

## RATIFIED

### ENVIRONMENTAL SCRUTINY PANEL MINUTES

Thursday 18 April 2024, Meeting in person and via Microsoft Teams

#### Attendees

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

#### External Members:

Steve Crabb (SC) ( <i>Teams</i> )	Independent Chair, SES Water's CSP
Sarah Holloway (SH) ( <i>Teams</i> )	Independent
Cat Moncrieff (CM)	Independent
Emma Langford (EL)	Environment Agency
Katharina Bauer (KB)	SERT
Stephanie Fox (SF)	Waterwise
Karma Loveday (KL)	Independent
Trevor Bishop (TB)	Independent

<b>SES Water:</b>	Tom Kelly (TK)	Wholesale Director
	Grace Wood-Lofthouse (GWL)	Sustainability Projects Manager
	Ria Woodfield (RW)	Catchment Manager
	Jeremy Heath (JH)	Innovation Manager
	Liam Ahearne (LA)	Head of Asset Strategy

#### 1. Chair's Announcements

The Chair welcomed all the external ESP members and the SES team. She reported for the record that the meeting was quorate and that apologies for absence had been received from Ana-Maria Villaneda (CCW), Zoe Channon (Surrey Wildlife Trust), Lucy Merritt (Head of Communications) and Diana Evans (Compliance and Assurance Manager).

No new Declarations of Interest were recorded. 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 asked KL to provide an update on the recent Social Contract Summit which took place in February 2024. KL reported that there were three strands covered:

- Customers' appetite to pay
- Investor appetite for financing
- Challenges surrounding attracting and retaining quality talent to secure delivery outcomes

The afternoon session had a regulatory focus where the SSWAN (Sustainable Solutions for Water and Nature) report was launched.

**ACTION:** KL to share key reports and documents with the the ESP.

## 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:

- The Chair met with Nicola Houlahan (NH), Quality and Compliance Director who leads the biannual risk management process (and Diana Evans) to offer support and challenge, particularly on horizon scanning and systems-based risk. She challenged NH to improve its performance in these areas and pointed to good practice with regard to horizon scanning and opportunities mapping. The Chair has offered NH a further catch-up session once the wider risk environment has been reviewed by the ELT in May to discuss the most appropriate next steps.

CM questioned if the ESP could support the company specifically by carrying out a SWOT analysis on risk management.

**ACTION:** Chair to propose this to NH reverts post ELT Risk Review in May.

## Challenge Log

The Chair reported that the key items on the Challenge Log had been addressed (or an in-train) as they referred to the Business Plan submission last year. Looking ahead, points to note for 2024 are:

- Ofwat to publish Draft Determinations around 11 June 2024
- Company responses to be submitted in August 2024
- Final Determinations due end of December 2024
- Focus will likely be placed on financability, affordability and deliverability

TB asked if SES' Business Plan was exposed to deliverability challenges. TK reported that the company will likely have a challenge around the cost adjustment claim for softening, cost base on smart metering and its deliverability.

## **2. Summary of year-end performance to 31 March**

TK provided a summary of the year-end performance to 31 March 2024.

- AMP7 has been more challenging than AMP6
- AMP6 ODI penalty was £1.8m which was mainly driven by SIM performance (now C-Mex)
- AMP7 Year 4 performance is currently going through its end-of-year audit
- Water Quality resulted in industry-leading for the calendar year
- Supply interruptions – upper quartile
- Leakage – the figure is unverified due to being audited but should be sufficient to hit the AMP7 target a year early
- PCC – a notable improvement over the past 3 years
- Mains repairs – 224 bursts this year vs a target of 213
- C-Mex and D-Mex continue to be challenging areas for the company
- Greenhouse gas emissions continue to be under target. SES is currently going through a re-tender process for energy suppliers (locked into an arrangement with Drax until March 2025).

- Risk supply failures – three schemes to deliver in the final year of AMP7
- Pollution incidents – positive year
- WINEP programmes are on track

The ESP raised some clarifying questions on performance and were heartened to see the current improvement in PCC figures.

### 3. Update on last quarter

#### drWRMP, WINEP and wider industry update

RW provided an update on our WINEP programme as follows:

- The Lower Eden Farm Cluster Officer started in post the beginning of April. The role, partly funded by SESW, Swire Trust (through SERT) and FiPL (through Bore Place) will support the development of the cluster. It is envisaged the cluster will play a key role in the current WINEP scheme addressing pesticides and phosphate, but also future WINEP work and the Bough Beech transformation.
- SES is working in partnership with the River Mole River Watch charity with SES providing nitrate monitoring equipment for 30 of their citizen science volunteers that sample monthly from strategic locations in the Mole Catchment. The data will support the current Leatherhead groundwater nitrate work and provide useful data for the investigation in AMP8 to better understand the interaction between the Mole surface water catchment and Leatherhead groundwater sources.
- SES is undertaking targeted engagement with non-agricultural users/producers of nitrate raising awareness of the vulnerability of the aquifer to nitrate pollution. There is also a database of all properties not on mains drainage falling within the Thames Water wastewater. SES intends to send out awareness-raising leaflets on the impact poorly maintained/operated systems can have on groundwater quality.
- SES is in the process of finalising Action Specification drafts for WINEP schemes/investigation next AMP (due for submission in May), with input having been sought from the Environment Agency and Catchment Sensitive Farming on a number of the schemes.
- SES is continuing to be actively involved in the Local Nature Recovery Strategies

GWL provided an update on our rdWRMP as follows:

- Feedback received from Defra, there were 5 areas where we needed to provide further information. We responded to Defra before Easter.
- Climate adaptation reporting request from Defra.
- Further WINEP work requires modelling around our network.
- Update on mainstream nature-based solutions.
- The ESG Strategy process has been broken down into pillars and we will be using the APR to focus on the early thinking for the ESG Strategy.

### 4. Innovation Deep Dive

#### Innovation challenges (sector and SES Water) including innovation maturity & culture

TK introduced Jeremy Heath (JH), Innovation Manager at SES Water who provided an overview of how SES Water and the industry are dealing with innovation.

Topics covered included:

- A brief history of innovation within SES Water
- Innovation culture is vital in companies
- PwC carried out an innovation benchmarking exercise where ‘people-powered innovation starts with employees’
- Innovation maturity
- Attracting innovative companies to work with SES Water, JH is part of UKWIR and was asked to lead the UKWIR Big Question on Leakage where SES Water was the only WOC to lead a big question.
- The National Ofwat Innovation Fund

In summary,

- Innovation at SES Water has developed due to a decade of vision and delivery. It has been a consequence of a planned programme.
- An innovation culture was fostered and developed early on including, attracting key partners to work with SES Water.
- SES now has a known profile for innovation in leading the conversation in the sector and in delivery through the sector-leading iDMA solution.

KL asked how SES Water is getting the innovation message out to the wider community. JH reported that we are publicising the innovation heatmap on LinkedIn as well as speaking at conferences and conducting interviews with BBC South East for example.

#### iDMA demo plus case studies plus future strategy

TK introduced Liam Ahearne (LA), Head of Asset Strategy at SES Water who provided an overview of how SES Water is progressing with its iDMA work.

Topics covered included:

- Contextualising SES Water’s approach, our AMP7 target and performance to date vs our AMP8 target and LTDS
- The economics of leakage moving from a sustainable economic level of leakage (SELL) to a sustainable acceptable level of leakage (SALL)
- How SES will invest from 2025
- Leakage reduction using PALM (Prevent, Aware, Locate, Mend)
- iDMA project aims – two principal drivers
- Our current partners – iDMA has been delivered through collaborative and partnership working, leveraging the expertise and experience of partner organisations
- Enhanced monitoring through sensors – 1min data every 15mins
- Measurement, prediction and limit
- Aquasuite analytics
- Case study
- What’s next for iDMA – the plan to continue to reduce leak run times by locating leaks faster.

#### Advanced Metering Infrastructure (AMI) Proof of Concept(PoC) Findings

LA provided a summary of the AMI Proof of Concept (smart metering).

Topics covered included:

- Introduction
  - Across AMP8, the intention is to install 194k meters and put in place the data management, digital platforms and engagement required to maximise their usage

- SES project this will reduce household demand by 4.9 litres per person per day, business demand by 0.8MI/d and reduce leakage by 0.5 MI/d by 2023, as set out in the revised draft WRMP
- SES' success criteria
- A summary of PoC outputs in numbers
- Continuous flow data and the barriers to use (GDPR means the granularity of the data cannot be harvested for use even if it exists given customer privacy issues)
- Next steps
  - Customer engagement including giving customers access to the data via an app
  - Act on CSLs through visits and testing other communication methods
  - Using lessons to input into the procurement process and smarter meter rollout
  - Input into changes required to current policies, processes and procedures

### Treatment Works Tour

LA then hosted the ESP for an interactive Q&A and tour of Elmer Treatment Works.

## **5. Open session: Annual Review & Draft Determination**

The Chair confirmed that there will be an additional ESP meeting on the 20 June where SES Water will provide a summary of the Draft Determination which is due to be published around the 11 June and the ESP can analyse the results. The ESP Committee will have the opportunity to provide feedback for inclusion in the Company's response to Ofwat in August.

## **6. AOB**

### Update from Steve Crabb, Independent Chair of CSP

- CPS involved in the consumer vulnerability strategy – recognising customers needing service needs
- The CSP said farewell to Kate Thornton who left the company in January 2024 and welcomed Debs Goodwin who has a passion for customer delivery
- Supporting the development of data sharing with energy networks, this has been in place since 12 April 2024
- Dashboard numbers are looking good
- The CSP meeting on 2 May will be a deepdive into the annual billing cycle
- The CSP has been asked to continue until April 2025

### **Dates of meetings in 2024:**

- **Additional meeting to review DD after it is published**
- **29 July 2024**
- **3 October 2024**

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

**Date: 29 July 2024**

**Name: Alison Thompson, Chair of Environmental Scrutiny Panel for SES Water**

**Signed:** 