

# ENVIRONMENTAL SCRUTINY PANEL MINUTES

Thursday 8 July 2021, Meeting via Microsoft Teams/Bough Beech Treatment Works

## Attendees

**Chair:** Alison Thompson (AT)  
**Secretariat:** Lorraine Taylor (LT)

<b>External Members:</b>	Trevor Bishop (TB)	Water Resources South East (WRSE)
	Steve Crabb (SC)	Independent Chair, CSP
	Karma Loveday (KL)	Independent
	Andrew Jamieson (AJ)	Surrey Wildlife Trust
	Sarah Holloway (SH)	Independent
	Cat Moncrieff (CM)	South East Rivers Trust (SERT)
	Tom Perry (TP)	Environment Agency (EA)
	Alice Laycock (AL)	CCW

<b>SES Water:</b>	Tom Kelly (TK)	Wholesale Director
	Cat Holland (CH)	Head of Communications
	Alison Murphy (AM)	Water Strategy Manager
	Henrietta Stock (HS)	Energy and Carbon Manager
	Diana Evans (DE)	Compliance and Assurance Manager
	Jon Woods (JW)	Non-Executive Director

## 1 Chair's update

The Chair welcomed all the external ESP members and SES team. She reported for the record that the meeting was quorate and that apologies for absence had been received from Sarah Jane Chimbwandira (SC) Surrey Wildlife Trust, Benoit Witchalls (BW), Independent, Bella Davis (BD) South East Rivers Trust. From SES Water apologies had been received from Junji Omura.

The Chair enquired re declarations of interest; no new declarations were provided.

The Chair read out the Statement of Independence:

*"Our role on the Environmental Scrutiny Panel is to act independently to advise and challenge the company. We offer our views impartially and constructively for the long-term public interest".*

The Chair reported that she wanted to take a look ahead to five key areas of development:

1. **Strategic Policy Statement:** Defra has developed its strategic direction setting out its priorities and objectives for Ofwat at the 2024 Water Price Review and will consult on it over the summer. The overall format will be similar to the SPS for PR19, but it is understood that they have been looking closely at the section on the environment in particular so it will be interesting to see the steer it gives to Ofwat on how to incentivise companies on environmental improvement.
2. **Ofwat consultation: Building Tomorrow, Together:** the Ofwat process is due to play out over a long timeframe, with its methodology statement (the "rules of the game") due to be published in December 2022. Business Plans are to be submitted in July 2023, draft determinations in June 2024, with final determinations in December 2024.

3. **WINEP Review:** the EA and Ofwat will shortly consult on a draft methodology for the Water Industry National Environment Programme (the 'WINEP' the programme of regulated expenditure administered by the EA to enable the water companies to discharge their regulated obligations for water quality through the Water Framework Directive). The Review will lead to the publication of the first methodology for the WINEP and there is an opportunity for it to underpin a regulatory framework that enables and incentivises catchment and nature-based solutions that deliver a range of environmental goals – rather than the current approach, which prescribes end-of-pipe solutions through asset improvements based on site-specific permits.
4. **Environment Bill:** the Bill will put in place targets and mechanisms to achieve the government's 25-year Environment Plan commitment to improve the environment within a generation. It is currently being scrutinised by the House of Lords and is expected to receive Royal Assent this Autumn. Under pressure from NGOs, the government has introduced amendments to add a species recovery target for 2030. It has also introduced a requirement on Major Infrastructure Projects to deliver net gain for biodiversity, to widen the commitment that will be introduced by the Bill to mandate a 10% Biodiversity Net Gain from housing development.
5. **Long-term vision for water industry:** Water UK is embarking on the second phase of its work to define a 2050 vision for the water industry in England, to build on the work (published on the Water UK website) to define the way the sector can address the key long-term challenges it faces (climate emergency, population growth, pressures on asset health, making a contribution to the Government's 25 YEP ambition, growing consumer and community expectations). SES will need to factor this in to its thinking regard ESG strategy.

The minutes from the 28 April 2021 ESP meeting were reviewed, amendments noted and formally ratified by the Chair. The Action Log, Challenge Log and Engagement Log were reviewed, and updates provided to the group. The Chair thanked SES Water for updating the Challenge Log and the Committee agreed subject to minor changes the responses adequately responded to the challenges provided to date.

#### **Action: AT agreed to review Challenge Log's structure**

## **2 Welcome and introductions**

SC, new CSP Chair introduced himself to the Panel. He was appointed Chair of the CSP in May 2021, taking over from Graham Hanson whose term as Chair had come to an end. His background is that he was a Director of Corporate Responsibility and Consumer Vulnerability within Centrica Plc. More recently Chair of an Industry Code for energy suppliers on vulnerable customers and a Board member of Smart Energy GB which is a not-for-profit organisation and is focussed on consumer issues and consumer vulnerability in utilities.

SC remarked on the benefits for working closely between the CSP and ESP. He is attending first CSP meeting as Chair on the 19 July and is interested in listening and learning before making changes. He has already met individually with CSP members and plans to review the Terms of Reference of the CSP and increase the diversity of the CSP members, looking for a group of people who can represent customers across the diverse community SES serves.

JW, Non-Executive Director, SES Water introduced himself to the Panel. He has been with the company for 5 years and outside of that role is Vice President and General Manager of Coca Cola for Great Britain and Ireland.

JW is looking to be a bridge between the ESP and the Board and bring challenges to the Board.

During his time at Coca Cola, he has accumulated much experience at the customer and environment interface actively reducing the company's environmental footprint.

### 3 CEO/SLT update

TK provided an update on performance against our current commitments, with the backdrop of a very challenging year due to Covid restrictions, he explained that a number of PCs had been impacted to a greater or lesser degree. The intention is that the PCs will be delivered over the balance of the Business Planning period. Key points:

- Supply Interruptions was a key challenge for the company prior to a burst in the summer which affected 1,100 customers, the company was on target to outperform by 50% in that area.
- The leakage target was hit in the last year despite 8 months of lockdown, impeding progress with customer side leakage interventions.
- As a business our Per Capital Consumption (PCC) target was challenging. Despite clear intentions to drive PCC down, during lockdown, demand dropped from our commercial business, but household customers demand increased by about 8% due to more customers working from home and schools being closed. This will continue to be a challenge. Ofwat are reviewing how companies are penalised by missing their targets due to the impacts of Covid.
- With the legal obligation in place to soften water for SES customers, the company is pleased that with the work at Elmer Treatment Works now complete, this is back on target.
- Regards, greenhouse gas emissions, we continue to do a lot of work on this – most notably through the Net Zero Routemap at a strategic level - the company is proud of what has been achieved to date.
- The supply failures target was impacted by covid restrictions but the work is rescheduled to take place in 2022 to deliver on the goal of deliver 100% of customers being supplied by two treatment works to enhance resilience.
- Following the success of the work on achieving the Biodiversity Benchmark through the Wildlife Trust at Elmer Treatment Works, the second site at Fetcham is next to be assessed followed by a third site at Bough Beech.
- CMEX and DMEX scores were disappointing but at the end of last year we had made some modest improvements, but we were the most improved Company during the year.

CM asked a question about the abstraction incentive mechanism being green but not used. TK reported that we have a number of boreholes across the area and due to the ground water level remaining high last year, triggers have not been activated.

TB congratulated everyone on the leakage target and asked a question on the year-to-date number for greenhouse gas emissions and wondered if that was related to production. HS reported that lower greenhouse gas emissions during the last year were noticeable due to reduced vehicle movement for example. Additionally, the company has made itself more resilient at Bough Beech by not turning diesel generators on as much during the year. However, there is likely to be challenge with rising greenhouse gas emissions hence the focus on the Net Zero Routemap and mitigation measures.

AT asked, given the higher-than-average starting point on PCC which has now been exacerbated by covid, does the company now have radical new plans in place to address this? TK responded that whilst there have been a few challenges with PCC being very high due to a very dry April. The team remain focussed, and the Board is challenging us in the right areas.

#### **4 Review of new education centre: virtual tour**

CH provided a summary of the Education Programme. The education programme at Bough Beech has been running for 20 years and last summer the Company invested in a new education centre which opened on 12 October 2020. 4 visits took place between lockdowns and positive feedback was received. The education centre re-opened on 17 May 2021 and there have been 14 visits so far with 642 visitors since the centre opened and 2 physically impaired people able to visit. Over 50 new staff members have been induced there and the Board is set to visit in July. All visits have so far given 5/5 feedback – ‘extremely useful’ and respond as ‘very likely’ to be more water efficient as a result of visiting.

To compliment the education centre, a new website was launched in May 2020 ‘Flow Zone’ in response to the demand for online and home learning. By the end of June 2021 there had been 4,600 visits and many competition entries. 3 out of 14 evaluations this term made direct reference to using the website as a follow-up to the visit.

Next steps for the education centre and ‘Flow Zone’ include ongoing evaluation, more promotion, new audiences e.g., businesses, community groups, family open days, more partnership working with Waterwise and other industry partners and Industrial Cadets for 14-18 year olds, a structured 5 day programme. A promotional video of the education centre was shown to the panel.

AJ said it looks exciting and wanted to ask that in time you wanted to measure behavioural change and smart metering could help with that. CH reported that in the past SES has always tracked visitor numbers she is always interested in the outcome of a visit i.e., visitors making pledges and then review what the schools have actually put in place by carrying out audits.

KL said that Waterwise would be delighted to support your ambition. It’s really compelling to gauge the impact of visits. See suggested that in tracking impacts, until smart metering is in place SES could maybe look at qualitative research.

SH said that the Flow Zone was an amazing resource and asked about the audience for behaviour change. She challenged the team to think more creatively than schools alone, finding new audiences that would benefit from an experience that could kick-start positive behavioural change – for example, team-building events for local businesses.

SMc provided some of the headlines from the work carried out at schools, visited 75 schools, average of 3 leaks per school and 11 devices fitted per school. 264 leaks have been found, fixed and savings made.

#### **5 Bore Place and Bough Beech partnership**

TK provided a summary of the developing position of the Bough Beech Transformation Programme. The Bough Beech estate extends to over 570 acres with landholdings surrounding the reservoir. The estate comprises the treatment works (also housing the education centre), the sailing club, a traditional Kent Oast House within a nature reserve, a small yard used by an angling club and the reservoir itself. The non-operational land within the estate is leased to local arable farms on a short-term basis. SES are the only water company with no publicly

accessible amenity land.

TK reported that over a year ago the company brought together a team of people to look at options to transform Bough Beech, the concept being to open up the estate to the public and demonstrate the ability for multiple activities to co-exist. Outline ideas focused on the following:

- the enhancement of biodiversity and promotion of the estate's natural heritage
- for the estate to play a role in our commitment to achieve net zero carbon by 2030
- access to and through the estate be improved through provision of perimeter trails

Through this improved amenity to local communities, it would ensure better opportunities to engage and educate in water, energy (looking to implement solar array for the site which will provide 50% of energy for the site), the environment and their interrelationships. To achieve this, particularly the natural enhancement and managed public access to the site, SES would need to partner with others in order to increase know-how, access and overall benefit.

SES is looking to form a partnership with Bore Place who are a local charity that specialises in sustainable agriculture, environmental education and engaging vulnerable and disadvantaged young children ([www.boreplace.org](http://www.boreplace.org)).

The charity has been looking at a number of strategic options to expand and partnering with SES Water is their chosen route. The company has recently entered into a Memorandum of Understanding (MoU) on a non-exclusive basis to progress collaboratively options aimed at achieving mutual goals for Bough Beech transformation. Via Bore Place, SES has commenced early conversations with the local authority to build support for the concept. In time, it is hoped a three-way partnership of private, public and third sector can be forged (SES Water, Bore Place and Sevenoaks District Council).

In terms of the next steps, SES are really pleased with the new education centre and Flow Zone. The company plans to apply for Biodiversity Benchmark within this 5-year period and are about to commence a preliminary environmental assessment for our southern reaches of the estate. SES is drawing up outline plans for the potential installation of a solar array at the treatment works capable of generating nearly half of the site's requirements in the summer. The work with Bore Place is at the very early stages to draw up outline plans for potential land use and activities to be introduced on a phased basis. In parallel to this they are developing out thoughts as to the management model for the estate beyond current partners (the sailing and angling clubs). TK said the role of the ESP in oversight of the development of these plans over the next 12-months will be vital. This is a key opportunity for the business to demonstrate its credentials and aspirations from a broader sustainability and ESG perspective.

TB said this sounds like great opportunity and had a couple of observations to make. The first being that he had read Thames Water's Net Zero Routemap and was taken by the floating solar panel, the largest in England on the Queen Elizabeth 2<sup>nd</sup> reservoir and wondered if SES Water could think about that at Bough Beech, He asserted that Bore Place looks to be very much sustainable agricultural focused but they didn't seem to have set aside land for rewilding, tree planting etc. TK reported that floating solar array is something the company is looking at and considering the net impact on land vs water.

TP suggested the potential of rewilding or changes of farming practices and whether that would that change water quality and is an expansion of the reservoir on the WRSE radar. TB reported that expansion of the reservoir is not on their radar. TK reported that the expansion of the reservoir is on the WRSE radar but currently not one of the chosen options within the emerging plan. If it were then this would involve building walls around the reservoir and not to flood the land.

KL said she supported concept of the transformation but had one thought on the funding on

how the land can be used, could there be a potential to use the Ofwat Innovation funding particularly partnership? On Bore Place itself, she questioned what further outcomes SES is looking to achieve from the partnership. Would we be looking at using their 500 acres for biodiversity etc. TK reported that it is more than access of land and expansion of some aspects of what they do we are open to some of but they have things they have inherited but they do now want to try different things and different approaches and to find common ground between the partnership and sharing of concepts i.e., the concept of biodiversity enhancement is where we are focussed on this and providing nature corridors between the two pieces of land.

SC asked if it would be helpful to come up with a grid to define the different user groups and their needs and the environmental impact. Impact on behavioural change and the environment and the health and wellbeing of people. AT concurred having a set of criteria to evaluate against would be important.

AL said the partnership working idea is great and is there an opportunity to engage with local communities about what they might want from the site. TK reported that we have already started to build the communications with the key groups we want to engage with.

AJ said this sounds really exciting, need to manage public access within wilding areas and need to think about the measurability of change on the environment and community.

CM has a couple of thoughts, what are the other landowners who surround the reservoir want and curious as to whether this is a doing the right thing or is it incorporated into the Business Plan. TK reported that Bore Place are already in discussions with key landowners and could open up another 2,000 acres being available. With regard to linkages with the Business Plan, this is aligned with the work we are doing in shaping our future Purpose and need to fundamentally protect our obligations as a minimum. When putting our Business Plan together we were conscious that environment and customer were on an equal standing.

AT reported that this is a positive venture in bringing new ideas to the fore, however establishing early success criteria for both parties and building trust will be key as will good governance and sufficient funding to oversee this.

## **6 Update against key ESP challenges since last ESP: Purpose; Net Zero Route map and Smart Metering**

HS provided an update on the Purpose work. A Purpose booklet had been circulated prior to the meeting. The booklet is still work in progress and a good start to summarising in communicating out and turning it into an operational culture etc. The Challenge Log has been updated to reflect this.

SH asked the team to ensure that the Challenge Log contains an accurate reflection of responses to the challenges raised, as well as the challenges themselves. TK said he will pick up those comments.

Timewise on the development to close out the Purpose work is under review and is a mandatory precursor to building our PR24 programme.

HS went on to provide an update on the Net Zero route map which was published last Wednesday and have received positive feedback. Not many companies have published their route maps yet. She thanks the ESP for their feedback and included comments. Anglian have issued a green bond in achieving their route map which is also something our Finance Committee are interested in looking at.

TK asked TB and KL a question about their observations in their involvement in working with Thames. TB reported that he will be reviewing each company's route maps and will report back. KL observations were that The Water Report did write an article on the Thames route map and Welsh Water published theirs as part of their Annual Report.

SH asked what the next steps are on embedding and delivering the net zero route map within the company. The Chair agreed this was an important area to evaluate next.

TK asked AM to provide an update on smart metering programme within the Challenge Log. AM reported that we are busy in progressing the roll out with the job management and billing system and we are focusing on an area in Ewell and are embedding in the impact so far on water use incorporating river walks along the Hogsmill and working with SERT and local MPs and other stakeholders. We have identified which districts we want to target in the roll out. We are also going through a process of engaging with suppliers for providing smart meters. We currently have 62% of properties that are metered and have a long way to go to meet the 90%.

SC reported that he is a huge advocate for smart metering and as a Thames Water customer is interested in what we are doing. There is an opportunity to look at connecting with energy usage within the home as well i.e. 70% of energy usage is used to heat water.

AM reported that we are looking at upping our water efficiency messaging and introducing our Get Water Fit and looking at integrating this into our portal.

## **7 AOB**

The Chair thanked everyone for their input and feedback and reported SES Water are running a number of summer consultations and encourage the Panel to observe them. There are four sessions run in the evening between 6.30pm and 8.30pm

Ofwat's PR24 consultation is live and she is having a conversation on that shortly.

The SES Water Annual Report has been published along with a podcast from Ian Cain.

The next meeting is on the 7 October 2021.

**This is accurate record of the minutes of the meeting.**

**Date:** 7.10.21

**Name :** Alison Thompson

**Signed:** 

**Chair of Environmental Scrutiny Panel for SES Water**