

## ENVIRONMENTAL SCRUTINY PANEL MINUTES

**Tuesday 7 July 2020, Meeting via Microsoft Teams**

### Attendees

<b>Chair:</b>	Alison Thompson (AT)	
<b>Secretariat:</b>	Lorraine Taylor (LT)	
<b>External Members:</b>	Trevor Bishop (TB)	Water Resources South East (WRSE)
	Bella Davies (BD)	South East Rivers Trust
	Graham Hanson (GH)	Independent Chair, SES Water's CSP
	Alice Laycock (AL)	Consumer Council for Water (CCW)
	Karma Loveday (KL)	Independent
	Tom Perry (TP)	The Environment Agency
	Sarah-Jane Chimbwandira (SC)	Surrey Wildlife Trust
	Sarah Holloway (SH)	Independent
<b>SES Water:</b>	Ian Cain (IC)	Chief Executive Officer
	Tom Kelly (TK)	Wholesale Director
	Cat Holland (CH)	Head of Communications
	Alison Murphy (AM)	Water Strategy Manager
	Henrietta Stock (HS)	Energy and Carbon Manager
	Sarah McLaughlin (SM)	Water Strategy Analyst
	Diana Evans (DE)	Compliance and Assurance Manager

### Item No. Item

#### 1 Private session ahead of welcoming SES colleagues

#### 2 Chair's update

Representatives of SES Water joined the meeting at this point.

AT welcomed the SES members and reported for the record that the meeting was quorate and apologies for absence had been received from Benoit Witchalls (BW). AT also formally welcomed our two new members Sarah Holloway and Sarah Jane Chimbwandira.

BD has been made a Trustee of the Rivers Trust.

AT tabled the Statement of Independence.

The minutes were reviewed, amendments noted by DE and SM and signed by the Chair.

The Action Log was reviewed and updates provided to the group.

AT provided an updated on the work outside and inside of SES Water and what it means for the ESP. Since April the policy context has been evolving a lot. Government have launched plans for economic recovery of £5m on infrastructure investment. National infrastructure strategy has been pushed back to the Autumn as well as the Environment bill which has created a lot of disquiet amongst

the NGOs. Defra has created a green recovery scheme which is something the water sector need to keep an eye on.

Water UK are drafting a new organisation strategy which will be shared in due course.

Peak demand has been a challenge during this quarter and will be discussed later in the meeting. The National Drought Group are considering water demand. Ofwat have brought in a new Environmental Team.

AT has been working closely with IC, TK, PK and Dan Lamb to scope out pragmatic work for the ESP. i.e. spoken with Chair of Blueprint for Water who will be invited to a future ESP meeting.

### 3 **Terms of Reference ratification**

Following feedback from the draft Terms of Reference, the original three core objectives were challenged and have been amended to focus on Long term environmental strategy, regional environmental initiatives and scrutinise SES Water's environmental performance commitments.

Draft challenge and engagement logs have been produced for feedback.

TB reported that the environment means different things to different people so clarity defining the on boundaries on environment.

TK concept of breaking our various logs is very helpful and will provide greater clarity.

GH confirmed that the CSP are comfortable with the ToR.

Challenge log - captures three areas: universal metering proposal; success criteria regarding universal metering proposal and universal metering online workshop. KL reported that CMA are doing some redeterminations at the moment and are have specifically identified customer engagement in price reviews. The draft redeterminations are out Sept so should have a good idea. To review in October. AL to circulate report to the group and CSP.

Engagement log – AT is on this working group to focus on Community Engagement. What was shared was some baseline figures on impacts in Surrey. AT also joined the WRSE CCG Chair group.

All to share their engagements with AT to add to the log

### 4 **CEO's update**

IC provided a verbal update following his first six months and reinforced his view coming into the Company which is a great company and have an opportunity to build and become one of the most admired water companies around. We have some challenges in getting there with regarding to our digital ability, galvanising change in resources, community engagement is good but could be

much stronger, analytical capability is not where we'd like to be, good collaborators within the industry and long-term output can be more challenging. Culturally we have a lot of work to do to serve our customers' needs better. We have a strong and ambitious Plan, new systems coming down the line and a growing intelligence across our network and metering programme about the be rolled out.

In terms of short-term challenges, customer transformation programme consists of two core system deliveries: billing and job management both are progressing well. Putting together a very detailed C-Mex plan with the help of a consultant, continue to move through Covid-19, de and remobilisation. Reconfiguring our Plan is a challenge for us in achieving our performance commitments during Covid-19. Keeping the water flowing, affordability and vulnerability of customers has been a challenge due to resource availability.

From an industry perspective, engaged with Water UK to focus on response to green recovery, Covid-19 response, support for NHH market. Involved with discussion across the industry on dividends.

Look ahead, as a wholesaler the important thing is to keep the water flowing safely, our level of resilience within the organisation is strong, shown that we can be adaptable with the different ways of working.

SH said that moving from a set of five-year environmental priorities to a long-term shift in mindset. She asked what's the company's long-term ambition in this area and what are the plans to make sure that the ambition remains high throughout? IC received the question warmly and agreed how important mindset was and asserted how serious he and the team were about getting this right.

KL asked if there was anything specific in the company's mind that the ESP should be aware with regards to green recovery. IC reported that there is nothing specific. There could be an opportunity to utilise Godstone Reservoir more for the community which is currently occupied by Divers Cove.

TK reported that we have been and continue to deliver work around environmental agenda for net zero carbon strategy. As a business we have decided to no longer bring fossil fuelled vehicles into our fleet. We are progressing conversations with grey water companies along with a debate about utilising Bough Beech and the estate we have.

IC reported that green recovery gives us the opportunity to tap into collective funding in different ways.

## 5 **ESP members update**

TB provided a summary on WRSE Regional Resilience update.

WRSE is the alliance of six water companies across the South East of England. Their core role to develop long term strategic single plan for all those companies for security and supply and environmental delivery through to 2021. It's a non-statutory process but feed directly into statutory Water Resource Plans and Business Plans. Likely to

drive £7-10billion of security for supply of water. Resilience is an evolution of Risk Management. You have to take a system-based approach to resilience and there are four areas: wider South East System, Non public value water supply system, public water supply system and environment system. It is an incredibly ambitious plan and feedback from consultation responses will be fed back at the next meeting.

## **6 Long term environmental strategy**

TK provided a summary of the Company's Long-term environmental strategy.

There are three areas of focus: to provide the ESP with the current thinking around commencing the evolution of SES Water's longer-term environmental strategy; to gain initial input from the ESP in terms of general 'direction of travel' from the standpoint of ambition, scope, priorities and timescales and to commence the co-creation process for the development of the longer-term environmental strategy which will ultimately form the basis of our PR24 business planning process and beyond.

Our PR19 environmental strategy was created in the run-up to the initial submission of our Business Plan in September 2018 so it now two years old. Much has changed in the intervening period including the introduction of public interest commitments (PICs) and for SES Water, the creation of the ESP. The original strategy is fundamentally valid. We have four pillars for delivery: leaving water in the environment (net reduction in water use), reducing energy use (net zero carbon), enhancing biodiversity (net gain in biodiversity) and engaging with our customers and community and utilising our assets of land. These four pillars, along with exemplary environment compliance, form the basis of our priorities for further development with the ESP.

## **7 Water efficiency deep dive**

AM provided an update on water efficiency work being undertaken.

AM reported that we have committed in our Business Plan and Water Resources Management Plans to reduce household consumption by 6.6% over the next 5 years. This is measured as Per Capita Consumption (PCC) on a 3-year rolling average basis using the new Ofwat Consistent Method. We plan to achieve this target reduction through a combination of metering, home visits and customer engagement and will be supported by engagement with Retailers, Non-household customers, local authorities, housing associations and other third parties. Over the last 5 years we have upscaled our water efficiency programmes by running events, campaigns, schools, home visits, free packs and online calculator and engaging with thousands of customers. This work has culminated in the 'Every Drop Counts in Tandridge' initiative and we are currently trialling smart meters. Success would be effective communications to highlight water stressed status, providing clear information to customers about how much water they are using, supporting vulnerable customers, involving the wider community and providing feedback to our customers to 'reward' them for consuming less.

The household programme is measured in two ways, 'hard' measures and 'soft' measures, both elements will support our universal metering programme. We have set two targets, target 1 will be in increasing household metering from 60% at April 2020 to 90% by April 2025 and target 2 will be at least 10% of customers having a smart meter by April 2025.

The non-household programme, since market separation the duty to promote water efficiency is split between Retailers and Wholesalers. Engagement with Retailers and Wholesalers and Non-household can support the household programme through connecting with employees, pupils, residents plus reduce demand at the premises through leak reduction and efficiency. Non-household consumption is round 15% of total demand.

Next steps in research will be to use the new platform to analyse and track performance on PCC reductions, cost-benefit analysis will be conducted at the completion of each programme phase and will work with other water companies through collaborative fund to forecast the effect of policy changes.

Next steps in relation to innovation have included the roll out of FlowZone to provide online education and 'Virtual audits' to give advice from a qualified plumber on how to fit devices without entering customer properties. Trialling greywater recycling and rainwater harvesting.

## **8 Environmental Education Programme Deep Dive**

CH provided an update on the new environmental education programme.

CH reported that primary school education has been the backbone of our programme since 1999. Visits to Bough Beech supplemented with pre-visits talks. We were the first in the industry to join our alumni club called 'Flow Patrol'. We were also the first water company to be awarded the Learning Outside the Classroom Quality Badge. We cover a range of age groups, infants, secondary schools and other young people including university visits. We also engage with adult groups where we have a 'Wise about water' talk and we have development opportunity for employees to give focussed talks. We also take adult groups around Bough Beech on request.

We attend community events i.e. Cowpie and Carshalton Eco Fair along with our information trailer. Bough Beech is a big draw and we hold family fun days at the end of August.

Last year we ran an Industrial Cadets programme for the first time, we are the third water company to bring in the scheme.

In response to Covid-19 we stopped all face-to-face delivery of the education programme and introduced a dedicated website 'FlowZone' to support learning at home.

In 2019-20 we spoke to 12,179 people through our education

programme and this compares favourably with other companies.

We carried out a SWOT analysis which highlighted our strengths, weaknesses, opportunities and threats.

Our future plans included a survey of 40 local teachers which showed that it is increasingly difficult to justify a full day out that only covers one part of the national curriculum. Investing in a state-of-the-art education centre at Bough Beech. Other opportunities for the future include opening up other groundwater site i.e. Elmer, offering virtual classrooms learning, smart metering.

The ESP involvement would include feedback on our current offering, ideas to better promote what we do and can offer, visiting our new education centre later in the year, more partnership working with Wildlife Trust and South East Rivers Trust and for the ESP to have an early insight of plans for a potential second centre.

9 **Incident at Godstone**

TK provided an update to the Group on the recent incident at Godstone reservoir regarding our discharge consent at the site. External stakeholders have been informed of the incident and internal and external investigations have taken place and we are awaiting the final reports.

10 **AOB**

AT thanked everyone for their input and feedback. Next steps include water efficiency and the education programme.

AT asked if there was an appetite for a further workshop to scope the Long-Term Environmental Strategy. The Group agreed to this.

GH provided an update on the CSP, the core focus is looking at the post PR19 and the role and focus the CSP should have in developing social purpose, communication strategy and engagement and customer service and the transformation programme.

11 **Formal meeting end and opportunity for feedback**

Due to time constraints, no further feedback was received

12 **Private session discussion with external ESP members**

There was no private session held on this occasion.

13 **Close**

**This is accurate record of the minutes of the meeting:**

**Date:** 6 October 2020

**Name:** Alison Thompson

**Signed:**



**Role:** Chair of Environmental Scrutiny Panel, SES Water.