and that Thames Water did not want to share details of claims submitted which made it difficult to ascertain the actual number and nature of claims. Thames Water had stated that there had been 130 claims submitted but only 10 had been settled in full and these were mainly minor claims. Two businesses had closed permanently and there had been no compensation for the extreme stress for the businesses and residents who had been affected. Some residents were still in temporary accommodation after 5 months since the flood and some businesses were still not trading. She added that businesses and residents were extremely concerned and despite a number of assurances by Thames Water that claims would

be settled quickly and sympathetically this had not taken place. OFWAT stated that they would raise this issue with Thames Water

- In addition it was stated that Thames Water had committed at a Public meeting to making up any difference in what was paid by insurers and the gap in business revenue and enquired how long it would take Thames Water to settle claims. OFWAT stated that they would look into this with Thames Water and ensure they engaged meaningfully with residents and businesses
- In response to a question it was stated that some claims may be small and others could run into millions of pounds. Valuable antiques and paintings had been ruined in the flood
- OFWAT reiterated that if there were disputes over claims with Thames Water they did not have the power to force Thames Water to pay and this had to be resolved in the Courts however it was noted that this could be expensive
- OFWAT stated that Thames Water did need to engage with their customers and had various mechanisms in place such as customer focus groups to do this. It was noted that OFWAT would expect Thames Water in their post 2020 business plan to take into account customer expectations for the future
- Discussion took place as to the level of customer consultation and a Member stated that he thought that there is something included on bills that referred to this
- Concern was expressed that Thames Water had taken so long to respond to the flood in Upper Street and it had taken some considerable time to get operatives on site and to turn off the valves. Members expressed the view that Thames Water should be able to respond more effectively in the event of major flooding incidents
- In response to a question it was stated that there is no minimum requirement for an emergency statutory response time but OFWAT would expect that Thames Water would respond speedily to a major trunk mains burst

**RESOLVED:**

(a) That OFWAT be requested to discuss with Thames Water the issues raised above on compensation claims and request them to implement payment more speedily and more sympathetically

(b) That OFWAT be requested to discuss with Thames Water their emergency response procedures in response to major trunk mains bursts and how these can be improved given the time it had taken to respond to the Upper Street flood, which had exacerbated the situation

The Chair thanked Aileen Ainsworth, Keith Mason and Mark Anderson for attending

The meeting ended at 7.40p.m.

**CHAIR**