

ENVIRONMENTAL SCRUTINY PANEL MINUTES

Monday 10 October 2022, Meeting in person and via Microsoft Teams

Attendees:

Chair:	Alison Thompson (AT)	
Secretariat:	Lisa Chaston (LC)	
External Members:	Trevor Bishop (TB) (<i>Teams</i>)	Water Resources South East (WRSE)
	Steve Crabb (SC)	Independent Chair, SES Water's CSP
	Karma Loveday (KL)	Independent
	Cat Moncrieff (CM)	South East Rivers Trust
	Tom Perry (TP)	Environment Agency
	Ana María Millan (AM)	CCW
	Emma Langford (EL)	Environment Agency
	Sarah Holloway (SH)	Independent
	Christine Cleveland (CC)	Consumer Advocate, CCW
	Bella Davies (BD)	South East Rivers Trust
	Harry Gray (HG)	South East Rivers Trust (Observer)
SES Water:	Tom Kelly (TK)	Wholesale Director
	Paul Kerr (PK) (<i>Teams</i>)	Group Chief Financial Officer
	Alison Murphy (AM)	Water Strategy Manager
	Sarah McLaughlin (SM)	Water Strategy Analyst
	Diana Evans	Compliance & Assurance Manager

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. Apologies received from Sarah-Jane Chimbwandra, Surrey Wildlife Trust. She welcomed EL, AM and CC new



members to the meeting and offered a vote of thanks and provided thank you gifts to AM and TP, members who were departing. She noted that HG would be attending as an observer and host for our site visit.

Minutes: AT asked if anyone had any amendments from the previous meeting minutes. No comments received so AT confirmed these were ratified for the record.

Action Log: The Chair reviewed the Action Log: AT – worked through the challenges log. TK requested logs allocated for September required more time to reply. AT agreed to bring it forward.

3 CEO/SLT Update

TK covered SES quarterly performance, supply interruptions were within target in the green zone but main bursts, TOD contacts and water softening were all in the red zone. TK commented there were a number of factors leading to this and for wider context offered that 5 other water companies have had incentives on a poorer (less stretching) scale than SES regards mains bursts, conversely Portsmouth is leading the way with their performance. In the context of a recent Ofwat announcement on leakage, TK gave an overview on SES' transformation project and industry-leading gains. In terms of performance, leakage in the amber zone. In the context of widespread recent drought in the southern region, TK highlighted the fact that SES is in a uniquely, positive position. It has not yet hit triggers of a Temporary Use Ban and he remains hopeful this will not occur, provided winter rainfall levels are adequate. Furthermore, SES has been exporting water to Southern to support the regional resilience effort. The risk of supply failures is in the red zone which is counter to previous trends at SES but the team are confident this can be addressed through mains replacement that is underway. Consumption reduction however remains in the red zone where it has been in for some time. On a more positive note, SES remains on plan and in the green zone with WINEP, pollution and greenhouse gas emission performance commitments.

TK advised on a couple of personnel changes announcing Alison Murphy's departure at the company after a long period of impactful service particularly on water resources for the company. He confirmed the new engagement of Grace Wood-Lofthouse and advised she will attend the next meeting to present on Bough Beech. He also confirmed a recruitment process was live for a new Head of Sustainability.

TK updated on leakage and at the ESP's request (as per the action log) will invite Daniel Woodworth to a future to discuss in detail of all the work being undertaken in this area and the rollout of learning with the wider industry.

ACTION – Daniel Woodworth to attend a future ESP Session. Date to be confirmed at next meeting.

Looking ahead TK said that the net zero carbon routemap will need to be recut to include embodied carbon. KL asked if SES Water would be changing the net zero approach regarding operational carbon, TK replied that the key change will be the exclusion of embodied carbon, on back of government advice.

AM advised that SES are launching a campaign this month regarding usage of water and hot water to increase knowledge and aim to change behaviour for example SES would like to

link both energy and affordability, customers are not aware how much it costs to heat your hot water for instance.

ACTION: AT asked for this to be added to the action on log to better understand campaign messaging on water efficiency given SES water consumption levels.

CM said that on the radio this morning, 5 key messages were given where there can be a linking more with the energy sector. TK agreed that broader relationships are required and just moving forward water efficiency message will not work. SES needs to find the right energy partners to help with this process.

SC said that 80% of energy goes to heating water in the home and it is hard to find this information and make customers aware. In the recent CSP meeting warm zones were discussed and that local authorities and charities are identifying areas where people can go to stay warm. SC suggested these places would be the perfect platform to give people information and engage. SES will raise with vulnerability lead.

ACTION: SES to raise with vulnerability lead warm zones to target information to SES customers

PK spoke about SES LTDS final methodology which is due in December. PK provided an overview of the pack which had been provided as a pre read to the meeting:

- Stage 1 is completed but not yet taken to the Board
- LTDS panel are split into two areas. Priorities and Ambitions
- 3 key pieces PR24 milestones

TK requested a full and frank range of views of the current LTDS explaining how it is amalgamation of the business thinking to date but will benefit from stress testing with stakeholders. A more granular discussion of pros and cons of the current LTDS took place.

KL advised that in its current form, the LTDS was more high-level than she had expected. This means that trade offs and pace of investment were not included. She also highlighted that the outcomes under each theme currently lacked consistency and comparability around definitions.

SH asked what the difference between this document and the final LTDS document? TK and PK explained that this was always anticipated to be a vehicle to test with stakeholders and not the finished article.

SH then asked at what point this would be ready and PK advised it was planned to be completed by the end of the year. It will be taken to the SES board in December, and this will be closer to what Ofwat will be looking at next year.

CM commented that she was pleased to see nature, catchment approaches, linking up with drainage and water management but said SES needed more clarity around ambition.

AT highlighted there are some really laudable inclusions, including the smart utility ambition but it is not explained what this really means in practice. KL cautioned that in her experience, some customers do not like smart technology so the need to 'take customers with you' is important to want to play their part by linking it back to the need for example water resources in the region and wider company purpose on enhancing nature.

SC agreed with AT that this was a good, impressive document with a broad range of areas although he felt questions were too closed. SC suggested to reword some questions as it currently feels very draft.

PK explained the scale of the challenge: to achieve the right balance when engaging stakeholders and customers to avoid overwhelm. TK asked for detailed critique on scale of ambition and blind spots the ESP sees.

PK would welcome our feedback in written form. New year document to be in more granular detail prior to Feb board meeting.

ACTION: AT offered to provide a written record of ESP questions and critique to TK (collaborating with the CSP).

4 Abstraction Overview: Environment Agency & SES WRMP

TP set the strategic context from an EA perspective: 'Environmental Destination' he explained is a strategic plan to resolve all unsustainable abstraction. He explained that meeting our future water needs requires water companies to plan for future abstraction to protect the environment. This means that any current flow issues need to be resolved as soon as feasible. Looking ahead, plans should be set to ensure that any climate change impacts are resolved and fit for future purpose (e.g., likely increased protection for chalk streams).

National Framework modelling has been conducted to reveal estimated environmental flow needs in the context of regional modelling. This entails a range of detailed environmental destination scenarios are considered. SES water's draft WRMP was shared as an example to illustrate four scenarios under consideration. Currently the Enhanced Scenario is proposed for parts of the Eden/Medway and the Upper Darent, Mole, Wandle and Hogsmill. (Chalk streams feature in some of these areas) whereby 29.29 Ml/d would be sought.

TP explained that companies can propose which abstraction reductions to prioritise in collaboration with stakeholders and regulators by assessing how quickly solutions can be delivered. Complimentary schemes for example nature-based solutions via the WINEP are a useful part of the strategic response. A holistic approach can provide multiple benefits including improving water quality both drinking and river water (evidence of this has been seen in the current Darent project) as well as wider benefits to reduce flood risk.

AM summarised key points from in the Draft WRMP (taken as read in the pre-read provided). The ESP questioned how optimal funding will be allocated and when to leave more water in the environment and work towards the best 'environmental destination'. The WINEP process will look into this further.

ACTION: WINEP to be scheduled for January 2023 ESP.

6. AOB

SC provided a brief CSP update with a focus on PR24 Customer Engagement priorities.

TK spoke about the 'Panorama Green Energy Scandal Exposed' programme which presented a case that suggested Drax (a supplier of biomass to SES) was cutting down 'environmentally important' forests within its biomass sourcing practices. TK has been in

discussions with Drax and will share SES's press release to the ESP on its position. AT requested that this matter is followed up by the ESP at the next meeting.

ACTION: TK share Press Release re SES' position on Drax and update in January.

The meeting was closed and members relocated outside for a site visit. The South East Rivers Trust hosted the ESP to see first-hand issues affecting local river health. This including a walk to see the work under way to conserve the Hogsmill River a chalk stream being impacted by multi-source pollution and a future look at the planned Chamber Mead Wetlands Project. The aim being to provide multi environment benefits to boost biodiversity, store carbon, reduce flooding and purify the water. Given only 210 chalk stream rivers exist globally they are considered increasingly to be a globally rare habitat than needs collaborative action to enhance.

The next meeting is Tuesday 10 January 2023 at Redhill.

This is accurate record of the minutes of the meeting.

Date: 26.4.22

Name: Alison Thompson

Signed:

A handwritten signature in black ink, appearing to read 'alison thompson', written in a cursive style.

Chair of Environmental Scrutiny Panel for SES Water