

RATIFIED

ENVIRONMENTAL SCRUTINY PANEL MINUTES

Thursday 18 January 2024

Attendees

Chair: Alison Thompson (AT)

Secretariat: Lorraine Taylor (LT)

External Members:

Steve Crabb (SC)	Independent Chair, SES Water's CSP
Sarah Holloway (SH) (<i>Teams</i>)	Independent
Cat Moncrieff (CM)	Independent
Jon Sellars (JS)	Environment Agency
Ana-Maria Villaneda (AMV)	CCW
Stephanie Fox (SF)	Waterwise
Zoe Channon (ZC)	Surrey Wildlife Trust

Observers:	Cammie Evans (CE)	Surrey County Council
	Niamh Baker (NB)	Member of Surrey Youth Cabinet
	Chris Hoskins (CH)	Independent member of CSP

SES Water:	Tom Kelly (TK)	Wholesale Director
	Grace Wood-Lofthouse (GWL)	Sustainability Projects Manager
	Lucy Merritt (LM)	Head of Communications
	Niamh Reid (NR)	Sustainability Analyst
	Ria Woodfield (RW) (<i>Teams</i>)	Catchment Manager

1. Chair's Announcements

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 Ian Cain, CEO, Karma Loveday (Water Report), Christine Cleveland (CCW), Trevor Bishop and Diana Evans (Compliance and Assurance Manager).

The Chair enquired if there were any Declarations of Interest. The Chair reported that TB mentioned that he was the Chair of the West Country water resources group.

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".

Minutes

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

Action Log

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

- Chair to speak to the CFO with regards to current Corporate Risk Register and ways to align ESP strategic challenges.

- Review how the Panel challenges the Company in 2024.

TK reported that the Panel had a positive impact on the submission of the LTDS and there is a need to continue representation with stakeholders which will enable the Company to deliver its Business Plan and SES's commitment to engage the ESP Panel will not stop at the submission of the BP or following the recent acquisition of SES Water to the Pennon Group.

SC reported that the final ESP/CSP assurance report received positive feedback.

JS asked if the relationship with the EA will change in any way going forward. TK responded that he expected it not to and also reported that the Company's relationship with the EA was always operationally focussed but moving forward will be strategically focussed as follows:

- Assessing the risk, impact and mitigation of the contamination of (ground)water resources
- Development of rainwater harvesting and grey water recycling as mainstream demand-side reduction opportunities
- Extended approach and wider benefits of catchment management on the River Eden and River Mole

The Chair suggested that the ESP wish to do a deep dive of innovation including a site visit for the April meeting and will follow up direct with TK and Jeremy Heath, Innovation lead. TK also reported that there is an opportunity for the Panel to be more involved with innovation with the Company and wider sector.

2. Introduction to Surrey Youth Cabinet

The Chair introduced two observers to the meeting, Cammie Evans (CE) from Surrey County Council (SCC) and Naimh Baker (NB) who is a member of the Surrey Youth Cabinet group.

CE reported that she is SCC's participation lead and leads the Surrey Youth Cabinet. She has been actively working alongside SES Water in various areas.

NB reported that she has been a member of the Surrey Youth Cabinet since she was 13 years old and has attended various events held by SES Water and provided ideas which help to shape some of our Business Plan. NB attended the Your Water Your Say event in November and reported that it was good to see how their feedback had been integrated to date on environmental changes and welcomes ongoing engagement for example around smart meter roll out and communications of the 'need' to change behaviour.

3. Strategic Review Outcome

TK provided a summary on the outcome of the recent strategic review process.

Over a year ago SES' Japanese shareholders of 10 years, decided to carry out a strategic review of their ownership of SES Water.

On the 10 January 2024, the completion of the strategic review took place resulting in the group of companies SES Water forms part of being bought by The Pennon Group. Further details of the announcement is available here: <https://seswater.co.uk/news/sutton-and-east-surrey-water-plc---completion-of-sale-to-pennon-group-plc>. The acquisition is subject to review by the Competition and Markets Authority (CMA) which could take approximately 12-18 months to complete.

The news of The Pennon Group being our new shareholders has received positive response from employees across the business.

TK also reported that The Pennon Group have taken a keen interest in our smart networks initiative and innovation capability.

SC reported that The Pennon Group have separate Challenge Panels, which is positive.

4. Performance update and Delivery Priorities for 2024

Submission of PR24 Business Plan and LTDS

The Chair reported that the BP and LTDS had been submitted to Ofwat on 2 October 2023 and provided a summary of the BP to the Panel ahead of the meeting for information.

Reflections on Your Water Your Say (YWYS)

The Chair asked SC to provide a summary of his views on how the recent YWYS session went.

SC reported that the Company had held 2 sessions, one before the BP submission and one after the submission as they were mandated as part of the BP submission. The sessions were really well attended and informed questions were asked. The Executive team were open to challenges. The first session was heavily focussed on environmental issues and the Executive team provided positive feedback. The second session, after submission, was helpful and a good amount of discussion took place. SC mentioned that it was good to see the Company had taken into account the questions raised around the environmental issues.

NB highlighted the following:

- appeared to be a very old customer base participating in the session
- a lack of knowledge from customers regarding the benefits of, and need for smart metering
- lack of knowledge from customers on the support available for vulnerable customer
- what is in place for those customers requiring cost-of-living support on a temporary or permanent level

Operational performance

TK provided a summary on the company's operational performance since the last meeting in November.

- Significantly above average winter rainfall places our water resources in a healthy position – Bough Beech reservoir filled by mid-December and groundwater levels continue to trend above long-term average. We have concluded the year with what we predict will again be confirmed as industry-leading water quality.
- Network resilience also continues to perform well, with leakage reduction progressing strongly again and supply interruptions now materially lower than target following a challenging first month in April. Mains bursts are trending slightly above target, and we remain operationally ready to respond to any impacts following the mini freeze/thaw forecast for the days ahead.
- We have relaunched our UMP following a period of re-designing customer journeys to improve communications and acceptability of the metering process. Install rates are now rebuilding and currently sit at around 1,500 per month. Target is to build these to over 2,500 per month by April.

- All other environmental performance indicators continue to be positive.

CH suggested that there be more visibility on the general health of water resources, perhaps a deepdive on performance.

CM asked is regular reviews are carried out on those receiving financial support to see if they are still requiring the support and to promote the services on offer.

LM confirmed that we have run various campaigns recently to highlight the services we offer for those in financial difficulties.

Delivery priorities: challenges and opportunities

The Chair reported that she will put together a SWOT analysis of the challenges and opportunities for the Panel and SES Water to discuss for the coming year and asked members to send her their suggestions. She ensured all member of the ESP and SES team had the opportunity to share their thoughts to encourage accountability, collaboration and reduce bias. A brief summary of inputs for the SWOT:

- awareness of benefits of being on a smart meter
- awareness of what support is available to vulnerable customers
- support for local environment, Net Zero challenges
- WINEP plan
- collaboration with the right strategic partners i.e. Gatwick Airport
- stakeholder engagement with landowners in our catchment area
- enablers to set SES up to succeed during LTDS and business plan with a delivery lens

5. Behaviour Change: Campaigns Lessons

LM provided a summary of the Let's Work Together Summer Pilot Campaign programme the Comms team ran for 12-weeks between mid-July and the end of September 2023. Key focus areas of the campaign were:

- A continuation of our Let's Work Together campaign, the creative treatment was designed to improve awareness among non-engaged customers (who may not be aware of SES Water as their supplier) and encouraging more conscious water use through the lens of enhancing the environment / cost savings (positive messaging).
- Key messages were underpinned by supporting points around leakage reduction, resilience and water support schemes – showing how SES Water is playing our part.
- Call to action was to download the GetWaterFit app by visiting the SES Water website, alongside tips to use water more wisely and links to other relevant parts of the website.

Key learnings from the campaign were:

- Customers still don't realise there is a problem, and it's extremely difficult to get them to take action, especially during a rainy summer (customers don't understand the scale of water production and consumption).
- Demonstrating more explicitly that small changes/behaviours can make a difference is worth exploring but must be accompanied by what we are doing – in the current media climate, customers are not open to our message if they don't feel like we are doing enough.
- Messaging for different audience groups is key – a message that resonated positively with younger, eco-conscious consumers was received negatively by older consumers.
- Events complemented to the media activity – being seen out in the community during

events and having 1:1 conversations brought out the human side to the company. Amplifying on social media with partner organisations also broadened reach.

- Awareness building campaigns make a difference in overall brand perception, as we saw with our 5th place Q4.
- C-MEX CES score (brand reputation/experience).
- Data is key – future campaigns should look at deeper audience segmentation for messaging, and more paths to convert (GetWaterFit was not a simple or compelling enough solution), and how we can use this data in proven channels like paid social and email.
- Finally, it is advised that programmatic campaigns run for extended periods of time with multiple creative options (to avoid creative burn-out) so that the campaigns become more efficient, and we serve the best performing content to the right audiences. Our team is considering how we can run more frequent campaigns to maintain brand awareness and gain deeper learnings about what resonates with our audience.

6. AOB

Update from Steve Crabb, Independent Chair of CSP

SC provided an update from the CSP:

- Devoting a deepdive in supporting customer vulnerability at the CSP session on 18 January
- Customer centric BP
- Challenges facing customers ability to pay

Dates of meetings in 2024:

18 April 2024

11 July 2024

3 October 2024

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

Date: 18 April 2024

Name: Alison Thompson

Signed:



Chair of Environmental Scrutiny Panel for SES Water