

THURSDAY 25 FEBRUARY 2021

MEETING AND WORKSHOP HELD VIRTUALLY VIA MICROSOFT TEAMS

MEETING NOTES

PRESENT:

Chair and Independent Member: Melanie Laws

For CCW: Simon Roberson and Graham Dale

For Environment Agency: Melissa Lockwood and Roger Martin

For the Environment theme: Richard Powell (Vice Chair and Independent Member)

For the Communities theme: Mary Coyle (Independent)

For the Customer theme: Lesley Crisp (Independent)

For Economic Impact theme: Sarah Glendinning (CBI), Steve Grebby (CCW) and Iain Dunnett (New Anglia LEP)

For National Farmers Union: James Copeland (Vice Chair)

Water Forum Independent Author: Sarah Young

Presenter: Dr Alex Hope - Head of Department for Leadership and Human Resource Management, and Associate Professor of Business Ethics at Newcastle Business School at Northumbria University (for Item 5)

For the Company: Heidi Mottram, Andrew Beaver, Louise Hunter, Claire Sharp, Tamsin Lishman, Jim Strange, Ross Smith and Elaine Erskine

Jill Slater and Jude Huffee (Water Forum Secretariat)

NOTES AND ACTIONS

1. Welcome, apologies and aims of the meeting

Melanie Laws (MJL) welcomed members to the meeting.

Apologies had also been received from Anna Martin-Edwards (Groundwork East), and John Torlesse (Natural England).

2. Notes and actions from the last meeting

Members agreed the minutes represented a correct reflection of the meeting and there were no matters arising.

3. Members' deliberation

Members had been supplied with the following meeting papers:

- Review of our Ambitious Goals
- CEO update
- Customer Engagement and Participation update
- Regulation update

Members deliberated on the papers they had received and prepared for discussion with the Company.

Members planned to raise two points with the Company from the CEO update with respect to Water Resources and Leakage. From the Regulatory update, Members would ask for some clarity on the Innovation competition section of that paper.

With regard to the Ambitious Goals workshop, members noted that they had been given a lot of helpful information from the Company. Members agreed that, due to the time they had, and to get the most out of the session, they would focus their discussions on eight Goals which related to the societal, environmental, economic dimension. The intention was to do high level thinking around some of the big economic, societal and environmental issues that the Country was facing, how they impacted on customers and areas that the Company would have to consider going forward. Overall, members felt there may be too many Goals, and some are very operational.

4. The Company joined the meeting

MJL welcomed the Company to the meeting.

Leakage

Members noted that the leakage section within the CEO update reported to the end of January but as there had been some extremely cold weather during February, they asked if the Company had seen a significant impact from that.

The Company advised that there were around three or four days where it had seen an increase in leakage. This was not unusual when a cold spell was followed by a thaw. The Company had not experienced anything outside of what would typically happen in those circumstances, and was still working hard to meet its targets.

Water Resources

Members challenged the Company with regard to water resource management planning. Members noted that the Company had reported that it was reaching, or would slightly exceed an abstraction license target around the area south east of Diss. This followed the hot weather in 2020 when Company tankered in Suffolk and was unable to meet requests from organisations to provide supply. Members asked if there were any learnings that came out of the last round of Water Resources Management Plans (WRMPs) that Company should be applying to the current round. In the last round Suffolk was not seen as having a supply issue, now three or four years down the line the Company seemed to be facing challenges to meet supply. Had something been missed or had the situation changed rapidly? Members wished to understand better the challenge the Company faces. (CHALLENGE: Company).

The Company advised that it was a complex issue. During the preparation of the last WRMPs there had been uncertainty around a very large project being planned in the Suffolk supply area. When developing their WRMPs, companies must purely focus on matters that are confirmed. Sustainable abstraction had recently been added to the agenda and how this had and would impact the Company's ability to provide the required levels of supply was being discussed with the Environment Agency (EA). The Company agreed that there were areas of learning to come from this and committed to keeping members informed during the current WRMP process.

Ofwat Innovation Competition

Members asked if the Company would be submitting any smaller projects for the current competition, and if there was scope to bring similar submissions together in partnership.

The Company confirmed that it would be submitting some smaller projects and would hit the deadline. The Company also confirmed that partnerships were actively encouraged and quite a number of the Company submissions were in partnership with other companies.

Members also noted that the Company was spearheading the industry's Centre for Excellence, which was managed by Water UK in partnership with UKWIR. This was to be a virtual meeting place, library of ideas with a 'match-maker' function which would hopefully go live in 2021.

5. Future trends in sustainable development

Dr Alex Hope (AH), Head of Department for Leadership and Human Resource Management, and Associate Professor of Business Ethics at Newcastle Business School at Northumbria University, joined the Forum meeting and gave an overview of future trends in sustainable development (see slides in Appendix 3).

AH presented evidence and opinion which would give background to support members in their review of the Company's Ambitious Goals. Key points included:

- Some of the trends he had seen were accelerated by the pandemic, but not caused by it – and were therefore permanent.
- Social issues were coming more to the front, as the link between environment and social issues was strong.
- With regard to public perception, climate change concern was at an all time high and it was time to move from concern to commitment.
- With regard to climate risk and investment – companies were now seeing the Environment, Social Governance (ESG) was becoming a core criteria for investors.
- With regard to the purpose gap between business and its potential for good, and between employees' desire for meaning at work versus what they experienced - purpose statements were often so generic they did little to challenge business as usual. More specific statements needed to be developed with more boldness in purpose. The pandemic had increased empathy and eagerness to make a positive impact; employees wanted to work for a company with purpose.
- With regard to Corporate Social Justice (CSJ) – this paradigm was replacing Corporate Social Responsibility (CSR). CSJ was more targeted than CSR and needed to be embedded more deeply into marginalised groups.
- On diversity, equity and inclusion – there was a shift from a focus on increasing the representation of people from various backgrounds (diversity) to making space and amplifying the voices of everyone in the workplace (inclusion). COVID had changed working patterns, this had opportunities but had some serious inclusion risks, eg access to good internet.
- On vulnerable customer groups – these groups had been harder hit by COVID.
- On health and wellbeing – companies must put this at the centre of what they do, the chief current issue was mental health. AH said training was key in this area.
- With regard to Sustainable Development Goals (SDGs), support had never been better and 2020 – 30 had been named as the 'Decade of Action'. The initiative was moving on to mobilise everyone, everywhere and turn ideas into solutions.

In discussion with AH, members noted:

- Businesses, particularly water and energy companies, had a lead role in developing regional sustainable leadership. AH said that LEPs and Local Government did good work in this area but did not always have the resource to develop the ideas and solutions, and sometimes it was incumbent on businesses to get involved and offer solutions.
- With respect to the interplay between environmental issues and social issues, when public/customers ask businesses to help them to adapt to a particular issue, members asked if they were looking at one issue or were they expecting companies to look wider. AH said that it was a given that companies had to be environmentally sustainable, but people were starting to expect larger companies to look wider at societal issues and provide leadership. Customers also wanted advice on how they could make a difference in areas such as on water efficiency - they understand that changes need to be made but needed advice and guidance and not just be told to buy a more efficient washing machine. Cost effective ways needed to be provided, possibly with incentivised schemes.

- During the last year, even with all the challenges which businesses were facing they were maintaining their commitment to building a sustainable future. AH agreed that businesses had stepped up in this area, it was a seachange.

6. Review of NWL's Ambitious Goals workshop

Members had been supplied with a paper prior to the meeting and it was taken as read.

Jim Strange (JS) said the Company had built its Business Plan for 2020-25 around 14 Ambitious Goals, which had been tested both within and outside of the Company. The Company was keen to keep these Goals relevant and current, and would review and refresh them, particularly in preparation for the next Business Plan at PR24. The Company was planning an internal session and would like the feedback from the Forum to feed in. JS said there would be other opportunities for Forum members to pick up on performance aspects. Heidi Mottram (HM) updated the Forum on the provenance, governance and customer focus of the current set of Goals. HM also emphasised that the Company was a long-term business that wanted to 'lead'.

MJL thanked HM and JS for their updates and welcomed Forum members to give feedback and views on the Goals.

Members discussed the Goals as a whole and noted:

- Some of the Goals had some very near timescales and members asked if some of them needed to be expanded upon to reflect some of the new knowns and then given a new timeline. The Company agreed that the timeline did need to be changed on some of the Goals, although that would come naturally as part of the review. HM said that some of the Goals which were more generic, did have bullet points which sat underneath to define focus in the short term, and it could be that some of those sub points should be tweaked rather than the main Goal.
- The thought of the Company 'leading' and how it could be a real catalyst for change for customers, and what more could it do in its local economy; could this be a stimulus for thinking forward for the next set of Goals. HM thought it was a good idea and that this potentially could provide some good language to use in the Company's Purpose.
- At the highest level should the Goals be tracked back to the SDGs, the 17 UN sustainability goals, as it would give consistency with other companies. HM said the Company had referenced the SDGs when it was developing its Goals and agreed this was definitely something to consider.
- How will the Company respond post COP26, and can some of these goals be aligned across sectors, such as with gas and electricity – so customers can see a real step-change and see leadership. The Company agreed to consider how this could be achieved.
- Opportunity for leadership is driven by trust, which can be leveraged to pursue bigger goals. HM said this was important.
- There was nothing that covers the role of the Company as an employer of people who live and work in the Company's operating areas and how the Company works with communities to attract people to want to work for the Company.

The Forum were then invited to comment and give feedback on the eight Ambitious Goals which they had identified at the start of the meeting.

Eradicate water poverty in our operating areas by 2030

Members noted:

- Most challenging thing was maintaining progress. How will the Company maintain that level and continue to grow in support.
- With regards to UK debt, the Company needs awareness of customers and the challenges they are potentially going to face in the short-term and long-term. Members would not want too long an extension.

- Feels like 2030 is an ambitious target but making good progress to date - how will the Company maintain and sustain that in the context of some of the economic and social challenges that might be hitting communities in the next year or two. Very uncertain times and do not know how people's livelihoods would be affected, and the definition of Water Poverty may need to be reflected upon over the next ten years. The Company agreed that it wouldn't want the 2030 date to change. Claire Sharp (CS) said the Company was monitoring the debt situation closely, and had not seen an increase signalled, but expected that to happen. CS said customers in water poverty were in fuel poverty and also digital poverty.
- There was an opportunity to bring utilities together with other agencies so it is easier for customers to go to one place to discuss bills and whether the Company could be the catalyst for bringing this together

Have a per capita consumption (PCC) for water use of 118 litres per day by 2040

Members noted:

- That this Goal only measured household consumption and as there had been big shift from non-household usage to household usage, due to the pandemic and people working from home, there was a need for the measure to be reviewed to reflect that.
- There were measures Government could take in the Environment Bill, including water efficiency labels for white goods and requiring new builds to be water efficient that would significantly influence this.
- The transition to metered bills would give customers a better understanding of water efficiency, but would also link to water poverty and this needed consideration when developing plans to introduce meters more widely across area.
- A lot of market research had been done on what motivated customers to be more water efficient – principally, there were two types of motivation, one was to save the planet and one was to save money. General belief was that metering did make people use less water in the round. As the Company rolled out Smart Meters it would be much more able to understand usage and likely to encourage behaviour changes. The Company also needed to work through the challenge brought by the pandemic effect on access to customer properties.
- This Goal needed more consideration in the Sub-Groups.

Promote confidence in our drinking water so that nine out of ten of our customers choose tap water over bottled water

Members noted:

- The main reason people chose bottled water was convenience outside of the home, which is why the Company partnered with City to Sea to promote the Refill Campaign. Agenda for this Goal had ended up being more about getting customers to use and carry a reusable bottle rather than use single-use plastic bottles.
- Retailers were always very interested in this prior to the pandemic and always gave a warm welcome and never ran into any problems with Retailers looking to get on board without much consideration on the impact on their water usage and bill.
- The Company says the single-use plastic war had not been won, this project was on ice until the end of lockdown.
- Soft drinks retailers focused on changing their business models to having dispensing units in various locations rather than just selling bottles, so there is an opportunity to work together on prompting new business models which gets water to the customer.
- The overall feeling was this may not be the right measure for this goal as the area of concern is water quality not customer preference.

Be leading in the sustainable use of natural resources, through achieving zero avoidable waste by 2025 and being carbon neutral by 2027

Members noted:

- Infrastructure – a more nature-based solutions approach may be needed as certain types of construction were carbon intensive. The Company could consider process emissions going forward rather than just operational activities. The Company would like to develop more nature-based solutions.
- 2027 was not far away so acceleration to hit this target was quite important.
- One of the current talking points in Universities was looking at how the carbon targets connect to whole-life planning of vehicles.
- On concrete, the EA was going to be carbon neutral by 2030 – they were a big user of concrete and were doing a huge amount of work on looking at different styles and types of concrete. There was quite a lot of work being done in this area and the Company was not on its own on this.
- The future of the Company's asset base would look very different to the past; the world of building huge concrete tanks and pipes using chemicals was not what the future looked like. The embedding of sensors in assets would also change how they would be used.
- The Company had the opportunity to be a real catalyst for change but there needed to be some Government leadership as well as industry leadership.

Demonstrate leadership in catchment management to enhance natural capital and deliver net gain for biodiversity

Members noted:

- There was a need for a just transition and ensuring that one area of work would not negatively impact another, such as on biodiversity or net gain.
- This Goal should have close links to DWMPs – the two things could complement each other and drive improvement.

Have the best rivers and beaches in the country

Members noted:

- If this Goal was to be further developed it would be good to understand why customers thought the Bathing Water Directive was the right mechanism, and it may be helpful to link to other activities within catchments.
- It was noted that if storm overflows (SO) were going to be eradicated the cost would be huge and the national Storm Overflow Taskforce needed to communicate this to the pressure groups. The water industry's role was yet to be determined and cost to customers would be high. The Company expressed concern that the discussion was very much around end of pipe solution and not thinking about catchment management and sustainable drainage enough so there is work needed to increase the voice on such approaches.
- Due to COVID-19 there were around 30 million people taking daily exercise locally so the environment they used had become more of a focus for customers. Generally, customers trusted the Company to look after beaches.
- Company already had innovative operational management systems and was using data from event duration monitoring to target where interventions were necessary.
- In the work being carried out by the Water Environment Improvements team involving the Water Environment Governance Group, there was a potential to bring wellbeing and quality of life into the measure.
- With regards to the Ilkley 'beach', this is very much the case and there were many hundred swimmers on sunny days; it would be good to know how many other such cases could be made. Steve Grebby (SG) said he had asked the Storm Overflow Taskforce that very question and was waiting for an answer on it.

Spend at least 60p in every £1 with suppliers in our regions

Members noted:

- This was an important theme for the Company in terms of the current economic crisis due to COVID-19.
- Members asked if there was an opportunity for the Company to do more, such as using employees' skills to help other local businesses or expand the work with apprentices, local employment initiatives etc. The Company said it was very strong in the area but could do more. It already has people who give their expertise including the Executive Leadership Team. Question to the Forum would be what other measures would be important in that space to be a bit more rounded.
- The Goal could focus on training and developing individuals to access sustainable employment opportunities with the Company or its partner organisations.
- There was a wider economic impact that flowed from supporting a local supply chain, but having the goals expressed as such a clear target helped focus action.
- Customers appreciated knowing that the money they were spending on their bills was returned back into the communities where their friends, colleagues and family members were working.

Be the most socially responsible water company

Members noted:

- There was a shift from a focus on social responsibility to social justice, and it was a big challenge for companies and the sector; it was worth visiting the latest thinking on this to make sure Company was not just looking at what had been done in the past. The Company agreed.

Next Steps

JS updated the Forum on the next steps for the Ambitious Goals. An internal Company session would be arranged in the next couple of months and the conversation from today would feed into this. The Company agreed to keep Members updated on the outcome of that discussion. As the Company reached the next round of business planning there would be opportunity for the Sub-Groups to get into the detail of some of the topics. In terms of year-on-year delivery and progress towards the current Goals there would be opportunity at the regular performance discussions for Members to discuss and challenge.

7. Purpose

Ross Smith (RS) updated the Forum on the review of the Company Purpose statement and the engagement work taking place.

In the Annual Report last year the Company signaled that it is looking to develop what it was saying around Corporate Purpose, to make sure it was articulating it in a way that inspired and drove action across the business. The second part was to measure this effectively so that the Company could see the extent to which it was delivering on that Purpose, and was able to report on that in a more transparent way. The Company was at the engagement stage of the process, working with Business in the Community (BiTC), and would be coming out to Water Forum members in the next few weeks as part of that engagement.

The new Community Investment Strategy would bring together all the areas of community investment delivered across the Company. The Company was looking to see how it could better capture and group some of the key initiatives that the Company had against some of the Ambitious Goals that had the connection to the external environment and to the society and communities that it served.

The Forum agreed it was the right time to do this in advance of the next PR period and was very positive. COVID had helped people to focus on what was good about organisations, and this was therefore a helpful time to uncover what customers and employees consider was important.

The meeting concluded and members then resumed in camera where their meeting review took place – a summary of this review is in Appendix 1.