

**SES Water**  
**Customer Scrutiny Panel (CSP)**  
**Tuesday 28 April 2020**  
**Via Microsoft Teams Video link**

*As this was a shortened meeting, due to Covid-19 restrictions, via video link, it was agreed to just keep a short note of content and actions, rather than a set of formal minutes.*

**Present:**

- Graham Hanson (Chair) (GH)**
- Simon Bland - Reigate and Banstead Borough Council (Deputy Chair) (SB)**
- Helen Mouldsley - Independent (HM)**
- Karen Gibbs - Consumer Council for Water (KG)**
- Alison Thompson - Independent (AT)**
- Tom Perry - Environment Agency (TP)**
- Martin Hurst - Independent (MH)**
- Amy England – Independent (AE)**
- Jaime Ali – Independent (JA)**
- Chris Hoskins – Independent (CH)**

  

- Ian Cain – SES Water Chief Executive Officer (IC)**
- Paul Kerr – SES Water Chief Financial Officer (PK)**
- Dan Lamb – SES Water Head of Retail Services (DL)**
- Cat Holland – SES Water Head of Communications (CaH)**

There was a short pre-meeting of the non-SES Water CSP members, and then the agenda was:

- Short opening comments from new CEO Ian Cain (IC)
- Full year and overall 2015 – 2020 performance review
- Company update on COVID-19
  - Impact and incident response
  - Affordability support measures
  - Vulnerable customers
  - Community support
  - Industry alignment
- Customer Transformation programme update

Chair Graham Hanson (GH) welcomed IC to his first CSP meeting since joining, and also welcomed Amy England as a new addition to the CSP. IC gave a short outline of his background, approach and views on improving customer focus, his hopes for the business, plus his appreciation of the role and efforts of the CSP.

The input from SES Water on performance and Covid-19 is as per the slides below.

Performance

Key areas of concern flagged were bad debt, C-MeX and complaints. The CSP also noted that per capita consumption (PCC) was more than target, although better than last year, but remained a big challenge going forward.

Bad debt: CFO Paul Kerr (PK) explained that SES Water had identified an issue in applying an incorrect methodology, which has created a significantly worse bad debt performance. A major effort was in progress to recover the position, but this is impeded due to Covid-19.

SES Water accept the need to still target 1% of total revenue but unlikely to achieve that over the next few years.

SES Water explained that although water quality performance was below target, a key driver of this was the ongoing issue of lead in the consumer owned portion of pipes.

#### Customer service and transformation

CSP flagged that C-MeX (as a follow on from the Service Incentive Mechanism) remains disappointing even after years of focus. CSP asked for clarification on the short term priorities to achieve a change, plus how the CSP can see better sub level of info to better understand short-term progress, and what evidence there was from root cause analysis.

There was discussion on the progress of the Transformation programme, which is impacted by the restrictions of Covid-19. CSP agreed there was a need for a more in-depth review and discussion, to understand better about status and plans.

#### Covid - 19

CSP were grateful for the detailed update on the actions SES Water is taking, and how Covid was having a significant impact on the company internally and with customers. In particular it was noted that, due to lockdown, consumer usage was +15-20% on average expected levels but offset by lower non household usage – but also that non-household was an issue re bad debt impact and lower revenue for retailers.

At the end of the plenary meeting GH discussed the ongoing work within the CSP to review the role and focus of the CSP now that PR19 is completed, and also due to the need to align appropriately with the newly formed Environmental Scrutiny Panel. One component of these discussions was considering how the CSP might assist SES Water in developing a social purpose approach for the Company. Following the close of the plenary session, there was a private meeting of the CSP to follow up on these.

No.	Performance Commitments	Unit	2015/16		2016/17		2017/18		2018/19		2019/20	
			Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
1	SOSI dry year average	score	100	100	100	100	100	100	100	100	100	100
2	SOSI critical period	score	100	100	100	100	100	100	100	100	100	100
3	Supply interruptions >3 hours	hrs/prop/year	0.11	0.26	0.07	0.23	0.05	0.20	0.27	0.20	0.02	0.20
4	Mains bursts	nr	212	290	234	290	214	290	255	290	175	290
5	DWI index of water quality <sup>(*)</sup>	%	99.95%	99.94%	99.98%	99.94%	99.98%	99.95%	99.96%	99.95%	99.94%	99.95%
6	TOD contacts <sup>(*)</sup>	nr	419	350	375	350	365	350	388	350	329	350
7	Softening programme	delivery	Delivered	Delivered	Delivered	Delivered	Delivered	Delivered	Delivered	Delivered	Delivered	Delivered
8	Restrictions on the use of water	nr	0	1 in 10 years	0	1 in 10 years	0	1 in 10 years	0	1 in 10 years	0	1 in 10 years
9	Props connected to 2 or more WTW	%	36%	36%	36%	36%	36%	36%	56%	56%	56%	56%
10	Leakage	MI/d	24.2	24.4	24.3	24.3	24.2	24.2	24.1	24.1	23.9	24.0
11	PCC	l/h/d	160.9	161.2	159.7	160.0	158.8	158.8	162.6	157.7	158.3	156.9
	Metering	nr	6,333	6,400	6,542	6,467	5,018	6,325	10,177	7,707	8,881	8,770
12	Environmental Education Activities	nr	13,314	8,000	10,703	8,500	9,551	9,000	11,798	9,500	12,179	10,000
13	GHG emissions per MI in supply	kgCO2e/MI	470	525	420	525	376	525	91	525	52.4	57.1
14	Pollution incidents (Category 1-3) <sup>(*)</sup>	nr	2	0	1	0	2	0	0	0	0	0
15	NEP schemes <sup>(**)</sup>	nr	0	0	0	0	0	0	0	0	0	14
16	Water Support customers (AMP6 accml.)	nr	5,686	5,000	5,809	5,000	8,150	5,000	10,401	5,000	14,311	5,000
17	Bad debt recovery	%	0.8%	1.0%	0.7%	1.0%	0.6%	1.0%	1.01%	1.0%	7%	1.0%
18	Perception of value for money	%	9.0%	15%	6.3%	15%	9.0%	15%	7.8%	15%	7%	15%
19	Customer satisfaction	%	91.5%	89.0%	92.3%	89.5%	92.0%	90.0%	91.5%	90.0%	89.0%	91.0%
20	SIM <sup>(***)</sup> / C-MeX	score	80.8	85.6	79.6	86.2	78.7	86.8	80.5	87.4	72.9	83.0
21	Complaints	nr/1,000 prop	10.00	7.40	11.30	7.20	9.80	7.00	7.97	6.80	7.48	6.60

(\*) Calendar Year

RAG Criteria	On Target	Off target, within Penalty deadband (Non Financial PCs : <5% off Target)	Off target, associated with Penalty (Non Financial PCs : <5% off Target)
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# Covid-19

## Our Response



Within the context of what are unquestionably unprecedented times, we have followed a particular course from the outset, all actions being guided by a range of key principles.

- The health of our employees and customers is our first priority
- Remaining focused on delivering what matters most to our customers
- The commitment to always do the right things in a challenging environment
- Go beyond providing an essential service, playing an active role in society
- Celebrate success, embrace what we have learnt and use it to improve the company.

60% of our workforce is now based from home, 30% in the field, and 10% at HQ

One month in, our focus has now shifted back to delivery of our PCs



Common PCs	Forecast RAG	Comments
Water quality C&I		
Supply interruptions		
Leakage		Impacted by slowing of capital prog to invest in network to deliver innovative solutions & delay to CSL interventions
Per Capita Consumption		Impacted by homes lockdown and delay to visit customers or continue metering programme
Main Repairs		
Unplanned Outage		
Risk of Severe Restrictions in Drought		
Priority Services Register		
C-Mex		It is not clear if and how sampling C-MeX may be undertaken in the current circumstances
D-Mex		Shutdown of developer sites likely to impact measure, particularly if others are continuing

Bespoke PCs	Forecast RAG	Comments
Water quality - TODs		
Customer Support		
Vulnerable Support Scheme Awareness		
Vulnerable Support Scheme Helpfulness		
Void Properties		Limited field activities and our reduced ability to prioritise work under remote working conditions
First Contact Resolution		May not be achieved due to limiting the contacts we received due to Covid-19 to more emergent needs which by nature are often not resolvable first time
Greenhouse Gas emissions		
Pollution Incidents		
Abstraction Incentive Mechanism		
Land-based Improvement - Biodiversity		Year 1 scheme may slip to year 2 due to reduced access to site (Elmer WTW)
River-based Improvement - WINEP		
Water Softening		Status not an impact of Covid-19 (although WCS would exacerbate this). Primarily Elmer delay.
Perception of VIM		May not be achieved due to economic climate and our ability to service customers as per BaU
Delivery of WINEP		
Risk of Supply Failures		Slowing of capital programme may prevent next resilience intervention being finished by year end