

ENVIRONMENTAL SCRUTINY PANEL MINUTES

Tuesday 4 July 2023, Meeting in person and via Microsoft Teams

Attendees

Chair: Alison Thompson (AT)

Secretariat: Lisa Chaston (LC)

External Members:	<p>Trevor Bishop (TB) (<i>Teams</i>)</p> <p>Steve Crabb (SC) (<i>Teams</i>)</p> <p>Karma Loveday (KL) (<i>Teams</i>)</p> <p>Cat Moncrieff (CM)</p> <p>Emma Langford (EL) (<i>Teams</i>)</p> <p>Ana Maria Villaneda (AMV) (<i>Teams</i>)</p> <p>Zoe Channon (ZC)</p> <p>Sarah Holloway (SH)</p>	<p>Water Resources South East (WRSE)</p> <p>Independent Chair, SES Water's CSP</p> <p>Independent</p> <p>South East Rivers Trust</p> <p>Environment Agency</p> <p>CCWater</p> <p>Surrey Wildlife Trust</p> <p>Independent</p>
--------------------------	--	---

SES Water:	<p>Tom Kelly (TK)</p> <p>Grace Wood-Lofthouse (GWL)</p> <p>Lucy Merritt (LM)</p> <p>Junji Omura (JO) (<i>Teams</i>)</p> <p>Diana Evans (DE)</p> <p>Ria Woodfield (RW)</p> <p>Penny Hodge (PH)</p>	<p>Wholesale Director</p> <p>Sustainability Projects Manager</p> <p>Head of Communications</p> <p>Shareholder representative</p> <p>Compliance & Assurance Manager</p> <p>Catchment Manager</p> <p>SES Consultant</p>
-------------------	---	---

1 Private meeting

A private session with external ESP members took place prior to the start of the meeting.

2 Chair's Announcements

The Chair welcomed all the external ESP members and SES team.

AT welcomed Zoe Channon to the panel who has taken over from Glen Skelton.

The Chair enquired if there were any Declarations of Interest. Nothing new was raised.

Minutes

The minutes from the previous meeting were ratified with no amendments needed.

EL advised the panel she had recently moved from Principal Lead at Anglian to Southern fitting well with her other WOC, Portsmouth and SES Water. EL advised she does not sit on any other customer challenge group other than Portsmouth Water.

The Chair reviewed the Action Log, and reported on the following actions:

Action Log

AT advised she had streamlined the Action Log leaving a couple of open items. AT advised the 1st item was the Ofwat Innovation work with SERT.

GWL advised this is in conjunction with the the Rivers Trust across the national level along with many water companies in the UK. A bid has been submitted into the Innovation Fund, which SES has joined to assist with knowledge. GWL confirmed that the bid had been successful, which was announced last month and centres around nature solutions. The bid is based around nature-based solutions and how they can be used in resource planning and other value frame works. This is a national project made up of a big team with the first meeting taking place next week. AT said she will leave GWL to decide when she felt it was appropriate to update and share with the panel.

2nd action on the log was AT agreed to speak to Paul around the corporate risk register and to start to think about best ways to align from an ESP perspective on horizon scanning and risk management. AT confirmed this has been done and she was working through the risk log in terms of where the panel might want to comment but she is going to discuss this further with the business.

AT advised that she has recently spoken to Rebecca Wiles, the NED who will be signing off the companies Water Resource Management Plan. TK had already shared the panels written views with Rebecca, but AT wanted to give Rebecca an opportunity to ask anymore questions and go through anything more in detail. PCC was heavily explored given the ongoing platform for the sector along with the company and understanding on how it is going to be delivered.

AT advised that she had not updated the Strategic Risk Challenge log any further from when it was last updated. AT asked TK if there was anything on there that he wanted to give a quick update on such as the high-level strategies and where the company is at.

TK advised that they are in the process of drafting out the first iteration of the long-term delivery strategy, attempting to take into consideration all the challenges from this panel, the CSP and other stakeholders over the last nine months. SES are confident that they are taking on the challenges and there are a lot of things that have been moved on there and there is a working knowledge within this panel and will talk about this later in the agenda.

AT asked TK if there was anything on Climate that the panel should be aware of, which TK answered nothing specific.

3 CEO/SLT update

Performance update

TK provided a verbal summary of the latest performance for the period.

TK advised that SES's performance in the first three months of the year was a continuation of where they were at the end of last year. TK confirmed that SES where in a good point from a water resource perspective and with schools breaking up and people taking their holidays SES see a reduction in usage of between 10 & 15%.

From a customer perspective SES remain in a stable position and leakage levels are currently good. From an environmental perspective SES had a meeting with the EA to gauge a view on

how they feel we are performing which was generally good. TK advised that the Strategic Review formally entered the sales process with the issue of the Information Memorandum being released to interested parties, with an intended close out by the end of the year.

TK said operationally it has been a busy time in terms of assisting in mutual aid provision to South East Water due to their significant supply related issues.

TK advised that the Shareholders continue to support SES in both an oversight and funding of the business and the sales process has done nothing to diminish that.

Water Resources Management Plan

TK advised that GLW provides a weekly water resource position slide which was shared. GLW then provided an update on the WRMP. She advised that there has been an extension to the timings related to the statutory and water resource management plan in addition to the minor extension already in place enabling 5 companies of the South East region to align with Thames Water who were slightly behind going out for consultation towards the end of last year. Southern Water then needed to make decisions relating to their delivery of key schemes and essentially reviewing when certain schemes could be delivered, having a knock-on effect. SES were required to have discussions with Southern Water in terms of interim support and in particular the South East strategic reservoir option. GLW advised that the EA, Defra and Ofwat were supportive of extending the timeline to August 2023 with an interim submission submitted at the end of July.

GLW pointed out an area of challenge that SES have encountered in relation to the roll out of smart metering largely supported by the bespoke consultees and this panel. In the engagement session SES has run this rollout has been challenged from the customers really considering the price review process. TK commented what SES received back on smart metering is an interesting reaction. TK advised it was generally supported for the upgrade of metres to smart metres when they needed to be revised, however that is a 12 to 15 year programme. The other aspect is what impact does an accelerated smart programme have on metered tariffs?

Status of current water resources

GLW provided an updated on the Company's water resources using the slides provided in the pre read advising the at SES's water resources is currently very healthy. Chipstead borehole is almost at its highest recorded level.

GLW advised that they have seen an up take in demand and the panel will be aware of the issues that South East have been experiencing. Interestingly SES's demand has been a similar pattern to South East Water 25% against 22% for SES however SES have not had the same issues getting water to customers as South East have experienced. SES has been driving a more tailored approach into water efficiency campaigning in terms of messaging to our customers.

LM provided an update of how communication to customers was being driven. LM advised that they have been working closely with GLW and her team to think collaboratively about key messaging. LM shared a slide with key messages. SES are also driving messages on emphasizing that SES is a water only company. Making messaging easy to understand and not overloading the customer with too much messaging. This activity is due to start next week and will run for a total of 12 weeks. This will also be supplemented with Community events along with attending local garden centres for face-to-face contact and meeting their customers.

4 PR24 update

Draft LTDS & PR24 Business Plan update

PH shared pre read slides and provided the panel with an update.

PK advised that the purpose was to look at the longer-term outcomes and areas where there is an opportunity for customers to influence where SES goes in terms of its long-term ambition and opportunities for things such as timing, the pace, sequencing of some of the investment to be considered by customers.

PH confirmed she had received the interim results of the household survey which is a quantitative survey. This has been challenging recruiting non households to take part and gain the numbers required. More than 600 household customers took part. There was a good split of male and female along with more vulnerable customers and is pleased with the demographics.

5 AOB

Update from Steve Crabb, Independent Chair of CSP

SC provided an update in the private meeting.

AT asked Ria to advised potential dates where an offline deep dive session could take place. AT advised that she would continue to work with TK to look through materials as they become available.

AT thanked everybody for their time and would see them at the next meeting.

The next meeting is on the 5 October 2023 (brought forward to 14 September 2023).

This is accurate record of the minutes of the meeting.

Date: 14 September 2023

Name: Alison Thompson

Signed: 

Chair of Environmental Scrutiny Panel for SES Water