



CCW

The voice for water consumers
Llais defnyddwyr dŵr

**South East Water
Accountability Session
transcript**

15TH APRIL 2026

Attendance list

David Hinton	CEO of South East Water
Tanya Sephton	Customer Services Director of South East Water
Joe Greenwood	Associate Director of Taylor McKenzie Research (TMcK) – Lead facilitator
Rob Wilson	Independent Board Member for Consumer Council for Water (CCW) - Chair
10 x Participants	Water Voice Community Members under South East Water

CCW Chair: Firstly, and formally, good evening, everyone, and thank you very much for joining us tonight. My name is Rob Wilson and I'm going to be chairing tonight's discussion. I'm the Chairman of the Consumer Council for Water, we act as the statutory champion and voice for water and sewage customers in England and Wales. Tonight's session is part of our Water Voice programme. The purpose of Water Voice is very simple really, but really important, it's to give customers a stronger, more direct voice in how water companies perform, communicate and improve their services.

This session tonight is about accountability, it's an opportunity for you as customers to question senior leaders from South East Water directly about the issues that matter most to you, about where improvement is needed, and about what will change as a result of the discussion. So, this isn't a complaint hearing and it's not a technical inquiry, it's a structured customer-led discussion, focused on accountability, learning and agreeing clear potential actions. The topics we'll cover this evening haven't been chosen by the water company, or by CCW, they've been shaped by customers through ongoing surveys and discussions within the Water Voice Panel.

And that's really important, this is your agenda, and in addition to the two questions that we cover tonight, South East Water will briefly provide an overview of their most recent action plan and provide an update on how they're progressing. You will have an opportunity to comment on that and ask any questions, should you wish. Now, just a quick update from yesterday, South East Water's Chief Executive, David Hinton – who is joining us tonight – Chris Train, a Non-Executive Director, and Caroline Sheridan appeared before the Environment, Food and Rural Affairs, so that's EFRA for short, Committee, to give evidence on the company's response to the recent water supply interruptions in Kent and Sussex.

During the discussion, they acknowledged shortcomings in how the incidents were handled, including operational decision-making and communications with customers and outlining some of the work and investment the company is undertaking to improve its incident response. After the session Mr Hinton confirmed he would not be taking a performance bonus this year. Mike Keil, Chief Executive of the Consumer Council for Water also gave evidence yesterday, alongside Ofwat CEO, Chris Walters, and Chief Inspector of the Drinking Water Inspectorate, Marcus Rink.

Mike shared findings from a soon to be published survey of a large sample of South East Water customers affected by the outages, revealing that nearly a fifth of respondents now only drink bottled water following last year's boiled water notice, while 54% store bottled water in case of future incidents. He said, "These findings highlight lasting damage to customer trust and emphasised the need for effective engagement during major incidents."

With that said, I want to make or set a clear tone at the outset. We expect this to be a respectful but challenging discussion, customers should feel able to speak openly and honestly about their experiences and expectations. Equally, we expect clear and transparent responses from South East Water's senior team. The session is being fully transcribed and will be published. A summary report will follow, and the company will be expected to publish an action plan responding to the commitments made tonight.

That transparency is a key part of what makes this process meaningful. In terms of ground rules, we'll take one person at a time, we'll keep contributions focused and we'll concentrate on forward-looking actions, what will change, by when and how will customers know it's changed?

Now, I'd briefly like to introduce those joining us this evening. First our Independent Lead Facilitator from Taylor McKenzie, that's Joe Greenwood who many of you will know anyway. He's going to guide the discussion and ensure all voices are heard. And representing South East Water this evening we have David Hinton, the CEO, welcome David, and we also have Tanya Sephton, Customer Services Director, so welcome to Tanya who is also at the bottom of my screen.

So, that's the introductions over, thank you to everyone again for being here. I'm going to hand over to Joe for his first discussion.

TMcK Facilitator: Thanks so much, Rob. Hello folks, thanks again for your time tonight. What I'm going to do, like at the briefing session, I'm going to speak for much less time than I did in that one, to be fair, about five minutes or so, just to talk you through the process, and also to make Tanya and David aware of how this part of the session will run. I suppose first of all, talking about a few housekeeping things, and the big one is what we're doing with the data and things that we're recording tonight. The session is recorded by Zoom, you've all been asked to join first name only, and I'll only refer to you by your first name, I'll only use our first names while we're discussing everything tonight.

Our published transcript will be developed off the back of the recording, and what we will do within the transcript is ensure that nobody's name shows up in any capacity. You're all going to be referred to as, I think we call you Panellist 1, 2, 3, all the way up to 10, so all very anonymous in that regard. The main reason for that is we want you to feel like you can speak as openly and as honestly tonight as you want to.

It's really important that you feel that you are able to share your opinion and I want to make sure that everyone does feel they have the opportunity to do that tonight. I don't want to put you on the spot while I'm asking any questions and we're trying to develop some actions, but equally, please do put up your hand or jump in, don't feel the need to be super polite. But as Rob said, please do ensure that we give each other enough time to speak and finish our points and we're not talking over each other.

We are obviously running to a bit of a schedule tonight, so we will do our best to make sure that we cover as much as possible and make sure that you have the opportunity to respond to any points with enough time, while bearing in mind that we need to move on to the second question. I'll also give South East Water the opportunity to present where they've got to so far, as Rob said.

The transcripts themselves will be developed very quickly, within a couple of days, we will give you the opportunity to read through the transcripts and if you say anything tonight that you feel a bit weird about or that you don't want to be on that final published transcript, you'll have the opportunity to tell us to remove it, and we'll do that without asking why, or anything like that. Again, it's all about making sure this is as transparent as possible, but also that you feel comfortable in taking part in this.

Ultimately, the purpose of the transcript is to accurately reflect the discussion and the actions agreed, it's not to single out individual things that any of you have said. As I said, you'll be unidentifiable from the transcript itself anyway.

We've got two questions that are going to be asked, if you don't think you're answering a question, you're absolutely not, we've already told the people who are asking the question that they're asking. The way that the set-up is going to work tonight is that we're going to hand over to the customer to ask a question of the water company. The company will then get five minutes to respond. I'm going to pop a timer up on my screen for five minutes. Rob may want to let that run a little bit longer, if there's points that are being made, so that's

up to his discretion, I think, but the maximum we've got is until about seven or so, but we'll have the timer up just in case.

What we'll then do, once we've heard the response within that five or so minutes from South East Water is, they'll sit quiet and we will have a discussion as a group about first of all the answer that was given and how you felt about the answer in relation to the question that was asked, how you felt about any actions that they're currently planning to take based on the question that we asked, and then we'll have some time to also discuss what actions you want to see as customers. And it is you, I'm based up in Scotland, I've got no connection to where you are, so it's really important that you share what you need and what you want to see.

That kind of process, that part will take about 15 or 20 minutes in total, and then we will give an opportunity for South East Water to come back on any points that they see as potentially challenging or difficult to provide, so really just looking at the red flags that might be raised there.

The final thing to say is that the webinar is available to view, so we've got some colleagues from CCW who are viewing the session tonight. We'll have some people from South East Water as well who are not in the room but can view, and also Ofwat as well. I suppose really quickly, any questions about anything that we've said so far? Everyone can hear me?

What we're going to do first of all is really quickly go round the room, so that South East Water can know who you are. All I'm looking for by way of an introduction is your first name and I just want to know where you live. I'm going to start with the person to my top left, which is you Community Member 1, if that's okay?

Community Member 1: I'm Community Member 1 from Eastbourne, East Sussex.

Community Member 2: I'm Community Member 2 and I'm in Cookham Dean, Maidenhead.

Community Member 3: Hi, I'm Community Member 3 and I'm from Aldershot, Hampshire.

Community Member 4: I'm Community Member 4 and I'm from Eastbourne.

Community Member 5: I'm Community Member 5 from Bearsted in Kent.

Community Member 6: Hello, I'm Community Member 6 from just outside Hailsham.

Community Member 7: My name is Community Member 7 from Allerton, near Sevenoaks.

Community Member 8: Hello, I'm Community Member 8 from Basingstoke in Hampshire.

Community Member 9: I'm Community Member 9 from Maidenhead, Berkshire.

Community Member 10: I'm Community Member 10 and I'm from Basingstoke, Hampshire.

TMcK Facilitator: We've got a couple of colleagues of mine who are on the call as well, so that's Kirsten and Harriet who are sitting in the background, they're going to be working really hard tonight and you're going to see them typing and stuff. Rob, I'll hand back to you for the first question.

CCW Chair: Great, thanks Joe. We're moving on to the first question and the person asking that question is going to be Community Member 9. The question will come up on the screen but just before it does, just to tell everybody that this is a bit like Question Time, in the sense that the panellists don't know the questions that they're going to be asked, but they have indications of the areas that we're going to be discussing. So, it won't be a

surprise for them, but they also won't know the questions. So, Community Member 9, are you ready to ask your question?

Community Member 9: Yes, thanks, Rob. My question to the panel is our bills have increased but we cannot see what difference investment is making or how it will improve our water supply. There's a lot of news, and now and in the future it's not clear to us as customers, in my opinion, and maybe some others from our last conversation, about where the money on our bills is being spent on. And proportionally, how is the money spent and what steps will you take in the future to provide transparency for customers now and in the future with ever increasing bills?

CCW Chair: Great, thank you, Community Member 9. In responding, it would be really helpful if South East Water could be as specific as possible in responding to the question. We're looking for direct answers to the question and not a huge amount of context. And to community members, use your notepads and scribble down anything that you find interesting or you've got questions about while you're listening. David, over to you.

David Hinton: Yes, if I cover bills generally and Tanya is going pick up how we split it, if that's okay? So typically, we've got the revenue from customers, or the bills effectively turns into revenue for us, so it's income for us, and like any other business, we effectively spend it on staff, operating costs I'll call this, but it's staff, sites, offices, the normal business stuff, that's a portion of it.

The second piece is we've got, so as an example, South East Water has 88 treatment works and then the maintenance, so they are ongoingly maintained, and that's the maintenance money, and an amount of our capital expenditure goes on that. And that can be either, it could be treating water, pumping water. And then we've got a sizable network, we've got 9,000 miles of network and so pipes that is, so they need replacing on a 2 or 3% per year basis. So, there's a chunk of the bill, a significant proportion of the bill which is on maintaining what we've already got. And then there's another piece which is as population increases, as new quality requirements come in, as there's new threats to the environment, so for example, if we start seeing pesticides in a river, we then add pesticide removal to the treatment works to treat said river, etc.

As well as looking after the existing assets, normal running costs of the business, which I forgot to mention, for us quite a big one is power because water's heavy and we have to pump it around. Chemicals for the treatment process. And then you've got the new bits, so population growth, new requirements in terms of water quality requirements, environmental requirements, and that then grows the asset base. So, the bills cover all those different elements. We also need to keep our eye on – if we're building for growth, if we're building for population, this is particularly relevant in the South East, building a new water asset takes a long time, so a reservoir, which we've now got one planned for Canterbury, takes about 20 years to build.

You have to start building that way ahead of when you need the water because I can't just wait for it to turn up. So, part of the bills that are in there now is moving towards those future assets. So, it's new assets, existing assets, normal running costs, and we split those into treatment distribution. There is a bit that funds the finances, so dividends, which I think is a question for later on and we maybe deal with that then. So, there's a question that goes to shareholders, there's a question about debt, because we typically fund these things.

The way I always think about it is like a house, so if you're adding new big bits to your house, you don't pay for it all in one go in cash, you effectively borrow a mortgage for it, and then you pay the interest on the mortgage over time. And that's the debt bit the water industry's got. If we paid for everything instantaneously, then the bill would go up and down like this. Every time we built a new treatment works or a big thing, the bill would go up massively,

so the debt allows us to smooth – a bit like we all smooth our mortgages, smooth it over time on a big purchase. So, in a nutshell, I don't know if you want to add to that? I don't know if you need to add anything to that Tanya or not?

Tanya Sephton: No, I can just give a few breakdowns. I'll pick up the transparency point as well. So, in our bill communications over the last couple of months with the bill increases, we've started to introduce a £1 breakdown, so where each £1 of customers' money is spent proportionally across the different elements of the service operation. So, to give you an idea of what that breakdown looks like, last year 10% of every £1 went on water extraction, so that's us being able to extract the water out of the ground and get it to our treatment works.

Around 29% is on water treatment, so that's actually then making it fit for consumption and also maintaining the 88 treatment works that Dave talked about, in terms of maintenance and upgrade of those sites. 41% goes on getting the water from those treatment works to customers' taps, so what we call our "Distribution Network", but it's the 9,000 miles of pipe that we've got that moves the water around. And we've got 13% that goes on interest and tax, that's the interest Dave was just talking about. And then the final 7% goes on what's termed "Customer Services", so that's the expenditure related to service provision around, things like our contact centre.

CCW Chair: Firstly, can we avoid any jargon for this session because there's already been a little bit. And the second thing is we've not really heard about the increase in bills and what that's being spent on. Perhaps you could take a minute to address that?

David Hinton: Yeah, so the majority of the increase, each water company is slightly different, it depends on the challenge. So, we're a water only company as I'm sure you're all aware, so ours is on – most of our increase is on the water resilience.

In other words, new water coming in particularly into Kent. More storage of water across all of our areas, more joining up of the network, so we can move water around to where it is we've got high demand, and where it is we've got a bit of a surplus. So, trying to reduce the likelihood of the interruptions that Rob mentioned in his introduction that we were then talking about in front of the EFRA Committee. The majority of the extra money is in that. We've also got some other things, we've got some extra water quality that's needed because some raw water that we take, the example I gave on pesticides is a relevant example.

We've got some more quality to go in there, and we're also launching smart metering as another big programme that we've got going on, and smart metering programmes are also helping us because they'll find leaks and they'll help customers understand what demand or what water use they've got, and hopefully bring that demand down, bring the usage down, and meaning there's less coming from the environment and there's more to go round, basically.

CCW Chair: Maybe Tanya, you could say in a bit more detail what you're planning to do? Because I think your explanation was good, but I think maybe customers aren't hearing it clearly. I don't mean customers here, I mean generally out there.

Tanya Sephton: Planning to do in terms of investments?

CCW Chair: Yeah, exactly, new investments in particular?

Tanya Sephton: So, smart metering is a big area as we've just mentioned for us, that we haven't done before, we've commenced that plan in January. We've got large upgrades to Aylesford Water Treatment Works in Kent, so that we can produce some extra water that's

going to go into Ashford and Maidstone. We've got major upgrades to our Bawl Water Treatment Works, our Pembury Water Treatment Works, and Barcombe Water Treatment Works, and that's about increasing the capacity of water that we've got available to provide to customers in Kent and Sussex.

We've got the development of the reservoir at Broad Oak, near Canterbury in the plans, that again is an additional investment, a new investment that we've not had before. And then I guess the other big area to mention is around leakage and leakage of the pipes in the network. So, we're investing in this five-year period, additional investment, to reduce leakage by 11 million litres of water by 2030.

CCW Chair: Okay, that's really helpful. I think there may be some feedback about the way the company might be communicating these things, so it's resonating, but let's let the customers speak for themselves. So, we're going to have a pause for Tanya and David now, and we're going to get the response of what customers think about those explanations. So, I'm going to hand it over to you Joe, to take the customers through it.

TMcK Facilitator: Okay, thank you so much for those answers, folks. Community Member 9, I'm going to go back to you to start with, and I suppose in this part of the section, what we're really looking for is we're going to get a bit of feedback on what you heard there. We want you to tell us how you feel about the answer that you received, the information that they provided there. But what we're really focused on, we're not really looking to create new questions and ask new questions here, if there is a question that you need an answer to, we can definitely note it.

But what we're really thinking here is about actions that you guys want as customers. But we'll start off, Community Member 9, with you, and I just want to get your thoughts on the answer that was provided by David and Tanya there, positives, negatives, anything that's still unclear from your perspective?

Community Member 9: Yeah, I think the positives were the updating of the bills to show how pounds of like a percentage of that is spent on what in terms of water resilience, water capacity or wastewater, etc. I've noticed that on the bills and that's quite a good one. I guess the only clarification for me is sometimes you see on South East Water communications, "X project launched", and obviously it's good to see what the benefit is and the key message. Sometimes it's unclear whether that's funded by bill payers' money or whether that's private money that's been invested, etc.

I know sometimes it's private information, but it would be good to know even a percentage of project investment, how has come from revenue streams for South East Water, so we can know that it's our money that's being spent. I guess just sharing information, I think a lot of people maybe don't look at their bills, so that's the only thing I'd feed back, is that I think smart meters and things are good to help with our costs and stuff going forward, to understand.

TMcK Facilitator: Sorry, you said there about being able to see what, where investment comes from, why is that important?

Community Member 9: I guess it's just interesting to know because I think obviously, I think we all notice, and it's not just water per se, but I think with energy and things, I think when I look at my energy bill I can see a breakdown of the tariff and where money's spent. I know South East Water's made the amendments, as suggested, but it would also be good just to understand how much of customer revenue funds projects or whether it comes from other revenue streams because I know that obviously funding could come from other places as well. So, it would just be good to understand how that balanced or whether it's

got more involvement from the private sector contractors and things like that because it's not always clear.

I think information like that, where it's observed in the bills is good, but maybe also just be more at the forefront in newsletters or emails that you receive from South East Water. I think that would help for people that probably don't have the time to open bills or don't maybe engage that much. I think there's a lot of discussion about water and I think as customers we don't necessarily sometimes know what we're paying for, even if that's based on usage or service or standing charge.

TMcK Facilitator: Community Member 9, thank you so much. I'm going to open up to the others in the group, and I want to know, a similar question really, how you felt about the response, whether there was anything missing from your perspective, anything that you would like to see South East Water do off the back of the question that you've asked, and the feedback, the answer that they've given? Community Member 1, on you go?

Community Member 1: Yeah, just to say again the breakdown of the percentages by Tanya, that's very useful, that's very nicely, clearly laid out. My only query would be with sort of the term "investments", that can't be a finite number, so does that mean if they're investing in one area and project, does that mean another area is not getting so much investment? How can that be spread out to make sure all the areas are equally managed?

TMcK Facilitator: Okay, and is that about them providing transparency on that, Community Member 1, or what do you want to see there?

Community Member 1: Yeah, it's obviously they've got to have a forward plan in place already, but obviously you get a crisis and whatever funding was put aside for the future planning, I would imagine, but I don't know. That money they obviously would have to be used to combat the current issue that's happening.

TMcK Facilitator: Anybody else want to jump in?

Community Member 7: It's about accountability, so the, we're about making it more accountable, so on your bill is a time where you communicate it to all your customers, so let's enhance this bill and explain how the journey's improving. So, you're saying you're going to save 11 million litres on something, what does that mean for our bills, what does that mean for the costing? It doesn't mean anything to me, 11 million litres on something that's an absolute ... a figure out.

What about making things much more palatable to the consumers, so we as customers understand where the money's being spent directly, what the impact is going to be, when it comes online, all these things, and how it's going to improve our experience. Taking us on a journey of rebuilding trust between us, the consumers, and the South East Water where trust has been lost, trust is at its lowest.

This is your opportunity with this document that you send to us every quarter, every six months, or whatever it is, to communicate to us all those differences and start that process of just delivering us that information. "We've done that, this is saving X amount of money, we're doing this, this is saving X amount of money. That money is then going to this project, which is going to do X, Y and Z." So, a lot more comprehensive, we're not stupid, we're consumers, we're bill payers, we need to know more about this journey, we need to be able to understand trust and build that trust back up with you as a company.

TMcK Facilitator: You used the word "palatable" in terms of information, which I thought was a really good word, is there a way that they can make it feel like it is? Like you said

about the 11 million, so big numbers that get used, what makes it palatable to you as a customer, do you think?

Community Member 7: Well, I think it's something you can relate to, something you can understand. I don't know, they often talk about London busses, you know, football pitches, [inaudible] and whatever to say what they put out. There must be swimming pools with this sort of stuff, so we can understand what that looks like, you know, to the layperson, really, in that respect.

TMcK Facilitator: Community Member 6, you've got your hand up?

Community Member 6: Yeah, I just wanted maybe a bit more transparency around the debt.

I know it was explained that obviously you have to take on debt if you want to do forward planning and things, but surely if there was forward planning happening, I know it said it takes 20 years for a reservoir to get built, you know, if that was forward planned and there was one getting built every 20 years, then they wouldn't have to take on so much debt. Why is the debt so high, and why is the interest on that debt so high?

TMcK Facilitator: Again, is that a communication piece, Community Member 6?

Community Member 6: Yeah, I mean I think they said the percentage of what it is, but again that doesn't really explain why the interest is so high on that debt compared to if you have a mortgage and things like that. I've heard that it's around 10% or something like that, which is obviously very high.

TMcK Facilitator: Any other thoughts, comments, actions we want to see? As I said, this is your opportunity to first get some stuff written on paper that we can use here?

Community Member 2: I'd like, ideally, I know it's negative you could say, but at least it's bringing things out in the open. Tanya identified the list of things she's publishing at the moment of where the spend is, but it doesn't include the cost of fixing at the moment, i.e. how much did it cost with all the problems that have been going on over the last year, that must have taken a lot of money? Okay, it won't appear in any future ones, reports that Tanya produces but there's a lot of money that's been spent already and I think people need to know what that was.

Similarly, if there are any fines, that should be in the percentage of money being spent, and then as somebody's already said, it wasn't specifically identified by Tanya as regards to investments. I think she was suggesting or I understood it, that it was being covered in treating and maintenance, pipes, and things. Ideally, we'd like to see it by projects within those areas because that's the positive future of what we're doing to improve things. So, more can be split out from the general running costs, pipe costs and all the other, as regards specific projects, a list of those with money against them, I think that would be the real positive.

TMcK Facilitator: When you say "specific projects" is that quite localised or do you just mean generally within the region where it's happening?

Community Member 2: Well, yeah, like reservoirs, how much are we spending on reservoirs this year? How much are we spending on the smart meters this year? You know, details on the projects, then you can put more positive stuff about what it's actually going to deliver. But I think it's important to identify as one of the percentages in Tanya's list, which covered about five areas, I think that should be extended, as I say, to fines, fixing and specific projects.

TMcK Facilitator: So, the opportunity to look into it, essentially a lot more visibility, transparency, and data specific things, I think it sounds from your perspective? In terms of the time, I'm going to move on to the next part.

As we've been speaking, you can hear we've been writing some lists of actions and things. What I'll do, once I've shared it, I will talk you through what we've included. So, it's very much a working document that we're sharing, and I don't want you to judge it too harshly. We'll talk through what it shows in a second. As we've been chatting, my colleagues have been noting down what you guys talked of in terms of actions that you wanted to see.

So, in terms of actions that you guys were looking for:

[1] Clarifying where funding comes from, from projects. Community Member 9, this was the opening one from you and seeing a bit of a split in terms of where money is invested that's coming from customer bills, where it's coming from the shareholder of the company, etc. So, a little bit more in terms of detail available around that, and how it links to specific projects, where there are specific projects. Not just communicating that within bills, but just making it a more communicated thing, from the sounds of it. Including things like fines, debt, etc. as well. So, it sounds like you want them to be a bit more open ultimately here.

[2] Transparency around investment priorities across services, how does investment basically get spread fairly I suppose, is maybe the wrong word, but how is it allocated to different places to make sure that it is serving all customers, ultimately?

[3] Accountability was the last point, how investment impacts customer bills and the benefits this investment will bring to customers. Community Member 7, this was your point around making it feel quite palatable, kind of easy to understand what this is actually doing for you as a bill paying customer overall. Limiting jargon, making it feel quite tangible, ultimately.

[4] Greater transparency around the company debt. I think Community Member 6, this was your point, wasn't it, around wanting to see how that works, how that's used and how that fits in?

I'm going to open this up for questions. Community Member 7, you've got your hand up, so please just start us off?

Community Member 7: Just a quick point, I mean this is all about the performance of the company, so having some metrics in there so we can measure that, I think that's really important, so that we can see that actually as customers, we're putting more money into the company and there's less wastage through leaks, all this sort of business. So, some kind of, again accountability, tangibility, something that we can easily look at.

You know, a traffic light system that's gone from red to green, or red to orange, whatever it may be, but something like that, so it's easy to read and it's going in the right direction. Because again, we are starting on the floor with trust, I think we all agree with that, and we need to rebuild this trust. If we get a quarterly bill or a six-monthly bill and it's all red lights, it's not going to look great, so this again is holding the leadership to accountability for them to start showing some progress, and this extra money that we've invested within their business.

TMcK Facilitator: You've had a chance to look at some of these and read through some of these, ultimately these need to feel like they're relevant and things that you want to be actioned. We have obviously written them in the 10 minutes we've been speaking, don't expect that they're perfect, but if there's anything in here that you want to add, remove,

anything like that, please let us know. Or if you've got any kind of questions or comments you want to add about any of the actions that we've noted here?

Okay, so they're perfect, good. In terms of timescales, timescales is really hard. We obviously want to make sure these actions are delivered in a certain timeframe. Before, a few sessions were asking if it was months or years and things, and I don't know if there's anything here that stands out as feeling like it's something that should be implemented very short-term or whether there are others in here that you feel are more long-term goals or opportunities? If you're unsure, that's absolutely fine, we'll ask South East to put timeframes against the action plan when they have the opportunity to do it. Does anything here stand out as being something that you want to see within the next three months versus longer?

Community Member 2: I would have liked to think that Tanya's percentages were widened to cover the extra areas that we identified, just to show more transparency of where the money's going.

TMcK Facilitator: Sure, so that feels like it's a bit of a quicker one, Community Member 2? Where are we at for time? Rob, I'll hand back to you, if that's okay?

CCW Chair: Okay, thank you, and David and Tanya I'm sure have been listening to what their customers have had to say. But before we finalise any of these actions, it's important to give South East Water an opportunity to highlight if there are any commitments and actions on that sheet that they believe aren't feasible and to explain why that might not be the case? Or whether they are pretty much signed up for all of them. So, this is David and Tanya's opportunity to just come back, and if there's the odd question that needs answering, we've got a few minutes to do that. So over to you, David.

David Hinton: Yeah, no, it looks a sensible list. The breakdown of the bill is always something in Community Member 2's percentages, there's always something we consider, but how deep to go in the list. Because obviously we're a business, like any other business we've got a 200-line P&L¹, so how deep we go, so that is ... But it's a really good point. The local point is another point. Am I allowed to ask a question back?

One thing we consider quite a bit is, is the bill the right mechanism for communicating this? Because we do quite a bit on various other channels, particularly the local infrastructure bit, so when we're building schemes in the local area, we'll tell the local area about that scheme via social media largely, but also on the website, via email, etc. One thing we always consider is research we've previously done, if I'm honest, has said that the penetration of the information via the bill is less effective than the penetration via other mechanisms, so that is something we always consider. But the breakdown is a really good point, I agree, localisation is a really good point.

Like I say, we do that on schemes, but we can certainly think about doing that more widely. The explanation of the finances, there's a little bit on the bill which splits it between interest and dividend, so there's a little bit, but we could go deeper. And the performance piece, we do a set piece every year, and we recognise this isn't very penetrable because there's like an annual performance report that we do publish, but by the necessity it's a bit of a tome, and we could probably do with making that a lot more accessible and maybe more regular because it's really an annual thing. So that was Community Member 7's point on that, I think that's a good point. Tanya, do you want to add anything?

Tanya Sephton: No, you asked my question, it was just about what channel is best. So, we know from research that – and I think someone mentioned it, customers don't always look at their bill. We've got various other channels, we do a monthly newsletter and things like

¹ Profit & Loss

that, so we can look at where is best to be sharing that information. But yeah, all fine, happy with those.

CCW Chair: So, customers have heard the feedback from David and Tanya, you've heard their explanations, does that feel reasonable and proportionate? They obviously have said that they agree with the actions that you've – and they've provided a couple of other bits of feedback, how do you feel about that, is that acceptable?

Community Member 2: Yeah.

CCW Chair: Yeah? I can't see anyone other than Community Member 2 of the panellists, so if anyone else can see, then that would be really helpful?

Community Member 7: Does it matter about the channel you send the information through? To me that's irrelevant, if you're sending it electronically or you're sending it in a paper bill, it doesn't matter. I don't do social media, I don't believe in it, I think it's corrosive. So, I think, you're not going to connect with me if you're doing it via social media, and I'm not an old person by any stretch of the imagination. A newsletter, I wouldn't necessarily read a newsletter, the bill is the only thing that comes into my house. Or an email, if you're going to send an email, I still get paper bills. So, I don't see why you would worry about the penetration, if you just blast it, then it's going to hit every possible outlet, isn't it?

CCW Chair: You're basically saying all channels?

Community Member 7: Absolutely, I don't see why, there's no cost in sending an email, is there? I don't think so, I don't think there's any cost. A mail shot, of course, but if you're sending it with a bill then there's no additional cost to either. So, I can't understand why you'd be pedantic about which channels you send it through.

David Hinton: I think Community Member 7, it was just that ...

CCW Chair: Sorry Dave, not yet, we'll give you an opportunity. Community Member 4?

Community Member 4: To answer Community Member 7, I think it really matters how they communicate it because as you just said, Community Member 7, you are not on social media, and lucky you. But you know, if they only communicate through social media about these things, you would miss them. So, I think that it's important that if they only put these sorts of communications on their website, people like me are going to miss it because I open their website when there is an update on the price of my bill, but that is once every, I don't know how many months.

So, I think that if they give the chance to – they have like a wide way, email, social media, by letter, whatever it is, and then you can choose and go and choose how you want to receive these sorts of communications.

It would be ideal so that everybody, even who doesn't use social media or who doesn't use email, there are elderly people that don't use email, they can still get the communications and the updates in some ways. So, I think that's probably the reason why David wanted to know.

CCW Chair: So, Community Member 4, it sounds as though it's almost what you want is an opt-in where you can decide how you receive communications?

Community Member 4: Yeah, it would be ideal and another thing that would be ideal I think, for example, with emails, if I receive plenty of emails from a brand, a company, maybe at the beginning I might be very interested, but once I start receiving emails from these companies, and it happens all the time, like two times a week, three times a week, the first

thing that I do, it doesn't matter if it's my bill, if it's clothing, whatever, I'll just delete it, because I can't be bothered to read the life of everybody, it rotates around many things, so it would be nice to choose how long you want to receive them, like once a month, you know, these sorts of things.

CCW Chair: So, customers being able to choose their preferences would be good, I guess? Okay, look, we've come to the end of our time on that part, so thank you to everyone for their contribution on that. I think we've got general agreement over the actions on the question. There will be some back and forth over the next few weeks, I'm sure, so with that, I think I'm going to move on to the next question, and it is Community Member 3, asking this question. Community Member 3, are you ready? We'll put the question up for you.

Community Member 3: Yeah, I'm ready. So, hi David and Tanya, first of all just bear in mind we agreed this question before the announcement that was made today. So, our question is that we don't actually have a problem with the executive pay being high and performance bonuses being paid when a service we receive is good. However, performance has clearly been very poor, but from the very outside at least, it seems that executive pay and bonuses remain high. So, what steps will you take to make bonuses more reflective of our experiences as customers and representative of company performance?

CCW Chair: Thank you very much for that, Community Member 3. Again, in responding to this David and Tanya, if you could focus on the question that's been asked. I'll try and keep you strictly to that. And obviously members, if you note anything down, or if you've got any questions, please note them down and we'll come to you afterwards. So over to you David and Tanya.

David Hinton: If I split this into two, if I may, so if I split it into base pay being high and then bonuses when performance is poor. So, I'm sure you'll know this, but I obviously don't decide my own salary, so there's an independent part of the board which has got the Independent Non-Exec Directors on it, and their role is to work out what the salaries of me and other exec members should be. And the way they do that, the base salary I'm talking about, is they basically employ third party consultants to look at market prices for jobs of similar sizes in similar industries and they try and replicate the market.

That's effectively how they arrive at salaries. And then they update those periodically with the market, so trying to make sure that the sort of individuals they can attract to the company are the ones they need in the company and they're reflected in the market, that's predominantly what they do, so the job market I'm talking about. On bonuses, so just as a running example of what's in my bonus, and how it's made up, and how that works ...

And the first I'd say as well, just on that job market world, bonuses are fairly typical for executives, it's almost worldwide, pretty much. I've got my own view on bonuses, and I might share that with you later, but just generally that's how the whole market works. It's part of an expected salary, if you want to attract people into the roles that we're talking about, not just in water companies but generally, at that level there's a bonus element. My bonus is also set by the Remuneration Committee (Rem Comm), and within it it's got what you might expect. The core ones are what's the water quality like, as measured by a number of metrics? Did we hit the leakage target? Did we hit the interruptions target? Did we do effectively the investment and put the assets in the ground that we said we would?

In other words, is the investment going to plan? Then it's got other bits that you would expect of a normal business, so things like staff engagement, health and safety performance. I also have environmental performance, so it covers everything effectively the business does. So, you can get a situation where one element of the performance is poor but the others aren't, and then you've got a choice, and it's not my choice, it's the

Remuneration Committee's choice to say, "That is so poor, he shouldn't get anything even if the others are good." So, you might have a really bad interruptions performance but your water quality was the best in the industry, the Rem Comm has got a decision to make about whether there should still be a bonus paid.

Because what they're also trying to do is incentivise the management not to give up on everything, this is not what happens, this is what the incentives are, not to give up on everything and one particular thing fails and they realise they've got no other bonus opportunity, if your brain works like that, and mine doesn't. But if your brain works like that, they're trying to make sure the incentives are in play all the time and not cancel each other out. So, as you rightly pointed out, I took the view that the performance on interruptions last year was so poor from our perspective, it was not up to where we wanted it to be, that I didn't think I should take a bonus. I didn't feel comfortable taking a bonus, because I think we let customers down in that area.

Now, the Rem Comm could also make that decision because the performance bonuses, certainly in South East Water are entirely at the Rem Comm's discretion. We might have a whole load of calculations about how to do it, but ultimately they can go, "No, it's zero, irrespective of whether the calculation says yes," and that is also at the Rem Comm's discretion, and they could use that for any reason in this particular instance. So, you can see why with that kind of construct the performance in my area can still generate a bonus.

CCW Chair: David, could I just direct you a bit on the question, because it's really about making bonuses more effective of our experiences as customers, I mean our in terms of the question and the customers, what they want. So how do you get their experiences and representation into the company performance?

David Hinton: Okay, yeah, fair point Rob, thank you for bringing me back on track. Within those measures are customer-facing measures as well. So, customer satisfaction has been mentioned, that's one of the measures. Interruptions is obviously a huge customer-facing measure and the weighting that we put on those is big.

So, as you might imagine, the biggest weighting measures are water quality, interruptions, customer satisfaction, and so that weighting is decided also be the Rem Comm, and that's something that Ofwat looks at as well, to make sure they are – the strongest weighting across all the different priorities inside the bonus is customer-facing, to make sure it's not financial-facing. So, for example, making a profit. So, it's not about that, it's about making it customer-focused and that's how they're designed. And Ofwat play quite a strong point in checking they're all properly balanced across all the different areas it needs to be balanced across.

CCW Chair: Okay, thanks David. Shall we therefore move to our customers, David and Tanya you can have a rest while your customers speak about those answers, and then we'll come back to you. So, Joe, you're going to lead this for us.

TMcK Facilitator: Thanks, Rob. Community Member 3, I'll go back to you as I always do as the person who asked the question on this. I suppose first of all your reaction to the answer overall, how you felt about it, what you felt was maybe missing, and as we did with the last one, it's really about thinking about the future of what we want to see in terms of actions moving forward. But yeah, Community Member 3, take me through what you thought?

Community Member 3: I mean the answer was pretty much what I was expecting anyway, because I kind of do that as part of my job. So, I get all the weightings and the different bits that come into somebody's bonus, that's fine, I've got no issue with that. It would be interesting to understand though the weighting on customer satisfaction, but also as to whether or not as part of the bonus there is a gate, i.e. a minimum that they have to achieve

before the bonus is even paid, and what that gate is, and is it still linked to customer satisfaction? And if not, could it be?

TMcK Facilitator: Okay, talk me through in your mind how that would work, Community Member 3, if that's okay? It sounds like there is an action there, I'm not asking you to be like, "Oh, this percent and this percent satisfaction needs to happen," but ultimately how that would work from your perspective?

Community Member 3: I guess there would be basically a threshold to say before any bonus is paid, you need to achieve X, whatever X is, and that would be linked to customer satisfaction in the main. Whether or not Remuneration Committee would go for that, that's another thing as, like David said about, they need to attract the right people. But something along the lines to say, "This is the bare minimum threshold you need to achieve before we can even start to look at your bonus." So, if in a year something is really bad, like we've had, then that would stop any of the exec bonus being paid.

CCW Chair: Let me just say, in terms of the idea about customers being more involved is quite an interesting one. But there was a lot of talk about Rem Comms, weren't there? How do customers feel about Rem Comms, doing all this stuff and it not being about customer satisfaction in particular, and customer sort of preferences?

Community Member 6: I think we just need more transparency really, it just feel like all this is happening behind closed doors. We're not seeing what the weighting is or what thresholds you have to meet, and things like that. I think if we had more transparency, it might build a bit more trust in the system. But at the moment we just feel like we're shut out with everything.

TMcK Facilitator: Community Member 4, I'll go to you next?

Community Member 4: When David was talking, I was just checking because I didn't know how Rem Comm would work, specifically for South East Water for example, and actually the metrics that ... Sorry, I have it here on the side, on the screen, it says, "The bonus scheme is weighting by the Independent Remuneration Committee and is based on customer experience.

So, a primary metric mandated by the regulator Ofwat, that measures customer satisfaction, how the company handles complaints compared to other water firms." So, we are greatly considered when they take this decision than there an environmental impact on other things, but the first thing that they talk about is this customer experience. So, there was just one thing that I wanted to throw there because someone mentioned actually about customer satisfaction.

TMcK Facilitator: So, it feels like it's considered from your perspective?

Community Member 4: Well, it's not my perspective, it's actually what you can read from The Guardian online, so it's pretty interesting, actually.

TMcK Facilitator: Community Member 9, you put your hand up as well?

Community Member 9: Yeah, I agree with what's been said already, by the panellists, and I appreciate what David said explaining it, because I don't think it's that obvious to find, unless you've just looked like Community Member 4 did online. It might be worth, I don't know if it is already, having like a press release when it gets to the end of the tax year, or whenever it's done, and releasing like a statement on bonus pay, but not about a specific member of the board, but just like overall what's been issued and maybe why the metrics followed.

And obviously having to disclose figures, but maybe just, “We’ve awarded this because of Z,” and then maybe a company, an annual statement or review just so customers are aware. Because a lot of the time it’s mainly media outlets who will say, “Bonuses were awarded,” but there’s no context as to why that bonus has been awarded. And I think that’s where customers probably get confused and maybe angry wrongly because of the lack of understanding, they’re not explaining.

TMcK Facilitator: Any other thoughts, comments, opinions about what ...? Sorry, Community Member 2, you put your hand up, on you go.

Community Member 2: Yeah, I was just thinking, we’ve talked about the business, which is delivering water to the consumer, but obviously there must be other revenue streams where I think more entrepreneurial spirit could be put into the bonus scheme on raising money not from the consumer, the grudge purchase that I pay every months, from the entrepreneurial use of the reservoirs or visits to sewage centres or whatever. And new areas, leveraging the assets and the capability. So, I’m sure there must be something, and that would look good to the public of things that aren’t just a grudge purchase, things that actually are useful to them and bringing revenue outside the grudge purchase. I just think that ought to be an important part of your bonus scheme on widening your company’s income.²

TMcK Facilitator: Community Member 4, I wanted to go back to what you mentioned there about the way that that works and the focus on the customer. What I’m being told is what you’re referring to is an Ofwat letter to the water companies rather than specifically what South East Water are doing to calculate their specific bonus, if that makes sense? Maybe it doesn’t make sense, but we can clarify a bit more on that.

I wanted to bring that up in what you’re looking at is a letter that Ofwat sent to all water companies in England, it’s not necessarily to the letter how bonuses within these companies are actually set up, but there is a push for it to be more focused on the customer, I suppose. Somebody’s going to send me some more details on that and I’ll explain it a little bit better, if that’s all right? Community Member 7, you wanted to jump in and say something?

Community Member 7: I just think there’s a bit of a disconnect, the Board was potentially considering rewarding failure on a grand scale, I would suggest. And I think if things had gone well, grand, people deserve their bonuses, but if things have drastically underperformed, and have been in such the public eye, I’m amazed that there’s even the discussion about a bonus. I mean I just find that extraordinary that you’d even consider taking a bonus, and I’m amazed that anybody in the leadership group of this business are taking any kind of bonus.

The fine from Ofwat, the £22m fine for the ’20 to ’23, 286,000 people being affected for underperformance says quite a lot to me. And then on top of that we’ve got the two outages over Tunbridge Wells, one at Easter for 6,000 people as well, I don’t think failure should be rewarded in any shape or form. So, I think that’s something that senior people on the board for South East Water should look at distinctively, and I’m sure that if you polled the customers, I’m sure they’d feel exactly the same. But if there is success, and we see that in our traffic light system or whatever, great, reward that success. But I find it extraordinary that such high-level failure is being rewarded, I just think that’s wrong on every level, and I’m really sorry.

² Clarification note from Community Member 2: i.e. the public would view the bonus scheme in a better light if one of its objectives was to incentivise David et al to grow other revenues/profits for revenue streams than selling water, thereby, hopefully limiting water price increases.

The next point I want to make, I used to work in high level banking for many years, after the banking crisis, they brought something in, which I've mentioned to this group before, is that the bonuses were paid, but they could be clawed back over the next five year period for underperformance or stuff. That's a nice little caveat here, so it means that you're not just being performing for this year, that bonus is paid out over five years for '25, '26, '27, so you're always accountable for your performance, you're always trying to push harder, you're always trying to deliver.

I think these companies, they're happy to pay the big money to the executives, to get the right people. I mean I use that in the loosest term "the right people", the Leadership Team here looks very weak as far as I'm concerned, so I'm not entirely sure we've got the right people in the right seats of the bus, to be perfectly honest with you. But if we are attracting the right people, and we pay them the big boys' money, then we need to have the big boys' rules, so that we're mimicking other industries where there is claw back for poor performance and stuff like that. I think that's a good way of keeping people's feet to the fire.

TMcK Facilitator: It sounds as though, a word like "discretion" was used in that answer, and it sounds as though that, is it that part of it almost Community Member 7, that there actually needs to be many more rules from your perspective around ... You said the idea that there even would be a conversation about a bonus seemed a bit out there from your perspective?

Community Member 7: I think if I was a business owner in Tunbridge Wells, and there are many, I would feel absolutely incensed that they were discussing bonuses. And I think David said he felt "emotionally connected to the community I serve", so that was what he said yesterday in the select committee, so I'm sure he feels the same. And maybe some of his other Leadership Team feel the same as well, who knows?

TMcK Facilitator: Obviously, there's a few people who haven't spoken yet in the session, I just want to make sure that if you've got anything to add, please do add it as we go through this. I don't want to put you on the spot if you don't want to add anything that hasn't already been said. I'm going to share my screen, and we'll run through the actions quickly and see if there's anything else that we want to add.

[1] The first point was around about improving transparency on the metrics that ultimately go into calculating this from your perspective as customers, and where customer satisfaction fits into that. I think even as the discussion went on, it wasn't necessarily clear what was the regulator's preferred preference when it comes to how that's calculated versus what the companies are actually doing in terms of the split. And I did a terrible job of trying to explain that, that was my fault. And I think ultimately clarifying what the threshold is, this level of satisfaction and how that links to what bonus looks from a customer's perspective. So how customer satisfaction links to that and what level needs to be achieved.

[2] Potential to provide a kind of press release about bonus pay at the end of the tax year, what has actually gone to the bonuses within the company. Something quite short, easy to read.

[3] Show how assets are being distributed to new areas and projects and the revenue that they bring to the company.

[4] And ultimately re-evaluate how bonuses are appropriate to offer given current performance. So again, it was Community Member 7's point there around about how bonuses are distributed long-term in terms of the kind of claw back side of things here, over a period of years. And I think it was ultimately about refining what feeds into the

decision, so it's not potentially discretionary, I suppose, and there is more of a calculation that goes into that, so the bonuses do reflect the experiences of customers overall.

I don't know if there's anything we've missed in terms of what you guys have said, is there anything you want us to add to this overall? Any questions, comments, thoughts, please do let me know?

CCW Chair: One of the things, Joe, is maybe understanding how what South East Water are doing on bonuses aligns with the Water Special Measures Act, because in there it says you have to be clearly and demonstratively linked to delivery for customers, particularly service reliability, resilience, and responsiveness. So, if that isn't something South East Water are linking their bonuses to, are they thinking about it, are they going to do it in the future? Or are they already doing it now?

TMcK Facilitator: Does anyone want to come in on – any thoughts on that, on what Rob's just said there? No?

Anything else to add to this, anything else you want to add, ask, comment? Nothing is too big or small, as I've said, and ultimately these are your actions, we want to fully reflect what you guys have said tonight? Community Member 6?

Community Member 6: I think it's just ultimately about rebuilding trust and if we've got more transparency that can't be a bad thing.

TMcK Facilitator: Anything else, folks?

CCW Chair: Thank you everybody for your input on that. Again, before we finalise these actions, it's important that South East Water has an opportunity to highlight if any of these commitments are unrealistic or not feasible and explain clearly why, or to tell us which ones are actionable immediately and which ones aren't. So, David and Tanya, over to you?

David Hinton: They're all entirely sensible, so I've got no issue with those. And just on your point, Rob, so this is really an area of focus for regulation, so we are complying with the Special Measures Act, and I won't go into that because it's proper regulation. But we are complying with ... But we do publish, and this is the accessibility issue again because it's not the world's most accessible document, but in the annual accounts, it's pretty much a requirement now for water companies to explain how the bonuses are broken down into the different elements, the elements I described earlier.

We do that in our annual accounts. But again, putting stuff in the accounts is not really putting it out there, is it? So, I fully accept that we could do more to make it a press release or something similar that explains the breakdown of the bill, what it's based on, why it's been generated, what performance has merited it. Yeah, I think all that is entirely doable.

CCW Chair: I can't remember who said it, but someone was talking about making bonuses more long-term, rather than these cash bonuses that people get every year, so that you see the performance over a longer period of time and how you're doing. How do you think that might operate and whether it would work for South East Water?

David Hinton: I mean infrastructure businesses, so again I'm not just talking about water, quite often run an LTIP, so a Long-Term Incentive Plan, because it takes a while to do things. So, for example, I mean the extreme is building the reservoirs over 20 years, but other things take a while too. Because we're dealing with, to change performance you can change some performance relatively quickly, and we talked earlier on about changing the bill, that's obviously quite quick. Some other things take longer, so when it's building infrastructure that's needed.

So, it's quite common for infrastructure businesses to have a Long-Term Incentive Plan, which has got a different set of targets to the annual one, but they're more in that, "This is a long-term journey you're on." We do actually hold bonus back, so bonus earned in a year is held back for two years, should anything need – not all of it, a proportion of it, is held back so that should anything occur in the interim because it's actually paid, that gain is paid at the discretion of the Rem Comm, against a set of rules. So, the long-term one is a relatively common one, and I think nearly every company's got one.

We've got one for the first time in this five-year period, but yeah, so that's really the nature of the type of business we're on, it isn't a retail business, it is an infrastructure business, so that's why it generally sits in those sorts of companies.

CCW Chair: I don't want you to feel like I'm grilling you because it's up to customers, but I just have one other thing, because in other companies, water companies have been paying bonuses or have said they are, through the back door. And I mean obviously you've said you're not taking your bonus this year, I mean can you assure the customers that there will be no back door payments? Okay, I can see you nodding, that's a firm yes and a thumbs up. Okay, great. In that case it sounds like there's pretty good agreement on those actions, so thank you.

For the record, we've agreed those actions under this question, and we're going to move on, not to the next question because we've got now something slightly different than a third question. We're going to allow five minutes for South East Water to provide a brief overview of the action plan they've created from the last Accountability Session, which was the in person one in Tunbridge Wells, and outline how they're getting on in terms of progress so far. So, I'm going to go back to Tanya and David to give a quick five-minute overview. I hope we let you know that you're supposed to be doing this?

David Hinton: Yeah, I'm going to let Tanya do this bit, so she does the talking.

CCW Chair: Over to you, Tanya.

Tanya Sephton: Thank you. I'm happy to go through the slides if it's a helpful way of doing it for everybody, to make sure we cover everything. So yeah, the first one, there's a series of actions in the plan that are related to an alternate water response. So, when I talk about our alternate water response, I'm talking about things like tankering activity, bottled water stations, bottled water deliveries, and alternate ways of provision of water than tap water.

We're making good progress on all of the actions there. There's been a lot of focus at South East Water since the recent events in Tunbridge Wells to bolster our alternate water response in a number of levels. We've had some vehicles that we had with our contracted resource that we've now brought in-house that we now have control of within our fleet. So that means we've got bigger capacity to respond, should there be another issue.

Critical care support, alternate, a dedicated team has now been established and is ready to be mobilised in an event that will manage and support the critical sites like care homes, GP surgeries, schools, and that team has been working over the last month, so outbound engagement with those sites to understand their need and to understand their existing set-up and requirements in terms of ... For example, if a school has the capacity for us to tanker water into them, i.e. they need a certain network that we can inject into, or tanks, storage tanks. Then we need to understand whether that's possible, so that we can then make sure that we are tankering to them in an outage, so they can remain open.

There's a number of other elements on there, but principally, just to sort of say, the alternate water piece is on track. So final bullet point, I did just want to pick up specifically, which is

the Crisis Comms Plan, so since the events, we've had an external agency appointed to look at our crisis comms planning and our crisis comms, what we call our play book.

So, the books that sit on the shelf with communicating messaging in that we might have tested or we might have used or we will use during an event. They've been through those, they've reviewed those, they've made some changes. We've got some updated messaging ready to go based on feedback that we had throughout the event. And we're just in the final stages of finalising what we're calling the actual Crisis Communications Plan, and I think we put in the update last week, so that will be ready later this month. Broadly speaking, they're all on track and will be progressing as agreed.

So, I don't know if you want to move on to the next one, the DWI³ report. So, we've had as you'll be aware, we've had the independent report from the DWI on their investigation into the events. Some headlines from that have been shared obviously with the EFRA Committee yesterday, we are committed to them providing a kind of non-technical summary of that with customers a month after it was received by the 6th of May, so that's in progress at the moment.

And then there's a few updates on some of the longer term or medium-term actions coming up in the next few months. One thing I did highlight at the bottom of the left-hand box, so we have scheduled in and are going to be running in a few weeks, an alternate water sprint. Basically, that is going to be a workshop that we're running with local stakeholders, local resilience forums, so organisations like the police, fire and rescue, and local authorities to share with them our plans for those areas that have been impacted, to test those plans with them, to discuss things like bottled water station locations, to discuss with them partnerships and support, how we can work together during an event better. And that's booked now in for the 14th May, and what that will do is test those plans that we have in place with those local stakeholders with the local knowledge to understand the impact that we might have, if we delivered some of those plans.

Then just moving into the second column, there's a number of actions around some of the water quality activities, so the technical term "coagulant", the chemical we use to treat water that was of interest in the Pembury event. We've done a review of all the other sites that we've got that have that same chemical base as part of the treatment process, and there's a number of actions we're taking to make sure – and I think Dave would have spoken in the last Accountability Session about making sure that the chemical we have has the range of capability that we saw at Pembury. So that's now been completed and those actions are being taken.

I guess then the final column, just in terms of Pembury, we have a resilience, so there's a number of actions we're taking in our wider action plan around increasing the resilience of the Pembury site and also the sites that supply the Tunbridge Wells area such as our Tunbridge Water Treatment Works. Actions have been taken at those sites to install additional treatment capacity around filters, so that means we can put more water into that system and the system is more resilient to the quality variation to the water that might be coming into it. So those investments have been made, they've been commissioned and they're now live.

And then the final point on there around the CMA final determination, so the Competition Markets Authority, we referred our determination from Ofwat to the CMA because it didn't cover all of the resilience schemes that we believe we needed.

We've now received the outcome from the CMA, and we're really pleased that they've allowed the funding for the increased capacity of Bewl Water Treatment Works, which

³ Drinking Water Inspectorate

means we can treat more water at that works, which means we can push more water into the Tunbridge Wells system from that side of Tunbridge Wells. So, there was a constraint on the amount of water we could put into that network from Bewl, that investment into Bewl will allow us to push more water in again, meaning there's more water in that system giving us more resilience to fluctuations in other sites.

TMcK Facilitator: Rob, I'll go back to you.

CCW Chair: Great. Well thanks for that presentation, Tanya, really interesting. Does anybody want to pick up any of those things that were raised?

Community Member 1: It's just to say really I'm just really pleased to hear about the working with the stakeholders to the degree that's going ahead now, and that's come into action very quickly following the disastrous impact that it had in these places. And just the idea of the sprint workshops, and working with the police and the other authorities, I think is just all good news, and everybody else needs to know that this is going to be happening. Again, we need some positive news and this is exactly the sort of thing that needs to be widely shared.

TMcK Facilitator: I should say, if you guys have got questions for South East Water at this point, please do ask them directly. Community Member 9, you had your hand up?

Community Member 9: Yeah, I was just going to ask, there probably won't be, but if there's like evidence collected from those events, I know some of them might be internal private conversations, but if there's findings, whether they could be published, just for accountability, so bill payers can see what's taken place? Because I think a lot of that good work otherwise won't get seen.

TMcK Facilitator: Tanya, I don't know if you want to come back on that, or David?

Tanya Sephton: Yeah, I'll come back, Community Member 9. So, on the DWI report, we will be publishing a customer-friendly version of the findings from that report. We've also conducted an independent report internally, our board commissioned that investigation and we will be publishing the findings from that as well. And then with regards to sharing further actions that we've taken, we've started to – we pushed out a couple of press releases in the last few weeks around some of the actions that we've done.

For example, the Pembury enhancement in terms of the treatment filters, we've started to communicate that out to the customers. Again, it was a press release, it may get picked up in certain areas, but we need to look at the channels that are also sharing that information on with customers directly. And the outcome of the things like the sprint, I think Community Member 1, your comment is absolutely right, we need to make sure that we also start publicising what we're doing and what's changing as a result of those activities.

TMcK Facilitator: Community Member 7?

Community Member 7: I've got three questions.

The first one is on communications; communication was a real weak spot during the Christmas period and again I sort of noticed you're under a lot of scrutiny from these groups, you must understand that, because we're looking at every headline, we want to see improvements, we're invested in this. So, the 2nd of April, 6,000 homes were hit with a burst pipe in Pembury and Matfield. And I couldn't help noticing that communications came in promising that it was going to be fixed by a certain time and it didn't quite get there. So again, my concern is you're not quite getting it right on the communications.

I think over promising, under delivering is a disaster, we want to work with you to build trust, we want to- not just for us, but for the whole of the South East Water community of customers, so it needs to be looked at, every incident that goes to the press needs to be dissected afterwards. You know, did the customer have a good experience, did we over promise and under deliver? I think it's really important to actually forensically look at everything that goes out.

The second thing is the TV thing yesterday, I was all excited by that, and I thought, "Okay, this is your chance to shine." And honestly, I did think it was a bit of a wasted opportunity. Tanya your presentation here just goes through everything that you've just gone through, and I think Community Member 1, just said, it was very positive. I think there was a lot of positive to be taken from that, but I didn't get that from the television special on South East.

And I think you don't get too many opportunities to do that, but seeing some chap driving a tanker around wasn't particularly illuminating to what you were doing really, and a couple of guys mending leaks. I think it should have been more about what had gone wrong, what you've done to resolve that and what we talked about, this base level of trust and building off this, trying to make it better.

And another thing, the final thing is I couldn't help noticing that you'd had to write to the Government to say that you weren't able to support the construction of X number of houses in Tunbridge and West Malling Council. 16,000 homes, I can't remember the number, and you're only able to support 6,000. That concerns me, I'm very happy with that, I don't want to see the whole place concreted over, but I think that underlines why we're in this position.

My concern is that there's not enough forward planning, and those houses aren't going to be built overnight, but we're still not getting into that – we're not planning for the next 20 or 30 years, it doesn't feel like that if you can't – if you're stalling at building houses in 10 or 15 years, this lack of forward planning. And that concerns me that that culture is not changing within the business. I don't expect everything to change overnight, but I do believe that's one of the real problems with the business, that there's not been that forward planning, and that's why we're in this position that we find ourselves in.

TMcK Facilitator: I don't know if anybody from South East Water wants to come back on any of the points that Community Member 7, raised there?

David Hinton: Yeah, I'll come back on the last one.

So, the plan is, all water companies do the same, it's effectively, it ends up being signed off by the Secretary of State, so it's a regulatory process and within that you use the Local Authority Housing Forecast, going forward and you design to meet that forecast, with a buffer there's uncertainty in measurement to a certain degree. But the housing growth in that particular area was quite a lot more than we'd been told in either the two previous planning cycles.

So, we hadn't planned to meet it, we hadn't planned for a huge buffer. If we planned for a huge buffer then we would be more resilient, but the process doesn't allow – it's not really our choice. I would love to have more buffer, if it was my choice, but it's a planning choice. And to be fair, there's a trade-off, so if there's a lot of water resources being built that isn't necessarily going to get needed, that's taking more water from the environment when it would otherwise be in the environment, putting it in the reservoirs, etc. So, there is a planning process, I understand the frustration behind the question Community Member 7, but that's definitely something – that's a regulatory reform policy change, which I'd be in favour of, but it's not really within our gift unfortunately, to be able to do that.

Community Member 7: You need to lean into that though because where we are, due to your – you’ve discussed many times about global warming and more population in the area putting pressure on your systems ...

David Hinton: Believe me, we are leaning into that debate.

Community Member 8: I think that’s very important, but I don’t know you, David.

David Hinton: I know, I accept that.

TMcK Facilitator: Community Member 6?

Community Member 6: Yeah, I didn’t see anywhere about compensation. I read that a lot of businesses such as care homes had to pay a lot to get the bottles of water recycled and that the compensation isn’t covering for things like that. So obviously that’s a concern if this keeps happening, if it were just a small business and things like that. So, I’d like to see a bit more information and making sure that people aren’t left out of pocket.

TMcK Facilitator: Does anyone want to come back on that from South East?

Tanya Sephton: Yeah, I’ll pick that one up. Thanks, Community Member 6, I think it’s a really important element and there’s a number of responses. We have our Guaranteed Standards of Service scheme and we made sure we calculated the appropriate payments for all customers, including businesses really quickly after the Pembury event and paid it on the first working day, because we were conscious of the impact of the outlay they might have had to make.

Separately, we’ve launched a business fund, a support fund where businesses can apply to that fund for further discretionary costs that they may have incurred or loss of trade that they may have had as a result of those outages. That’s open at the moment, and they have until the end of May to apply for compensation through that route as well.

We also have and we have had a number of businesses contact us who have had to outlay costs, discretionary costs, as a result of the outages, and some of those case-by-case individual businesses have been compensated already for some of those costs they may have incurred. So, things like, if they’ve had to go out and buy bottled water, we will compensate them for that bottled water. So, I know there was a business, a care home in the press yesterday and we’re keen to try and engage with them to understand if they’ve asked us for a refund yet or not. If not, then we will encourage them to do that.

TMcK Facilitator: Community Member 7?

Community Member 7: On the compensation thing, and I know it’s a really hot topic, but I’ve spoken to people about this piece of work we’re doing, and a lot of people have gone, “Oh, I know X and he had this compensation and his water wasn’t off.” I’ve heard that a number of times that compensation has been handed out, nothing to do with these instances, that people have been given compensation and there’s been no impact. So maybe that side of things needs tightening up as well, you’re giving the money away for no reason. I was quite surprised, and I’ve heard it from a number of sources as well.

David Hinton: I’ll explain why that happens and we do pay compensation like a precautionary principle basis. So, water does funny things, so if you’re on the low point of a road, you might be the one receiving water and others aren’t, the road is slightly lower than the surrounding roads, that water might have got to those customers. And because we are not yet at the point in the industry where we’ve got sensors absolutely everywhere, smart

meters is going to change this to a certain degree, this will be much better with smart meters, which as we've mentioned we've already started.

So, you can end up with a situation where a group of customers in a particular area did receive water and the others didn't. But rather than do it that way round, rather than do it the other way round, we don't pay customers who are entitled to compensation. We know that in some instances we will end up paying customers who are not entitled to compensation, but that's entirely on a precautionary principle, where it prevents the opposite happening. It is in a handful of cases and quite often customers do tell us that they've had water, and they didn't need it. But that's why it ends up like that, it's because we are adopting a precautionary principle to make sure we do definitely capture everyone who is impacted.

TMcK Facilitator: Any other questions, folks? Community Member 4?

Community Member 4: It's more of a question, I don't know if I'm allowed to ask now, it's more a question I asked last time that we thought that was interesting. But I don't know if I can ask it now?

TMcK Facilitator: Why not?

Community Member 4: Okay. I was just wondering, this is from a sort of common person point of view, I was talking with these guys last time and I was telling them that I lived in London, so Thames Water, and I've lived in the Midlands, Severn Trent Water, and now it's been only a couple of years that I live here in Eastbourne, and I have South East.

I usually follow the news pretty well, especially the local ones, and to be honest I am quite surprised that in the last two years that I've lived here, I heard about so many accidents happening with South East Water that it's quite unbelievable in the sense that in the 10 years that I lived in London and in the Midlands, I think I heard of one incident in 10 years.

So, I don't want to be mean, I'm just asking because I want to understand how it is possible that two other companies like Thames Water and Severn Trent Water are able to avoid these sorts of accidents, while a company like South East ...

Again, this is a personal point of view, in the two years that I'm here, I continuously heard about these accidents and I'm very surprised about them. So, is there anything that the company can do to maybe copy these companies so to avoid these accidents? Does it make sense, my question?

TMcK Facilitator: Just to clarify Community Member 4, is that things like where it's water outages and the things you've been talking about, like stuff like that?

Community Member 4: Yeah, of course this is water outages regarding South East Water, then there is Southern Water, which is another thing of course, and there are major accidents happening with them. Camber Sands, and all these sorts of things, this is not regarding South East Water. But it's just to understand if they cannot copy – there must be something that they're doing right that South East is not doing right to avoid these accidents?

David Hinton: Yeah, and you're right to – and what you're feeling is true. We have more events in the South East of England, so it is Southern Water as well and us and other companies. South East has the most, we have had the most in the last four years of any other company in the UK, if you add them together, not every year, but if you add them together. And I don't think it's necessarily that everyone's doing things differently because

we do effectively share, for example, how we use tankers and what we're doing with them, so there is quite a bit going on.

There are different pressures on the water systems in different parts of the UK. The pressure on the water system in the South East is more acute because of the two things really if I'm honest. One is that we've had continuous growth in the South East in terms of population and housing, and that hasn't been necessarily the same over the rest of the country. And we have particularly more extreme summers, we don't necessarily have more extreme winters, we've definitely had more extreme summers in the South East. And the number of the events you're talking about, not the most recent ones, but a number of the other ones since 2020 have been summer related. So really high demand.

Interestingly, if you compare some of the more northern companies, their infrastructure was built for industry that's no longer there, so they've got quite a lot of extra infrastructure that's naturally in situ. And like I said, headroom has been effectively eroded over a number of years. When I talked about the infrastructure investment, the resilience investment, the new reservoirs, it's all about us getting ahead of that growth and the climate change we're seeing, to try and make sure that the new Bewl is a ... The bigger new Bewl is a fantastic example of more water into the system to make sure we create the gap. So, all the activity I've got the business focused on is increasing the gap between what we can supply and what the customers' demand is.

Particularly in peak, well, pretty much only in peak, so when there's a really high demand, and that might be because of a freeze/thaw event, which you get loads of bursts everywhere, customer side and our side, and the pipes burst everywhere. Then that's high demand, and equally in the summer when it's really hot, we've seen some very high demands. So, this new infrastructure is designed to do – and those factors are a bit more acute in the South East of England than they are in the rest of the UK. I mean they're pretty common in other countries as well, but it's definitely more acute in the South East of England.

Community Member 4: I totally understand the summers are different, and luckily are different from the Midlands, that's one of the reasons why I moved here too. But the other point that you said about the growth, I used to live specifically in Rugby, Rugby is growing at a speed that is unbelievable. London, I mean we all know that London is getting busier and busier, so in the south, is it possible that we're growing more than the Midlands?

David Hinton: I don't know about Rugby, I've never been to Rugby, I didn't know Rugby was growing exponentially. Every company is quite different I think, so if you take London, London's a really interesting case in point. So, the centre of London for example, demand has gone down since 2020 quite a lot, because less people are going to work during the week. So, there's less commuters moving into London, so the offices are more empty. Less so now, to be honest, they're getting ...

So, the Central London ends up with a bit more resource, and then the areas of Thames that are in the commuter belt of Thames have seen an increase, so they've had areas of pressure as well. So, it's quite a complicated picture which I could happily talk hours about, but it is very different. And to take your earlier point in what can we learn? We do learn, we do a lot of effective discussions with sharing best practice. The water industry is quite a sharing industry, we talk to each other a lot, we look out for best practice.

But what I'm really focused on for South East is getting that infrastructure investment in the ground that we've now been funded for, there's a considerable amount of infrastructure investment, because that's going to restore our interruptions performance to where it should be, and that is a key part of it. And included in the infrastructure investment is also supported by the smart meters, the reduction in leakage, all of which

we've very much got on the radar and targeting for the next five years to try and restore that resilience that we need.

TMcK Facilitator: Thank you for the question and the response. Anything else before we finish up? Brilliant, thank you so much.

CCW Chair: I'm just going to close, and so thank you everybody, particularly the panellists and all the customers tonight. We've covered a lot of ground and some important themes. I think we've agreed a clear set of actions that need to be followed up, but in terms of next steps just to let you know a full transcript of the session is going to be published on the CCW website within five working days, and before publication an early draft will be shared with participants, so you can review it, and you can raise any concerns relating to personal comments. A plain English summary will be published within 10 working days.

South East Water itself is required to publish an action plan within 28 [working] days, setting out how it will deliver the commitments its agreed to tonight. Customers will then be asked whether the action plan accurately reflects what was agreed. CCW will then monitor progress and report publicly on the delivery of that plan. So, this whole process is designed to ensure transparency and follow through, not just having a discussion, because at the end of the day we need actions to come out of this.

Finally, I want to thank everyone for your time tonight, the thought you've put into your questions and the honesty you've brought to the session, your input has been fantastic, and it has to be for this process to be credible, and to have purpose behind it.

So, thank you again. So, thank you for all your engagement tonight and thank you to Tanya and David for answering all the questions and giving their views on other things. So, you're all free to go 13 minutes early, thank you.

[CLOSE]

CCW

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Llais defnyddwyr dŵr

23 Stephenson Street,
Birmingham, B2 4BH

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