

Terms of Reference for the Customer Scrutiny Panel

1. Introduction

These Terms of Reference have been developed collaboratively by SES Water's Customer Scrutiny Panel (CSP) and SES Water (SESW). They were last reviewed and updated in April 2022.

2. Role and Objectives

SESW's Customer Scrutiny Panel is an independent group whose goal is to drive continuous improvement in the experience of SESW's customers, in line with the company's vision to be to be an outstanding water company that delivers service excellence.

The CSP has five main objectives:

1. To constructively challenge the executive leadership and management and the board of SESW to deliver outstanding customer experience.

This will include reflecting the concerns of customers and stakeholders and providing an independent perspective on best practice, drawing on insights from other companies and industries that the company might not be aware of.

2. To specifically scrutinise company performance against agreed business objectives (eg Price Review performance commitments).

3. To scrutinise the quality and breadth of customer and stakeholder research, engagement and insight, and the extent to which this is driving decision-making.

4. To carry out any specific assurance or other functions requested by Ofwat, the Consumer Council for Water, Defra or any other regulator or statutory body.

5. To work in partnership with SESW's Environmental Scrutiny Panel (ESP), with which it has equal standing, to ensure that customer and environmental issues are scrutinised in an holistic and strategic manner

The CSP will also challenge Ofwat and other stakeholders as appropriate.

3 Reporting

The CSP will produce an annual report on the company's performance, which will be published on SESW's website.

The independent chair will meet monthly with the chief executive of SESW, twice a year with the chair of the board and the lead non-executive director for customer experience and attend at least one board meeting each year.

The independent chair will also attend meetings of the ESP, and the independent chair of the ESP will attend CSP meetings.

Minutes of CSP meetings will be published on the company's website, together with any reports produced by the CSP.

The CSP will report to Ofwat and other stakeholders as appropriate.

4 Membership

The CSP does not seek to be representative of the entire community of customers and stakeholders but aims to be sufficiently connected to customers and other stakeholders to be able to deliver its objectives. It will include a balance of stakeholder members (selected for their subject matter expertise and the expertise of their organisations, not as delegates on behalf of those organisations) and individual customer members (selected for their expertise as customer advocates or other specialist knowledge).

The chair will be independent and not aligned with any particular organisations or groups of customers.

The panel will normally have a maximum of 12 full members in addition to the Chair, plus ex-officio members from the Consumer Council for Water and the Environment Agency. It will also have the power to co-opt additional members to ensure its effectiveness. Appointments will be for three years, and individuals may re-apply.

Members could be drawn from:

- local authorities such as Reigate & Banstead Borough Council, the London Borough of Sutton, other local authorities (e.g. Tandridge, Mole Valley) and parish councils
- consumer groups such as Citizens Advice
- charities such as Age UK, StepChange, Mind, RNIB, Action on Hearing Loss, Alzheimer's Society etc
- residents' groups
- future customers may be represented by a university student or other young person with no current responsibility for paying water bills.

Members will be remunerated at the rate of £200 per meeting attended and will also be entitled to claim reasonable travel expenses.

5 Meetings and Conduct of Business

The CSP will meet at approximately three-month intervals at company premises.

Meetings will be timed to follow promptly the production of KPI reports, which are due at the end of March, June, September and December each year.

Meetings will be convened through SESW by the chair after consultation with the chief executive.

SESW will provide a suitably qualified member of staff to provide secretariat support to the panel and support as necessary to fulfil the Terms of Reference.

The quorum will be one third of full members plus the chair.

The agenda for each meeting will, at a minimum, cover reports on:

- customer tracking surveys
- implementation and progress with the company's business plan
- actual performance compared to performance commitments
- CSP related updates and expectations on the latest price review process, including early/timely sight of the company's customer research proposals, materials, and results.

The CSP secretariat will maintain a challenge log which will record both the challenge made and the Company's response, and an action log tracking agreed actions.

Members of the CSP will also ensure that any relevant interests are disclosed ahead of panel meetings and recorded on the CSP's declaration of interests register.

Minutes of meetings will be available on the Company's website.

The CSP may establish task-and-finish groups to address specific issues, or sub-groups to look in more depth at issues such as engagement, affordability and vulnerability, and performance commitments.



Members must not use or disclose confidential information either during or after their term of membership except in pursuance of their duties.

6 Relationships

The chief executive will attend at least two meetings of the CSP each year, and a member of the senior leadership team will be present at all CSP meetings.

A non-executive director will attend CSP meetings at least once each year.

The CSP chair will attend an SESW board meeting at least once each year.

The chief executive will report to Board meetings about the activities of the CSP.

Allocation of PCs for prime review in CSP & ESP meetings

NB: both CSP & ESP will see and be able to challenge all PCs.

Performance Commitments	Summary Definition	
Common PC's		
Cmex	Mechanism to incentivise water companies to provide an excellent customer experience for residential customers, across both the retail and wholesale parts of the value chain. Measured via weighting for combination of customer service ("contact") and customer experience ("noncontact") surveys.	CSP
Dmex	Mechanism to incentivise water companies to provide an excellent customer experience for developer services customers. Six-monthly satisfaction survey to assess company performance on average of the two surveys combined.	CSP
Water Quality	Using DWI Compliance Risk Index; a measure designed to illustrate the risk arising from treated water compliance failures	CSP
Supply Interruptions	Average number of minutes lost per customer property for the whole customer base for interruptions that lasted 3 hours or more.	CSP
Drought Risk	Percentage of the population the company serves that would experience severe supply restrictions (for example, standpipes or rota cuts) in a 1 in 200 year drought	CSP
Unplanned Outage	The temporary loss of peak week production capacity in the reporting year weighted by the duration of the loss (in days).	CSP
Bursts	Number of mains bursts per thousand kilometres of total length of mains. Mains bursts include all physical repair work to mains from which water is lost.	ESP
Leakage	% change in megalitres a day (Ml/d) based on a three-year average. Measured as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.	ESP
PCC	% change in litres per person per day based on a three-year average amount of water used by each person that lives in a household property.	ESP

Bespoke PC's		
Cust Concerns about their water	Number of customer contacts about taste, odour and discolouration per 1,000 population each year.	CSP
Cust Confidence	Cust survey (scale of 1 to 5) ref "Taking everything into account, I am confident in SES Water's ability to provide me with a reliable supply of high quality water."	CSP
Supporting customers in financial hardship	Count the number of customers on the Water Support Scheme on 31 March each year.	CSP
Vulnerable Support Scheme awareness	Cust survey re answering "yes" to "Are you aware of the additional support SES Water offers customers in vulnerable situations through their Helping Hand Scheme?"	CSP
Vulnerable Support	Cust survey re Helping Hands Scheme; answering "yes" to "Do you feel that these services offered by SES Water are helpful?"	CSP
Managing bad debt	Measure of the cost each year of the money billed but not paid by customers for the year and express as a percentage of annual revenue.	CSP
VFM perception	Cust survey (scale of 1 to 5) ref "how satisfied or dissatisfied are you with the value for money of the water services provided?". Measure is % dissatisfied.	CSP
Void properties	Measure of the % of properties (both households and businesses) that are connected to our network where our records show that they are vacant and therefore not using water.	CSP
Risk of supply failure	Measure the percentage of our properties that can be supplied by more than one water treatment works.	CSP
First contact resolution	Measured by recording repeat contacts received within a period of 10 working days.	CSP
AIM	The Abstraction Incentive Mechanism (AIM) is a mechanism established by Ofwat that incentivises water companies to reduce their water abstractions from the more environmentally sensitive water sources when river flows are low. Measured in millions of ltrs reduced abstraction.	ESP
Greenhouse gas emissions	Measure of operational greenhouse gas emissions; presented as emissions (kgCO2eg) per million litre of water put into supply.	ESP
Pollution incidents	We will measure the number of the more severe pollution incidents that we cause. These are category 1 and 2 incidents as categorised and reported by the Environment Agency (EA) on an annual basis, for pollution to land, air or water.	ESP
Land based improvement - biodiversity	We will measure the number of our water production and treatment sites where we achieve and maintain the Biodiversity Benchmark over the period 2020 to 2025.	ESP
River based improvement - delivery of WINEP	Water Industry National Environment Programme (WINEP) sets out the investigations, improvement measures and measures to prevent deterioration needed to meet the water framework directive (WFD) objectives and those of other drivers. Measured as number of projects	ESP

Allocation of Water UK Public Interest Commitments for prime review in CSP & ESP meetings

NB: both CSP & ESP will see and be able to challenge all PICs.

Public Interest Commitment	Summary definition	Responsibility
Social Mobility Pledge	Be the first sector to achieve 100% commitment to the Social Mobility Pledge. Along with investment in skills, this is part of our wider aim to promote opportunity in local communities and increase talent and diversity within companies. The Pledge commits to action in three areas – partnering with schools or colleges to provide coaching, providing structured work experience and/or apprenticeship opportunities, and adopting open employee recruitment practices – all aimed at people from disadvantaged backgrounds or circumstances.	CSP
Affordability	Make bills affordable as a minimum for all households with water and sewerage bills more than 5% of their disposable income by 2030 and develop a strategy to end water poverty. This requires a package approach tailored to local needs, including measures such as helping customers to be more water efficient, providing social tariffs and additional forms of financial assistance, and working with other organisations to support customers in vulnerable circumstances.	CSP
Leakage	Triple the rate of sector-wide leakage reduction by 2030. As part of a wider long-term strategy to reduce per capita consumption of water and invest in more water transfer and storage, this goal represents an unprecedented rate of improvement to help us to meet the unprecedented challenges posed to water supplies by climate change and population growth.	ESP
Net zero	Achieve net zero carbon emissions for the sector by 2030. As energy-intensive businesses, we have an important contribution to make in tackling the causes of climate change. We can make a real difference through measures such as greater water efficiency, buying green energy as well as generating renewable energy ourselves, planting trees, restoring peatland and working with our supply chain.	ESP
Plastics	Prevent the equivalent of 4 billion plastic bottles ending up as waste by 2030. We will end the use of avoidable single-use plastics in our businesses and support the contribution which the public can make by providing water refill facilities and through education. Our ambition is to be worldleading in the role water companies can play in the wider campaign to cut down on plastic pollution.	ESP