

**SES Water**  
**Minutes of a Meeting of the Board Meeting**  
**Wednesday 8 February 2023**

**Held in the Boardroom, Redhill and via MS Teams**  
**commencing at 10.30am**

<b>Present:</b>	D Shemmans	DS	(Chair)
	M Legg	ML	
	J Woods	JW	
	R Wiles	RW	
	K Kageyama	KK	
	K Oida	KO	
	I Cain	IC	
P Kerr	PK		

<b>In attendance:</b>	T Kelly	TK
	N Houlahan	NH
	K Thornton	KT
	J Omura	JO
	M Kusuno	MK
	E Prince	EP
	D Lamb	DL

**2023 1. Declaration of Interests**

DS reminded the Board to continue to update PK of any changes to the register of directors' interests.

**2023 2. Minutes of Previous Meetings (including website minutes)**

The minutes of the meetings held on 23 November 2022 were agreed and signed by the Chair, with summarised Board minutes approved for publication on website.

**2023 3. Matters Arising and rolling board agendas.**

PK reviewed the matters arising with the Board, noting in particular:

- The status of the dWRMP consultation. TK noted that the Board would be updated in detail at the next PR24 session on 23 March 2023
- TK confirmed SES Water's continued compliance with its environmental obligations, together with the strong progress with respect to the reservoir cleaning programme
- NH reviewed the DWI audit status report with the Board (as included in the Board papers) and – with respect to WINEP – noted to the Board the recent work performed with ML/TK/NH on review of the early PR24 WINEP proposals following queries at the previous Board meeting
- PK confirmed the review process performed on the NAV upgrade with ML and IC, noting that updates on the progress of this systems upgrade implementation would be monitored via the Audit Committee
- TK updated the Board on the recent correspondence with Ofwat regarding their review of SES Water's water balance methodology in respect of leakage, and the external review work being performed in this area prior to year-end.
- KT noted that the Board would be updated of the formal closure of GSS audit matter with Ofwat at the next Board meeting.

**2023 4. Board Committee Reports**

Report from the Financing Committee

ML reported on the recent Financing Committee meeting, noting the key points of discussion included:

- Engagement of KPMG to assist in the longer-term financial planning for the business, including equity and debt structures going forward.
- Management of the March 2023 gearing ratios by EP/PK with support from the shareholders.

**2023 5. 2023/24 Budget**

EP/PK reviewed with the Board the proposed 2023/24 budget as detailed in the Board packs, noting:

- Latest Q3RF from a financial and non-financial perspective, including expected regulatory penalty level for the year – with a significant adverse impact from mains bursts
- Overall budget non-financial performance for 2023/24, including expectations on performance commitments and associated ODIs
- Year-on-year budget comparisons, underlying drivers of opex and capex and expectations for revenues, operating costs and PAT
- Key financial assumptions in the budget, including interest rates, revenue and billing, FTE levels and pay increases.

PK recommended that – in conjunction with updated financial modelling currently being performed – the proposed budget be noted at present but that approval be sought at the 22 March 2023 Financing Committee, for subsequent approval by the Board at that point in time – which was agreed by the Board.

**2023 6. Performance update**

Overview

IC noted that the monthly performance report was taken as read, but noted the following focus areas for management in the coming months:

- Delivery of our performance commitments remains the number one focus for our people across the organisation, alongside that key operational focus areas for the leadership team over the closure of the year including -
  - Aligning our teams across the end-to-end organisation and accelerating a customer focused universal metering programme.
  - Embedding process management and ownership in a key end to end process – Meter to Cash
  - Relentlessly focus on CMEX and DMEX delivery plans
  - Reduce leakage WIP.
  - Drive debt reduction and improve measurement.
  - Ensuring softening on track

Capex approvals

TK reviewed with the Board the capex authorisation document contained in the Board papers which the Board subsequently approved

- 2023** 7. **Shareholder Update**  
No further updates from the shareholders.
- 2023** 8. **AOB**  
None noted
- 2023** 9. **CFO/NEDs private session**  
A private session was held with IC and the NEDs.
- 2023** 10. **Date of Next Meeting**  
Wednesday 22 March 2023

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(Chair)