

ENVIRONMENTAL SCRUTINY PANEL MINUTES

Thursday 14 September 2023, 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)	South East Rivers Trust
Emma Langford (EL)	Environment Agency
Ana Maria Villaneda (AMV) (<i>Teams</i>)	CCW

SES Water:	Tom Kelly (TK)	Wholesale Director
	Grace Wood-Lofthouse (GWL)	Sustainability Projects Manager
	Lucy Merritt (LM)	Head of Communications
	Diana Evans (DE)	Compliance & Assurance Manager
	Ria Woodfield (RW)	Catchment Manager
	Jon Woods (JW) (<i>Teams</i>)	Non Executive director
	Penny Hodge (PH)	Create51

1. Chair's Announcements

The Chair welcomed all the external ESP members and SES team. She reported for the record that the meeting was quorate and that apologies for absence had been received from Ian Cain, CEO, Karma Loveday (Water Report), Christine Cleveland (CCW), Stephanie Fox (Waterwise), Trevor Bishop (TB), Zoe Channon (SWT)

The Chair enquired if there were any Declarations of Interest. There were no updates.

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".

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 attended the PR24 Board meeting in July and had a follow up conversation with Jon Woods (JW) specifically on PCC.
- Working closely with SC over the summer supporting on the assurance report.
- Will seek opportunity for ESP to be aligned with the Board and Exec team on Corporate Risk Register with horizon scanning needs regards climate change for example.

2. Long-Term Delivery Strategy (LTDS) Draft: Scrutiny Session

The Chair and TK have discussed the impact that the ESP had on the business planning process.

TK reported that following feedback from the ESP/CSP last year, the company are grateful for the comments received and how its shaped a number of key aspects of thinking for the LTDS. For example, speeding up the initial timeframe on smart meters (from 12 to 7 years) and accelerating ambition on leakage reduction (63% by 2050) as opposed to the Environmental Plan suggestion of 50%.

JW reported that the Board have been pushing that customer and sustainability are at the heart of the plan and this has been helped and encouraged by both the ESP and CSP.

The Chair mentioned that in terms of tackling the feedback of the LTDS, it would be worth focussing on the Executive Summary and the Assumptions section initially.

An open discussion took place and feedback was provided from members on the Executive Summary and Assumptions section which will be reviewed by the PR24 team and fed into the final LTDS document. Further comments received after the meeting will also be reviewed and incorporated into the document where necessary.

3. PR24 Business Plan Draft Chapters: Scrutiny Session

Overarching views

The Chair praised the company for its thinking and for considering the long-term needs of the customer base and environment by pushing further faster on smart, going ahead with two non-statutory WINEP schemes to build resilience on flood risk and water resources and moving further on leakage playing to the company's newly acquired strengths from the IDMA.

The Chair asked each member to provide challenge and feedback on the Draft Business Plan chapters which were issued prior to the meeting and said she will feed in additional feedback from members who were unable to attend after the meeting.

Challenges were made on various areas and noted down by TK given the urgency of the timeline for the Board meeting. Additional challenges will be collated after the meeting by the Chair and sent to the company. Challenges aired in the meeting included abstraction reductions, PCC (non-household), catchment work (testing measures), flooding, supply chain, resilience planning, compliance against licences and permits, ambition to build customer trust, extension of education programme, lead replacement programme, collaborative working with customers, and making the document more user friendly by reducing repetition and providing a list of acronyms within the document for the reader.

Follow up on deepdives on PCC & Climate

TK provided the panel with an update on PCC following the publication of our WRMP and where we are with Net Zero Carbon.

On PCC the ESP saw a slide in July which captures our actual PCC and targeted 3 year average which is a 6.5% reduction. Measured PCC is stable at 135l/hd/d with unmeasured PCC running a lot higher at 177 l/hd/d. Assuming a repeat of 2022/23 weather in the final two

years of the AMP and 85% metered customers, 2024/25 PCC comes in at ~143 and 3 year average of 147 l/hd/d. Assuming two normal years and 90% metered customers, PCC drops to 138 and 143 l/hd/d respectively.

TK then summarised the long-term delivery strategy of the reduction of PCC by components.

TK then provided a summary on the Net Zero Carbon update. The revised approach taken by Ofwat regarding its performance commitment methodology has a significant impact on what SES Water will report on operational emissions.

- Current methodology – which is aligned with the 2030 NZC public interest commitment agreed by the industry in 2019 – sees an emissions level of around 2,290 tCO₂e per year, or ~40 kgCO₂e/MI of water supplied.
- Ofwat PC methodology has a number of key changes.
- This change moves our operational emissions to around 23,000 tCO₂e per year.

The Company will be aligning with Ofwat’s methodology and will be submitting a NZC trajectory. However, alongside this, they will be proposing an additional metric that whilst it covers the same emissions scope as Ofwat’s. It also SES to account for market-based interventions and emissions factors reduction. The consideration of ending softening is therefore vital to ur NZC ambition. As part of our submission, we will also propose an equivalent metric for embedded carbon emissions, data for which we are currently gathering.

4. AOB

Update from Steve Crabb, Independent Chair of CSP

SC provided an update from the CSP:

- Copies of draft chapters of the Business Plan and LTDS have been reviewed and following the review, the CSP have produced a final assurance report for the Board. SC will circulate the report and request feedback.
- The deepdive sessions have been very worthwhile.
- From a customer point of view, pleased with the engagement and insight received from customers and stakeholders.
- The future commitments and ambitions through the documents is what the CSP have been asking for.

Dates of meetings in 2024:

18 January 2024
18 April 2024
11 July 2024
3 October 2024

This is accurate record of the minutes of the meeting.

Date18 January 2024

Name ...Alison Thompson

Signed... 

Chair of Environmental Scrutiny Panel for SES Water